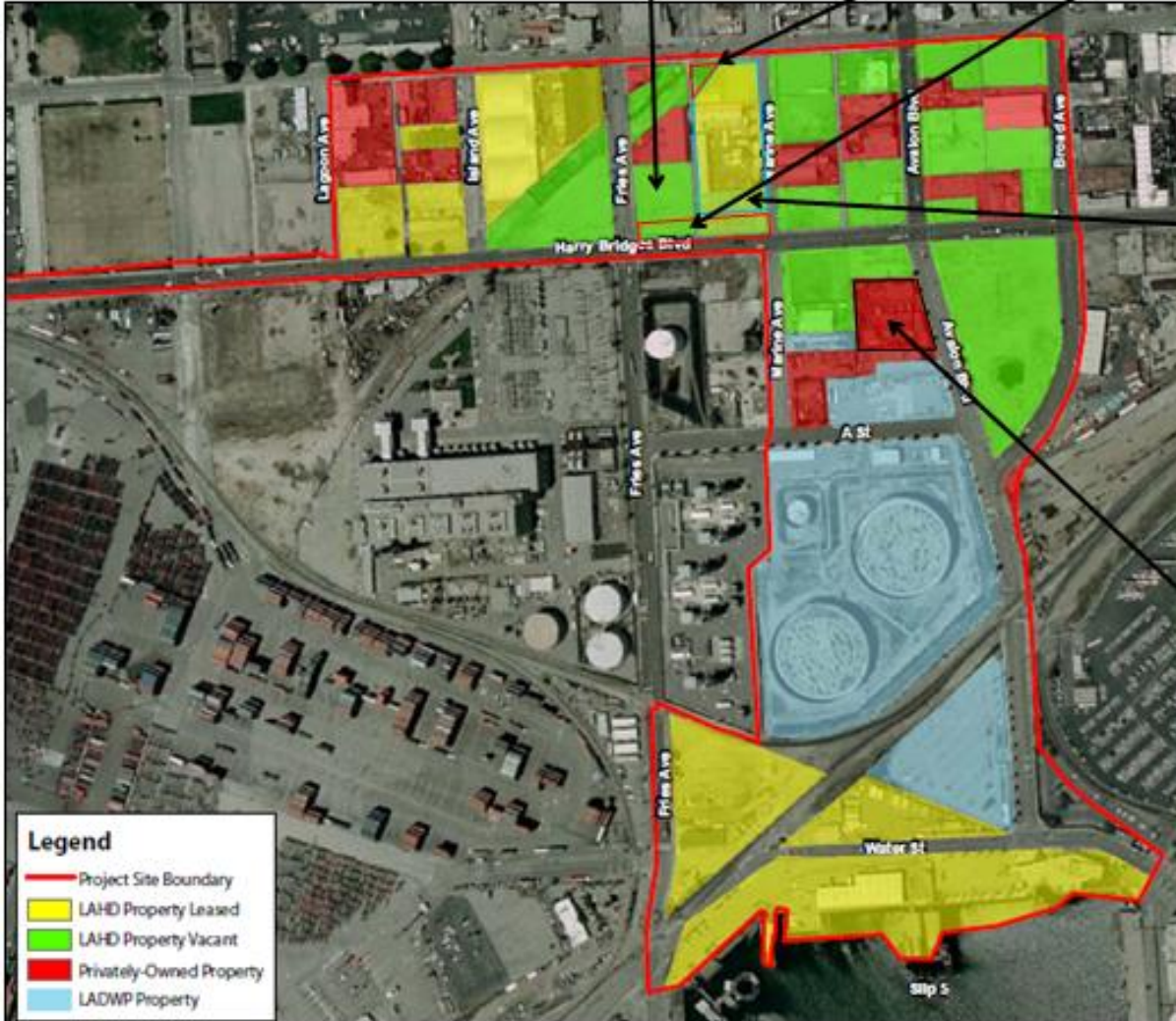


Harbor Department
Vacant property
for exchange with SDL

Harbor Department
property
for lease to MTS



Harbor
Department
property
currently leased
to MTS;
for exchange
with SDL

SDL property
for exchange
with Harbor
Department
& leaseback to
MTS

Exhibit A

TRANSMITTAL 1

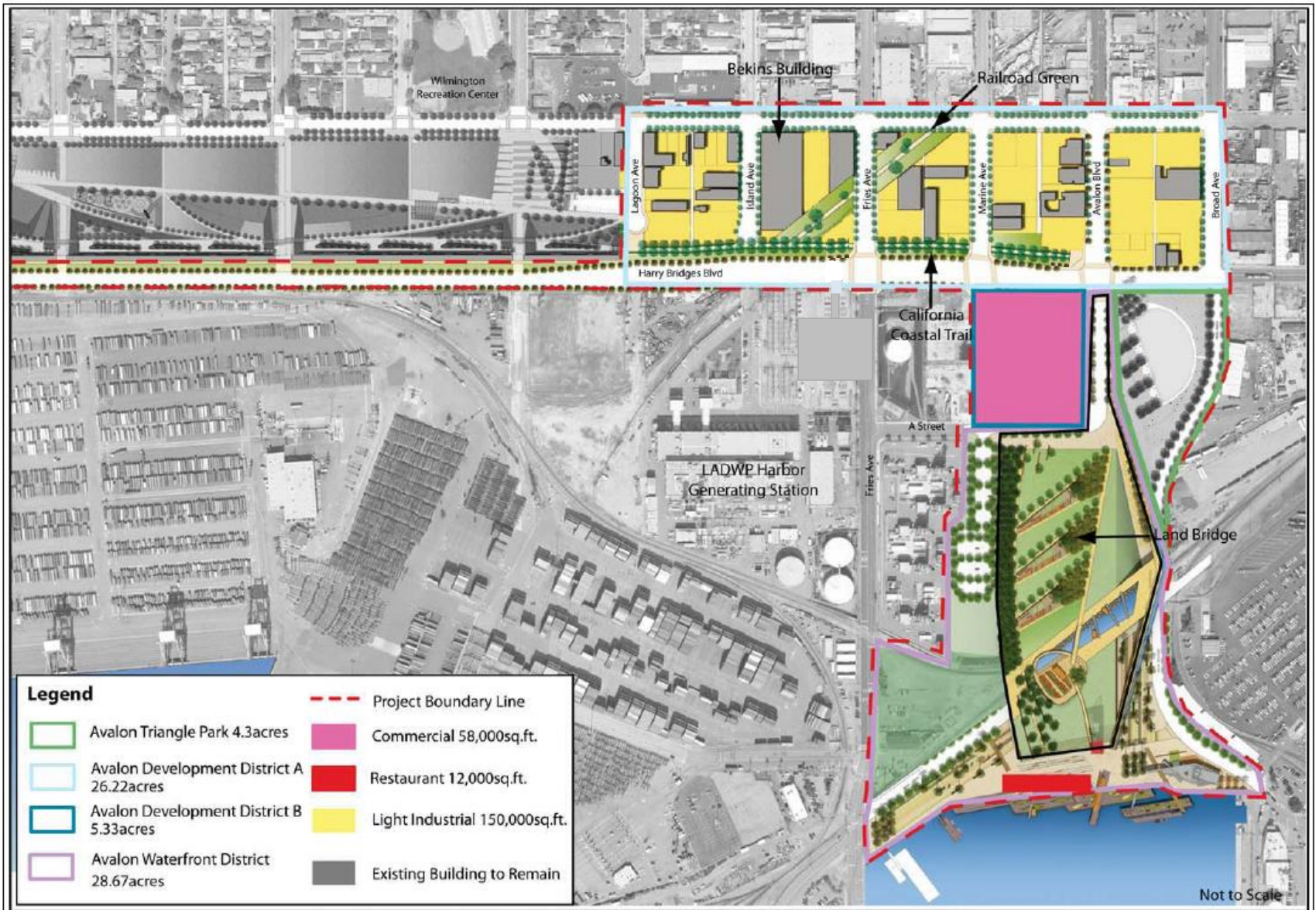


Exhibit B

TRANSMITTAL 2

850520603-85
 86024405-87
 87022508010001
 96102504001003-27
 98020204003001-27
 2000040408008001-30
 2000071204004001-27
 2002037611001001-27
 2002062004003001-30

2003

OFFICE OF ASSESSOR
COUNTY OF LOS ANGELES

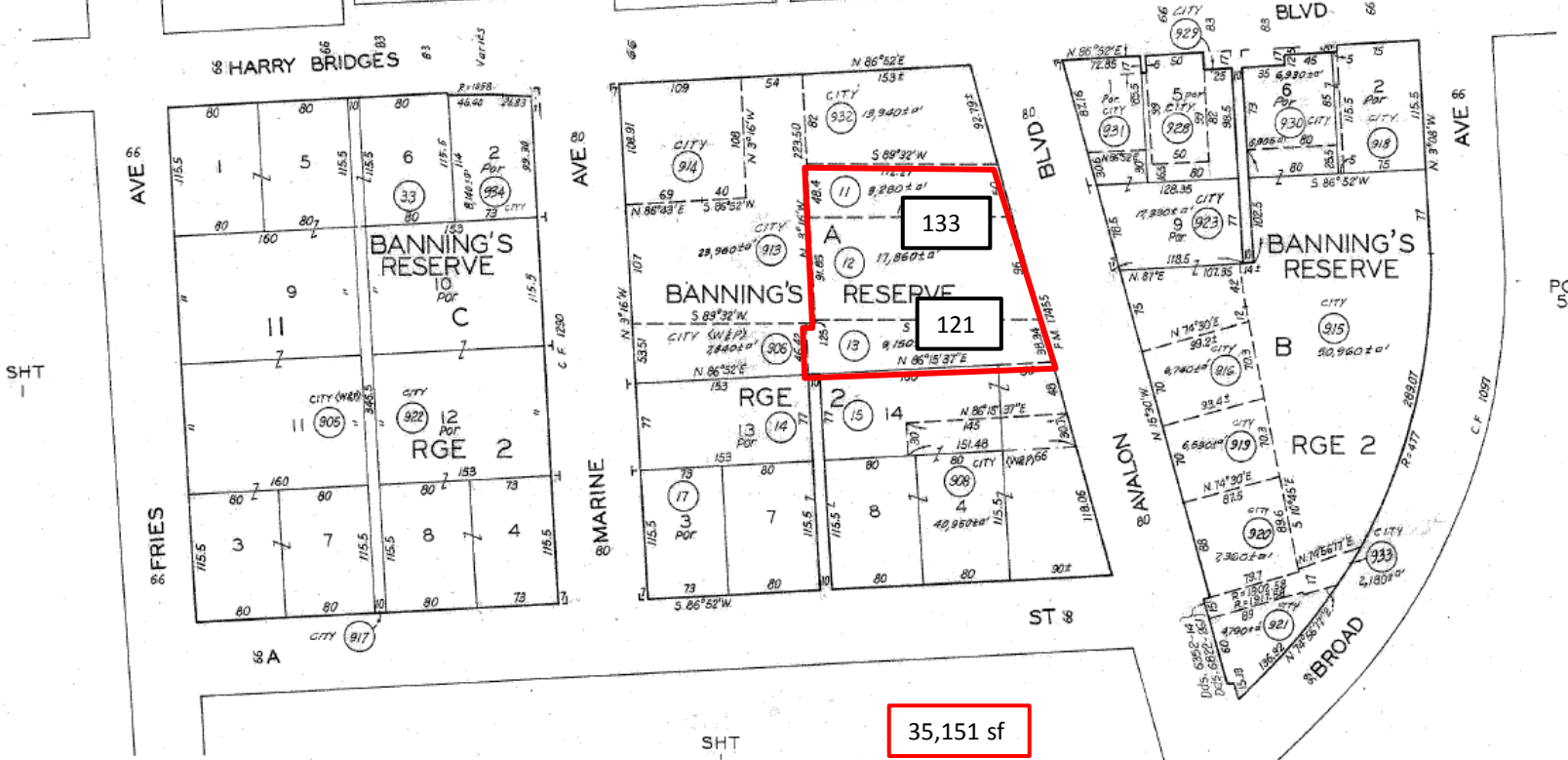
SCALE 1" = 100'
P.A. 7440 - 6

7440

6
SHEET 2

841108
 9020367-80
 861222622-9
 940517

BK
7418

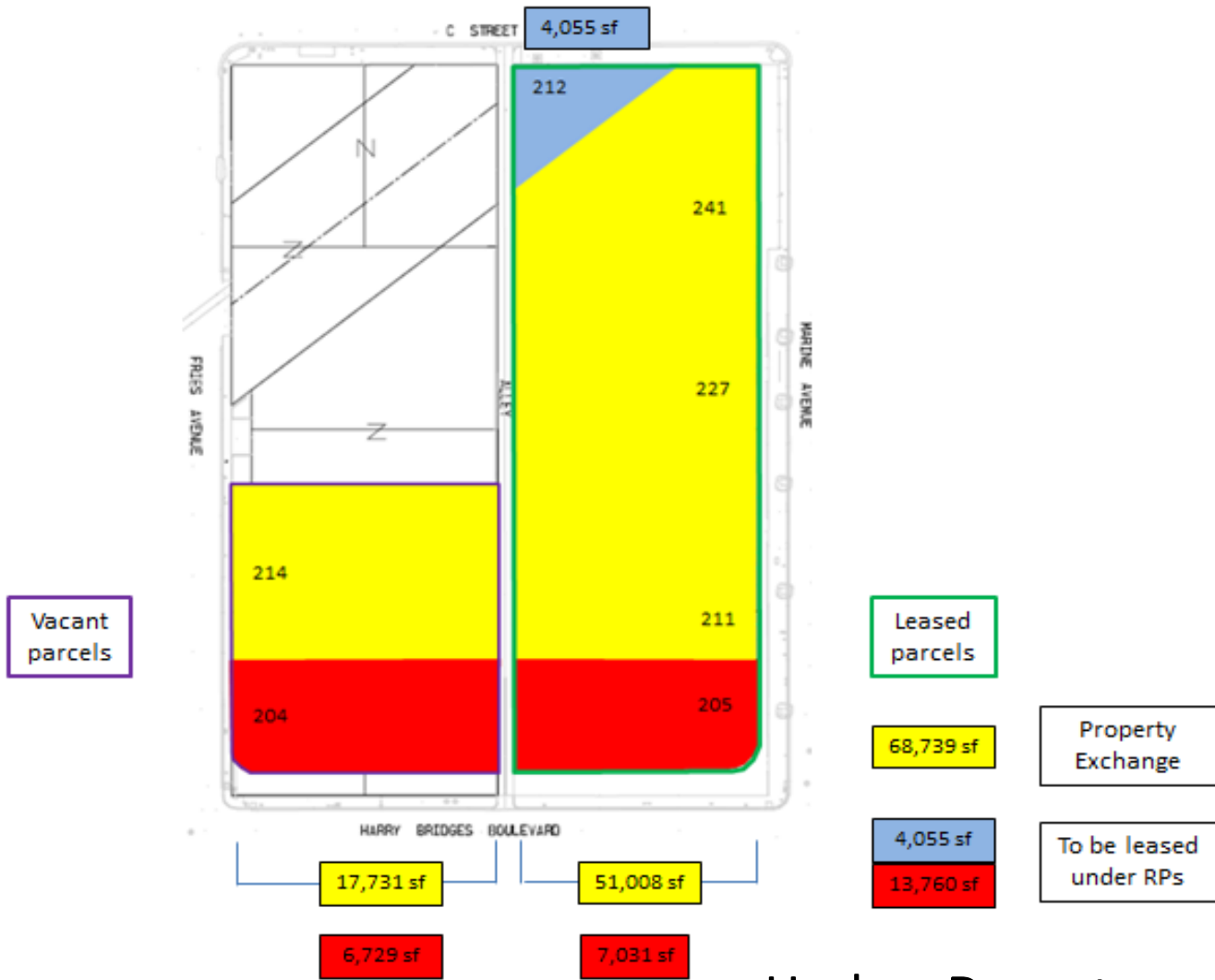


35,151 sf

SDL Property
Exhibit C

NEW SAN PEDRO D M 6-66-67

TRANSMITTAL 3



Harbor Department Property Exhibit D

CITY OF LOS ANGELES HARBOR DEPARTMENT
Port of Los Angeles

REVOCABLE PERMIT

No. 13-37

The Executive Director of the Harbor Department ("Executive Director") of the City of Los Angeles ("City") hereby grants permission to MARINE TECHNICAL SERVICES, INC., 121-133 N. Avalon Boulevard, Wilmington, California ("Tenant") to occupy and use certain lands and/or waters and/or facilities within the Harbor District owned or under the control of City acting through its Board of Harbor Commissioners ("Board"), subject to the following terms and conditions:

1. Premises. Tenant is permitted to use the lands and/or waters and/or facilities (hereinafter called "Premises"), which consist of Parcel No's 1 and 2 as delineated and more particularly described on Exhibit "A." By mutual agreement of Executive Director and Tenant, land and water not exceeding ten percent (10%) of the Premises granted or 20,000 square feet, whichever is greater, may be permanently added to or deleted from the Premises granted herein without further approval of the Board subject to the following conditions: (1) so long as such change in the Premises is not temporary within the meaning of Tariff (as defined in Section 4(a) below) Item No. 1035 (or its successor), the compensation set forth in Section 4 shall be increased or decreased pro rata to reflect any such addition or deletion; (2) if the change involves the addition or deletion of any improvement, the adjustment to the compensation shall also take into account this change in the same manner in which the compensation was originally calculated; (3) if permanent changes in the area of the Premises are made on more than one occasion, the cumulative net change in area may not exceed ten percent (10%) or 20,000 square feet, whichever is greater, of the originally designated Premises, and (4) the change in area of the Premises shall not result in the annual compensation changing by more than One Hundred Fifty Thousand Dollars (\$150,000). The Executive Director is authorized to execute amendment(s) to this Permit to effect the foregoing adjustments to area of the Premises and compensation without further action of the Board.

2. Permitted Use. The Premises shall be used for the purpose of storage and parking of vehicles and equipment ("Permitted Use") and not for any other use without the prior written consent of Executive Director which approval may be withheld by City in its sole and absolute discretion. Tenant shall not use the Premises in any manner, even if the use is a Permitted Use, that will cause cancellation of any insurance policy covering the Premises or adjacent premises; provided, however, Tenant may, in City's sole discretion, remain if it pays the increase in City's insurance costs caused by its operations. No offensive or refuse matter, or any substance constituting any unnecessary, unreasonable or unlawful fire hazard, or material detrimental to the public health, shall ever be permitted by Tenant to be or remain, on the Premises, and Tenant shall prevent any such material or matter from being or accumulating upon the Premises. Tenant further agrees not to keep on the Premises or permit to be kept, used, or sold thereon, anything prohibited by any policy of fire insurance covering the Premises or any structure erected thereon.

3. Effective and Termination Dates. This Revocable Permit ("Permit") shall be effective upon execution by the Executive Director of the Harbor Department, and acceptance of the delivery of the premises by the tenant. Tenant to accept or decline delivery within seven days of notice by the City that the premise is ready for occupancy and fit for their use, ("Effective Date") and shall thereafter be revocable at any time by Tenant or by Executive Director, upon the giving of at least sixty (60) days' written notice to the other party stating the date upon which this Permit shall terminate ("Termination Date"); provided, however, if this Permit is not terminated prior to the fifth (5th) anniversary of the Effective Date, then before such time the Board shall review this Permit regarding its continuation and/or modification. (Termination Date shall also mean the date that the Permit terminates in connection with Tenant's Default under Section 8 and any termination by operation of law or any other reason.) The right of Executive Director to revoke this Permit is and shall remain unconditional. Neither City, nor any board, officer or employee thereof, shall be liable in any manner to Tenant because of such revocation. Tenant shall commence using the Premises for the Permitted Use within thirty (30) days from the Effective Date.

TRANSMITTAL 5

4. Compensation.

(a) Monthly Rent. On or before the first day of each month, in advance, Tenant shall pay to City the sum of Ten Thousand, Nine Hundred and Two Dollars (\$10,902) as rental ("Rent") for the use of the Premises. Use of the Premises for purposes not expressly permitted herein, whether approved in writing by Executive Director or not, may result in additional charges, including charges required by Port of Los Angeles Tariff No. 4, as it may be amended or superseded ("Tariff"). Tenant agrees to pay such additional charges. Executive Director may change the amount of Rent required herein upon giving at least thirty (30) days' written notice to Tenant. Rent paid by Tenant shall be applied to the oldest outstanding balance. Rent is in addition to any applicable charges under the Tariff.

(b) Rent Adjustments. Provided this Permit is not sooner terminated, effective July 1st of the year following the Effective Date (which date and subsequent anniversaries shall be referred to individually as the "Adjustment Date") of the tenancy, and annually thereafter, the Rent will be adjusted as of July 1 automatically without further notice to reflect the percentage increase (but not any decrease), if any, in the Consumer Price Index, all Urban Consumers of the Los Angeles-Riverside-Orange County, California area, 1982-84=100, as published by the U.S. Department of Labor, Bureau of Labor Statistics ("CPI"), or successor index selected by the Executive Director in his or her sole reasonable discretion. Such adjusted amount of Rent shall be equal to the product obtained by multiplying the Rent amount in effect on the Adjustment Date by a fraction, the numerator of which is the July CPI index on the Adjustment Date and the denominator of which for the first adjustment is the July CPI Index for the calendar year in which the Effective Date occurs, and for all subsequent adjustments through the tenancy is the July CPI index of the prior Adjustment Date.

The formula illustrating the adjustment computation is as follows:

$$\text{Adjusted Rent} = \text{Rent as of Adjustment Date} \quad \times \quad \frac{\text{July CPI Index of Adjustment Date}}{\text{July CPI Index of Effective Date or Prior Adjustment Date}}$$

In addition to or in lieu of the above, City may, at any time, change the amount of Rent without reference to CPI adjustment by giving Tenant thirty (30) days' notice of such change as provided in Section 4(a), above.

(c) Late Charge. Rent payments which have not been paid within ten (10) days of the due date shall be subject to a service charge consisting of simple interest of one-thirtieth (1/30) of two percent (2%) of the invoice amount remaining unpaid each day, for costs and expenses incurred by reason of Tenant's late payment. City shall have the right to change the amount charged for the late charge to the amount set forth in Tariff Item No. 270 if the amount in Tariff Item No. 270 changes. Acceptance of any late charge (or any other payments) shall not constitute a waiver of Tenant's Default (defined below).

(d) Security Deposit. Prior to the issuance of this Permit, Tenant shall deposit ("Security Deposit") with City a sum equal to two (2) months' Rent payments of Twenty One Thousand Eight Hundred and Four Dollars (\$21,804) (as determined by Executive Director in his or her sole reasonable discretion) as security for Tenant's performance under this Permit including but not limited to covering Tenant's delinquent Rent, and its other obligations under this Permit including but not limited to repairing damages to the Premises. Notwithstanding the foregoing, City shall not be required to apply the Security Deposit during the term of the Permit. If the Rent is thereafter increased, Tenant shall increase the Security Deposit as necessary to assure that Tenant at all times has on deposit a sum equal to 2 months

of the current Rent. If all or any part of said deposit is used to pay any Rent due and unpaid or to meet any other Tenant obligations, Tenant shall then immediately reimburse said deposit so that at all times during the life of this Permit a Security Deposit equal to the amount of the Security Deposit before the payments from the Security Deposit. Failure to maintain the full amount of the Security Deposit shall constitute a material breach of this Permit. In the sole discretion of the Executive Director, Tenant may post other forms of security but only in a form acceptable to the City Attorney. If for any reason City has not initially required a Security Deposit from Tenant, City may at any time and for any reason require a Security Deposit in an amount the Executive Director determines necessary to secure performance of the Permit. Tenant agrees to post such deposit with City within ten (10) days of written request from City and agrees that its failure to do so constitutes a material breach of this Permit. No interest is payable by City on the Security Deposit.

(e) No Right of Set-Off. Notwithstanding any other provision of this Permit, Tenant's obligation to pay all Rent shall be absolute and unconditional and shall not be affected by any circumstance, including, without limitation, any set-off, counterclaim, recoupment, defense or other right or claim which Tenant may have against City.

(f) Place of Payment. Tenant shall render its payments to City of Los Angeles Harbor Department, P.O. Box 514300, Los Angeles, CA 90051-4300 or any other place that City from time to time may designate in writing. Payment 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. Rent is to be paid only by Tenant. Notwithstanding the foregoing, acceptance of Rent paid by any entity or person other than Tenant shall not create any rights under this Permit for the entity or person making the Rent payment.

(g) Rent. All amounts payable by Tenant to City under this Permit during the term of this Permit shall be deemed to be Rent.

5. Rights-of-Way. This Permit shall at all times be subject to such rights-of-way over, on and/or through the Premises for sewers, pipelines (public or private), conduits, telephone, telecommunications equipment, light, heat or power lines that exist and/or as may from time to time be determined by Board, and shall also be subject to rights-of-way for, among other things, streets and other highways, and for railroads and other means of transportation as shall have been duly established or as shall be reserved herein, and/or other rights-of-ways for equipment access, occupancy and/or other rights reasonably necessary to comply with homeland security or related requirements of federal, state and/or local agencies; and to such rights-of-way as Board requires to drill and explore new or maintain existing oil, gas or mineral wells. This Permit and the Premises shall at all times be subject to all prior exceptions, reservations, grants, easements, leases or licenses of any kind whatsoever as the same 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 and shall also be at all times subject to 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.

6. Premises Satisfactory to Tenant/Required Modifications. Tenant will inspect upon notice of delivery of the Premises and agrees that they are suitable for the Permitted Use. No officer or employee of City has made any representation or warranty with respect to the Premises, except as described in writing and attached hereto as an addendum, and in entering into this Permit, Tenant agrees it relies only on the provisions of the Permit. Any modification, improvement, or addition to the Premises and any equipment installation or removal required by the Fire Department, Department of Building and Safety, South Coast Air Quality Management District, Regional Water Quality Control Board, U.S. Coast Guard, Environmental Protection Agency, or any other agency in connection with Tenant's operations, shall be constructed, installed, or removed at Tenant's sole expense. Tenant shall obtain a General

Permit from the office of the Chief Harbor Engineer, Engineering Division, of the Harbor Department ("Harbor Engineer") and shall comply with the requirements of Section 14 before making any modifications to the Premises.

7. Maintenance and Repair.

(a) Maintenance Performed by Tenant. Tenant at its sole cost and expense, shall keep and maintain the Premises, and all buildings, works and improvements of any kind thereon, in good and substantial repair and condition 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. Tenant shall obtain any permits, including but not limited to those issued by City, necessary for such maintenance and repair. Notwithstanding the foregoing, if there are wharf structures present on the Premises, City will maintain at its expense the structural integrity of the wharf structures. The wharf structure for purposes of this section means the beams, girders, subsurface support slabs, bulkheads and prestressed concrete or wood piling, joists, pile caps and timber decking (except as noted below), and any and all mooring dolphins. The wharf structure does not include the paving, the surface condition of timber decking or the fendering system.

(b) Failure to Maintain. If Tenant fails to make any repairs or to perform required maintenance within thirty (30) 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 at Tenant's expense. Notwithstanding, in an emergency as determined by City (including but not limited to an immediate threat of physical harm to persons and/or material damage to the Premises and/or structural or foundational damage to any improvements thereon), City shall have the right, but not the obligation, to undertake immediate repairs to the Premises and any structures thereon without notice. Tenant shall reimburse City for City's costs (as defined in Section 7(c)) within thirty (30) days after receipt of City's invoice for work performed. If Tenant shall commence such repairs and diligently prosecute the same to completion or shall begin to perform the required maintenance within the thirty (30) 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 Section 7(b) 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.

(c) City's Costs. "City's costs" for purposes of this Section 7 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 indirect or overhead expenses arising from or related to maintenance, repair or replacement work performed by or on behalf of City.

(d) 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 and litter at all times. Tenant shall perform annually, at a minimum, before the commencement of the rainy season, inspections and cleaning of the storm water catch basins (including filters), maintenance holes, and drains, 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 Use. 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 federal, state, municipal and other laws, ordinances, rules and regulations.

(e) 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, or appliances 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.

(f) City Inspections. Upon City's request, Tenant shall provide personnel to accompany City's representatives on periodic inspections of the Premises to determine Tenant's compliance with this Agreement. Notwithstanding the foregoing, nothing obligates City to make such determinations and City shall not incur any liability for not making such inspections and determinations.

8. Tenant Default.

(a) Events of Default. The occurrence of any of the following shall constitute a material breach and default by Tenant under this Permit: (1) Tenant's failure to pay when due any Rent required to be paid under this Permit if the failure continues for three (3) days after written notice from City; (2) Tenant's failure to perform any other obligation under this Permit if Tenant fails to cure the failure within thirty (30) days after delivery of written notice of the failure from City to Tenant; (3) 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 Permit; or (ii) If Tenant is 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, notifies Executive Director in writing that such nonuse is temporary and obtains the written consent of Executive Director to such nonuse; (4) To the extent permitted by law: (i) A general assignment by Tenant or any guarantor of the Permit for the benefit of the creditors without written consent of City; (ii) 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; (iii) 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; (iv) 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 Permit, unless that seizure is discharged within thirty (30) days.

(b) City's Remedies. City may pursue any and all remedies at law or in equity including seeking all monetary damages and termination of this Permit. City's remedies are cumulative and not inclusive. Nothing herein shall imply that City's right to revoke or terminate this Permit as provided in Section 3 is limited in any way. All personal property that remains on the Premises after Tenant vacates the Premises shall become the property of City, at City's option.

9. Compliance with Applicable Laws. At all times in its use and occupancy of the Premises and its conduct of operations thereon, Tenant, at Tenant's sole cost and expense, shall comply with all applicable federal, state, county, City or government agency laws, statutes, ordinances, standards, codes (including all building codes) rules, requirements or orders in effect now or hereafter in effect ("Applicable Laws") pertaining to the use or condition of the Premises and/or Tenant's operations 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.) 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 California Lewis-Presley Air Quality Management Act of 1976

(California Health and Safety Code Section 40400, *et. seq.*) 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 (defined below), the Premises and/or Tenant's use and/or occupancy thereof. It is the parties' intent that Tenant will make, at Tenant's sole cost and expense, any and all alterations, improvements, and changes whether structural or nonstructural, that are required by Applicable Laws. In addition, Tenant shall comply immediately with all applicable environmental policies, rules and directives of City's Harbor Department ("Port Environmental Policies") This Permit shall be construed in accordance with California law.

10. Tenant's Environmental Obligations.

(a) Tenant shall not cause or permit any Environmentally Regulated Material (defined below) 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 limited quantities of standard office and janitorial supplies containing chemicals categorized as Environmentally Regulated Material and except as permitted, required or necessary under Section 2, if any. Tenant shall handle all such Environmentally Regulated Material in strict compliance with Applicable Laws in effect during Tenant's occupancy. The term "Environmentally Regulated Material" shall mean (a) any "hazardous substance" as that term is defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA") (42 U.S.A. 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.

(b) Tenant shall remediate or cause the remediation of any spill, discharge or release of any Environmental Regulated Material that occurs in, on, under or about the Premises ("Contamination"), whether caused by Tenant or any Assignor (as defined in Section 11.1, below) or any third-party during Tenant's or Assignor's occupancy, including Contamination of improvements, adjacent harbor waters, soil, sediment, groundwater or air or of adjacent premises (including soil, sediment, groundwater or air) and including Contamination that is a considered a nuisance under Applicable Laws. Remediation shall be to the satisfaction of City, and the requirements of the applicable governmental agencies including the Regional Water Quality Control Board ("RWQCB"), by removing or effecting the removal of all Contamination including but not limited to contaminated soil, water, groundwater, sediment or other material it may place or cause to be placed on site such that no encumbrances, such as deed or land use restrictions, be imposed on the Premises as a result of such Contamination. In fulfilling the obligations under this Section 10.2, Tenant shall also comply with any other conditions reasonably imposed by the City. If Tenant knows or has reasonable cause to believe that Contamination has occurred in, on, under or about the Premises, Tenant shall immediately give written notice to City.

(c) 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 including Contamination, regardless of whether the obligation for such compliance or responsibility is placed on the owner of the Premises, on the owner of any improvements on the

Premises, on the user of the Premises, or on the user of any improvements on the Premises. For purposes of CERCLA, and any and all other Applicable Laws, Tenant shall be considered the owner and operator. 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 Applicable 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, penalties, and/or judgments, as well as any costs expended to defend against such claims, damages, fines and penalties and/or judgments, including attorneys' and experts fees. City, at its sole option, may pay such claims, damages, fines, penalties and/or judgments resulting from Tenant's noncompliance with any of the aforementioned authorities, and Tenant shall indemnify and reimburse City for any such payments.

(d) Waste Disposal. In discharging Tenant's obligations under this Permit, if Tenant disposes of any Contamination, within thirty (30) days of Tenant's receipt of original documents, Tenant shall provide City 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. The name of the City of Los Angeles, the Port of Los Angeles or the City's Harbor Department shall not appear on any manifest document as a generator of such material.

(e) Laboratory Testing. In discharging its obligations under this Section, Tenant shall perform any tests using a State of California Department of Health Services certified testing laboratory or other similar laboratory of which City shall approve in writing. By signing this Permit, Tenant hereby irrevocably directs any such laboratory to provide City, upon written request from City, copies of all of its reports, tests results, and data gathered. As used in this Section, "Tenant" includes agents, employees, contractors, subcontractors, and/or invitees of the Tenant.

(f) Survival of Obligations. Except as may be otherwise provided in this Section 10, Tenant's obligations in this Section shall survive the Termination Date of this Permit.

11. Restoration and Surrender of Premises.

(a) Tenant's Restoration Obligations. Subject to Section 11.4, on or before the Termination Date of this Permit, unless otherwise excused in writing by Executive Director, Tenant shall quit and return possession of the Premises to City leaving no Tenant improvements, unless City notifies Tenant otherwise in writing, (but leaving City's improvements, if any) and leaving the Premises in at least as good and usable a condition, acceptable to Executive Director, as the same were in at the time of the first occupation thereof by Tenant, or any transferor to and/or assignor of Tenant (collectively, "Assignor") under this Permit and all other previous permits. The term Assignor shall include any and all entities that occupied the Premises prior to Tenant and actually or purportedly transferred and/or assigned its right of occupancy to Tenant either contractually or under operation of law, including any "Transfer" as defined in Section 17, below, whether or not there was a written assignment and/or approval of the assignment by City. Tenant shall not damage paving installed by City or any unpaved areas regardless of the nature of Tenant's operations on the Premises. If the condition of the Premises is upgraded during the term of this Permit, Tenant shall restore the Premises to the upgraded condition. If City terminates this Permit pursuant to Section 8, Tenant shall still be obligated to restore the Premises as provided in this Section or to pay the cost of restoration if City chooses to perform the work, at City's option, and Tenant shall be required to pay compensation to City as provided in Section 12. In connection with the foregoing, Tenant, at its sole cost and expense, shall restore the Premises (including their soil, groundwater and sediment) such that they will be returned to City: (a) free of Contamination and in at least as good of a condition as the condition prior to the installation of all above- and below-ground works, structures, improvements and pipelines of any kind, (collectively referred to as "Structures") in, on or below the Premises under this Permit and all previous permits. As between City and Tenant, Tenant shall bear sole responsibility for

Contamination 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 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 Structures placed on the Premises by Tenant. If the Premises, at the time of the Effective Date, have been improved by a prior tenant or by both City and a prior tenant, then such Structures which are 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 Permit; and (d) in a clean, level, graded and compacted condition with no excavations or holes resulting from Structures removed.

(b) Restoration Indemnity. In addition to and not as a substitute for any remedies provided by this Permit or at law or equity, Tenant shall defend, indemnify and hold harmless City from any and all claims and/or causes of action, damages, liabilities, judgments, expenses, penalties, loss of rents, and attorneys' and consultants' fees arising out of or involving: (a) Liens on the Premises, Structures, and/or on fixtures and/or equipment or property left on the Premises following the Termination Date; (b) Orders or enforcement actions pending against or in connection with the Premises, the Permitted Use and/or this Permit; (c) The cleanup of any Contamination and also shall include but not be limited to the cost of investigation, removal, remediation, restoration and/or abatement. The obligations under this Section shall survive the Termination Date of this Permit.

(c) Relocation Assistance. Nothing contained in this Permit shall create any right in Tenant or any sublessees of Tenant for relocation assistance or payment from City upon termination of this Permit (whether by revocation (Section 3) or default (Section 8) or any other reason. 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 termination of this Permit whether by City, Tenant or pursuant to Section 8 or operation of law.

(d) Demolition of Improvements; Acceptance of Improvements. If Tenant's improvements are not removed on or before the Termination Date, City shall have the right 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 or demolition. Notwithstanding the foregoing, City reserves the right, at its option, to accept any works, buildings or other improvements upon the Premises, including a change in the grade thereof, constructed or altered pursuant to this Section 11 in lieu of restoration of the Premises to their condition prior to such construction or Alteration (defined below).

(e) Site Restoration Plan. Independent of any regulatory agency requirements, upon written request of the Executive Director, Tenant shall submit to City a Site Characterization Work Plan for review and approval. Tenant's Site Characterization Work Plan shall include characterization of adjacent Harbor waters, soil, groundwater, and sediment of the Premises. Following City's approval of Tenant's Site Characterization Work Plan, Tenant shall conduct, at its sole cost and expense, a Site Characterization of the Premises pursuant to the Site Characterization Work Plan approved by City. The Site Characterization of the Premises shall be completed within a period of time specified by the Executive Director in his/her sole reasonable discretion and shall be submitted to City for its review. If in City's sole discretion, the results of such Site Characterization indicate that Contamination has been identified or reasonably suspected in, on under, or about the Premises, Tenant shall provide City at its sole cost and expense, a remediation action plan or soil management plan or other work plan ("Remedial Action Plan") as required by City in a form acceptable to City. Tenant shall demonstrate to the City's satisfaction that Contamination does not exist or that if Contamination exists, Tenant shall handle, store, treat, remove and properly dispose of the Contamination as described in Section 10 pursuant to the Remedial Action and to the satisfaction of City, and the requirements of the applicable governmental agencies including the Regional Water Quality Control Board ("RWQCB").

12. Rent During Restoration. Tenant understands and agrees it is responsible for complete restoration of the Premises before the Termination Date, as provided in this Permit and under Applicable Laws, including but not limited to the clean-up of any Contamination in, on or about the Premises. If, for any reason, such restoration is not completed before the Termination Date, then Tenant is obligated to pay City compensation during such restoration period, in an amount equal to the then fair market rental value of the Premises and the City's Harbor Department's then established rate of return as determined by City; however, said compensation amount shall not be less than the Rent paid by Tenant at the time of the Termination Date. Tenant also agrees to provide City a surety bond, in an amount determined by Executive Director, in his or her sole reasonable discretion, to assure removal of Contamination from the Premises at any time City demands such bond.

13. Premises Subject to Tariff. Tenant accepts the Premises and shall undertake the Permitted Use set forth in Section 2 subject to each and every of the terms and conditions provided herein, and to each and every of the rates, terms and conditions of the Tariff, as applicable to Premises and/or the Permitted Use. 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 Permit, it shall maintain a complete and current Tariff at the address set forth in Section 26 below. Except as otherwise set forth in this Permit, 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 Permit and a Tariff provision. In the event of such conflict, this Permit shall at all times prevail.

14. Alterations on Premises. Tenant shall not construct on or alter ("Alteration") the Premises, including a change in the grade, without first obtaining City's written approval. Tenant shall submit to City a complete Application for Discretionary Projects that attaches a complete set of drawings, plans and specifications (prepared and stamped by a licensed engineer registered in the State of California) reflecting the proposed Alteration. City's Harbor Engineer shall have the right to reject or order reasonable changes in said drawings, plans and specifications. Tenant, at its own expense, shall obtain all permits necessary for such construction. All construction by Tenant pursuant to this Permit shall be at Tenant's sole expense. Tenant shall keep the Premises free and clear of liens for labor and materials and shall hold City harmless from any responsibility in respect thereto. Tenant shall give written notice to Harbor Engineer, in advance, of the date it will commence any Alteration. Immediately upon the completion of the construction, Tenant shall notify Harbor Engineer of the date of such completion and shall, within thirty (30) days after such completion, file with Harbor Engineer, in a form acceptable to Harbor Engineer, a set of "as built" plans for such construction.

15. Indemnity. Except as may arise from the sole negligence or willful misconduct of City, and as identified by the SGI report issued on January 2008 titled Phase I and limited phase II Environmental site Assessment, #04-PLA-036, 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 Permit or otherwise;

(c) Any act, omission or negligence of Tenant, its officers, agents, employees, sublessees, licensees or invitees, 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 Permit or any Applicable Laws; or

(e) The conditions, operations, uses, occupations, acts, omissions or negligence referred to in subdivisions (a), (b), (c) and (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 the Charter of City.

Tenant also agrees to indemnify City and pay for all damages or loss suffered by City and City's Harbor Department, including, but not limited to, damage to or loss of property, to the extent not insured by City, and loss of City revenue from any source, caused by or arising out of the conditions, operations, uses, occupations, acts, omissions or negligence referred to in this Section. The term "persons" as used in this Section shall include, but not be limited to, officers and employees of Tenant.

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 Permit term as a result of Contamination of the Premises. 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 Contamination present in the soil or groundwater on or under the Premises.

The obligations under this Section shall survive the Termination Date of this Permit 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.

16. Insurance. Tenant shall procure and maintain at its expense and keep in force at all times during the term of this Permit the following insurance:

(a) 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 One Million Dollars (\$1,000,000) for injury or death to one or more persons out of each accident or occurrence and One Million Dollars (\$1,000,000) for property damage for each accident or occurrence. Tenant shall also procure and maintain at its expense and keep in force at all times during the term of this Permit automobile insurance with limits of liability not less than One Million Dollars (\$1,000,000) covering injuries or death resulting from each accident or claim arising out of any one claim or accident. Said limits shall provide first dollar coverage except that Executive Director may permit a self-insured retention or self-insurance in those cases where, in his or her 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 City's Harbor 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 Permit; and

(2) Protection and indemnity coverage with combined single limits of N/A 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 submitted 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 Revocable Permit No. 13-37, 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 10-days notice of cancellation for nonpayment of premium, and a 30-days notice of cancellation for any other reasons to the 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."

(b) Fire Legal Liability Insurance. In addition to and concurrently with the aforesaid insurance coverage, Tenant shall also procure and maintain, either by an endorsement thereto or by a separate policy, fire legal liability insurance with a minimum limit of Two Hundred Fifty Thousand Dollars (\$250,000.00), 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 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 Board's fire insurance policy,

upon thirty (30) days' prior written notice thereof to Tenant at any time during the time of this Permit. Neither City nor Board should be named as additional insureds on this policy.

(c) All Risk Insurance. Tenant shall secure, and shall maintain at all times during the term of this Permit and any holdover, fire and extended insurance coverage insurance covering ninety percent (90%) of the replacement value of the works, buildings and improvements erected or owned by Tenant on the Premises, with such provision in the policies issued to covered the same, or in riders attached thereto, as will provide for all losses over One Hundred Thousand Dollars (\$100,000) 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 replacement or reconditioning of such items 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 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 returned to Tenant.

(d) 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 Permit 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 its 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.

(e) Environmental Impairment Liability Insurance. Should Tenant's operations involve the storage or use of any type of Environmentally Regulated Material, 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, clean-up and defense with a limit of at least _____ Dollars (\$_____) per occurrence, which is to remain in effect at least five (5) years after the termination of the Permit.

(f) Railroad Protective Liability. Should Tenant's operations involve work within 50 feet of railroad tracks, Railroad Protective Liability Insurance shall be submitted in which Pacific Harbor Line (PHL) acting for itself is named the insured with the Tenant. The minimum limits of Railroad Protective Liability Insurance shall be the limits normally carried by the Tenant but not less than Two Million Dollars (\$2,000,000) combined single limit for property damage and bodily injury including death. If the submitted policies contain aggregate limits, the Tenant shall provide evidence of insurance protection for such limits so that the required coverage is not diminished in the event that the aggregate limits become exhausted. Said limit shall be without deduction, provided that the Executive Director or designee may permit a deductible amount when it is justified by the financial capacity of the Tenant. Any deductible amount permitted by the Executive Director shall be paid solely by the Tenant.

(g) Such insurance procured by Tenant shall include the following features:

(i) Notice of Cancellation. Each insurance policy described above shall provide that it will not be cancelled or reduced in coverage until after City's Risk Manager has been given a 10-days

notice of cancellation for nonpayment of premium, and a 30-days notice of cancellation for any other reason.

(ii) **Acceptable Evidence and Approval of Insurance.** Electronic submission is the required method of submitting Tenant's insurance documents. Track4LA[®] is the City's online insurance compliance system which is designed to be used by insurance brokers and agents to submit client insurance certificates directly to the City. Tenant's insurance broker or agent shall obtain access to Track4LA[®] at <http://track4la.lacity.org> and follow the instructions to register and submit the appropriate proof of insurance on Tenant's behalf.

(iii) **Renewal of Policies.** Prior to the expiration of each policy, Tenant shall show through submitting to Track4LA[®] that the policy has been renewed or extended or, if new insurance has been obtained, submit the appropriate proof of insurance to Track4LA[®]. 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, obtain such insurance for Tenant.

(iv) **Modification of Coverage.** Executive Director, at his or her discretion, based upon recommendation of the Risk Manager of City's Harbor Department, may request 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.

(v) **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 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 Use. Such report shall contain to the extent available: (1) the name and address 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 names and addresses of known witnesses; and (5) such other information as may be known to Tenant, its officers or managing agents.

17. No Assignments/Subleases/Transfers.

No transfer of this Permit, 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 Permit (hereafter collectively referred to as "Transfer"), shall be valid or effective for any purpose. "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 a formal assignment or hypothecation of this Permit 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 Permit or as it exists immediately prior to said transaction or transactions constituting such reduction, whichever was or is greater. For purposes of this Section, 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.

18. Transfer of Stock. If Tenant is a corporation and more than ten percent (10%) of the outstanding shares of capital stock of Tenant is traded during any calendar year after filing its application for this Permit, Tenant shall notify Executive Director in writing within ten (10) days after the transfer date; provided, however, that this provision shall have no application in the event the stock of Tenant is listed on either the New York Stock Exchange, NASDAQ, or the NYSE Arca Options. If more than twenty-five percent (25%) of the Tenant's stock is transferred, whether by one or by means of successive transfers, regardless of whether Tenant is a publicly or privately held entity, such transfer shall be deemed an assignment within the meaning of the preceding paragraph. Any such transfer shall void this Permit. Such a transfer is agreed to be a breach of this Permit which shall entitle City to evict Tenant on at least seven (7) days' notice.

19. Tenant Name Change. Tenant shall notify City in writing within ten (10) days of making any changes to its name as set forth in the preamble of this Permit and shall provide City with all documents in connection with the change.

20. Signs. Tenant shall not erect or display, or permit to be erected or displayed, on the Premises any signs or advertising matter of any kind without first obtaining the written consent of Executive Director. If Tenant obtains consent, it shall comply with the requirements of Section 14. Tenant shall post, erect and maintain on the Premises such signs as Executive Director may direct.

21. Termination for Misrepresentations. This Permit is granted pursuant to an application filed by Tenant with Board. If the application or any of the attachments thereto contain any misstatement of fact which, in the judgment of Executive Director, affected his or her decision to grant said Permit, Executive Director may terminate this Permit.

22. Possessory Interest. THIS PERMIT MAY CREATE A POSSESSORY INTEREST BY TENANT WHICH MAY BE SUBJECT TO PROPERTY TAXATION. TENANT SHALL PAY ALL SUCH TAXES SO ASSESSED, AND ALL OTHER ASSESSMENTS OF WHATEVER CHARACTER LEVIED UPON ANY INTEREST CREATED BY THIS PERMIT. TENANT SHALL ALSO PAY ALL LICENSE AND PERMIT FEES REQUIRED FOR THE CONDUCT OF ITS OPERATIONS.

23. Utility Charges. Unless otherwise provided for herein, Tenant shall pay all charges for services furnished to the premises or used in connection with its occupancy, including, but not limited to, heat, gas, power, telephone, water, light and janitorial services, and pay all deposits, connection fees, charges and meter rentals required by the supplier of any such service, including City.

24. 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 Permit, then either party hereto may terminate this Permit by written notice, and all rights and obligations hereunder (with the exception of any undischarged rights and obligations) shall thereupon terminate.

25. Conflict of Interest. It is understood and agreed that the parties to this Permit have read and are aware of the provisions of Section 1090 et seq. and Section 87100 et seq. of the Government Code relating to conflict of interest of public officers and employees, as well as the Conflict of Interest Code of the 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 Permit. Notwithstanding any other provision of this Permit, it is further understood and agreed that if such a financial interest does exist at the inception of this Permit, City may immediately terminate this Permit by giving written notice thereof.

26. Notice. In all cases where written notice including the service of legal pleadings is to be given under this Permit, service shall be deemed sufficient if said notice is deposited in the United States mail, postage prepaid or delivered to the Permit premises. When so given, such notice shall be effective

from the date of mailing. Unless changed by notice in writing from the respective parties, notice to the parties shall be as follows:

To the City: Los Angeles Harbor Department
P.O. Box 151
San Pedro, California 90733-0151
Attention: Executive Director
Attention: Director of Real Estate

with a copy to: Office of City Attorney—Harbor Department
425 S. Palos Verdes Street
San Pedro, California 90731
Attention: General Counsel

To the Tenant: _____

Nothing herein contained shall preclude or render inoperative service of such notice in the manner provided by law. All notice periods under this Permit refer to calendar days unless otherwise specifically stated.

27. Construction of Agreement. This Permit shall not be construed against the party preparing it and shall be construed without regard to the identity of the person who drafted this Permit.

28. No Waiver. No waiver by either party at any time of any terms or conditions of this Permit shall be a waiver at any subsequent time of the same or any other term or condition. The acceptance of Rent by City shall not be deemed a waiver of any other breach by Tenant of any term or condition of this Permit other than the failure of Tenant to timely make the particular Rent payment so accepted. No breach of a covenant, term or condition of this Permit will be deemed to have been waived by City unless the waiver is in writing and executed by City.

29. Immediate Access to Repair/Maintain Premises. Tenant is aware that the City's Department of Water & Power, other utility, or other maintenance or service from or on behalf of City, may need to service or repair certain facilities on the Premises. If such repair is necessary, Tenant agrees to relocate, at its expense, all of its cargo equipment or personal property to provide such personnel adequate access. Tenant agrees to complete such relocation within twenty-four (24) hours of receiving notice from City except in case of emergency. Tenant agrees neither the department servicing the Premises nor City shall be responsible for any loss Tenant may suffer as a result of such maintenance or repair.

30. Records and Reports. All books, accounts and other records showing the affairs of Tenant with respect to its business transacted at, upon or over the Premises shall be maintained at the Premises or Tenant's nearest office to the Premises, and may be subject to examination, audit and transcription by Executive Director or any person designated by her; and in the event it becomes necessary to make such examination, audit or transcription at any place other than within fifty (50) miles of the Premises, then all costs and expenses necessary, or incident to such examination, audit or transcription shall be paid by Tenant. These records shall be retained during the term of this Permit so that the records for the four (4) most recent years are available. After this Permit terminates, Tenant shall maintain the records for the four (4) most recent years for at least two (2) years. Upon request in writing

by Executive Director or his or her designated representative, Tenant shall furnish a statement of the exact location of all records and the name and telephone number of the custodian of these records. The statement shall be submitted within fifteen (15) days of the request and shall contain such detail and cover such period of time as may be specified in any such request. From time to time Executive Director or designee shall audit Tenants' records and accounts. Information to be provided by Tenant will include, but not be limited to, general ledgers, charts of accounts, subledgers including cash receipts journals, cash disbursement journals, and all original receipts and documents which support the information provided to City.

31. Promotion of Los Angeles Harbor Facilities. Tenant shall in good faith and with all reasonable diligence use its best efforts by suitable advertising and other means to promote the use of the Premises granted by this Permit.

32. 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.

33. Time of the Essence. Time is of the essence in this Permit.

34. Nondiscrimination and Affirmative Action Provisions. Tenant agrees not to discriminate in its employment practices against any employee or applicant for employment because of employee's or applicant's race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status, domestic partner status or medical condition. All subcontracts awarded under or pursuant to this Permit shall contain this provision. The applicable provisions of Section 10.8 et seq. of the Los Angeles Administrative Code are set forth in the attached Exhibit "B" and are incorporated herein by this reference.

35. Minority, Women and Other Business Enterprise (MBE/WBE/OBE) Outreach Program. It is the policy of the City to provide minority business enterprises (MBEs), women's business enterprises (WBEs), and all other business enterprises (OBEs) an equal opportunity to participate in the performance of all City contracts in all areas where such contracts afford such participation opportunities. The Tenant shall assist the City in implementing this policy and shall use its best efforts to afford the opportunity for MBEs, WBEs, and OBEs to achieve participation in subcontracts where such participation opportunities present themselves and attempt to ensure that all available business enterprises, including MBEs, WBEs, and OBEs, have an equal opportunity to compete for and participate in any such participation opportunity which might be presented under this Permit.

36. 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 the 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 Permit and otherwise pursue legal remedies that may be available.

37. Wage and Earnings Assignment Orders/Notices of Assignments. The 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 and Notices of Assignments applicable to them personally. The Tenant will fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of

Assignments in accordance with California Family Code §§ 5230 et seq. The Tenant will maintain such compliance throughout the term of this Permit.

38. 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 the 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. See Exhibit "C."

39. Wilmington Truck Route. It is recognized by both parties that Tenant may not directly control the trucks serving the Premises. However, Tenant will make its best effort to notify truck drivers, truck brokers and trucking companies, that trucks serving the Premises must confine their route to the designated Wilmington Truck Route of Alameda Street and Harry Bridges Boulevard; Figueroa Street from Harry Bridges Boulevard to "C" Street; and Anaheim Street east of Alameda Street. A copy of the Wilmington Truck Route is attached hereto and marked Exhibit "D," which may be modified from time to time at the sole discretion of the Executive Director with written notice to Tenant.

40. Business Tax Registration Certificate. The City of Los Angeles Office of Finance requires the implementation and enforcement of Los Angeles Municipal Code Section 21.09 et seq. This section provides that every person, other than a municipal employee, who engages in business within the City of Los Angeles, is required to obtain the necessary Business Tax Registration Certificate and pay business taxes. The City Controller has determined that this Code Section applies to consulting firms that are doing work for the City's Harbor Department

41. 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 Board. In the event such business is not conducted in a reasonable manner as determined by 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, Board may declare this Permit terminated.

Pursuant to the provisions of the Los Angeles City Charter and of the tide and submerged land grant, Tenant and its sublessees shall use the Premises in such a manner so that there shall be no discrimination made, authorized or permitted in the rates, tolls, or charges or in the facilities provided for any use or service in connection therewith.

Tenant shall also conduct its business and cause the businesses of its sublessees upon the Premises (if any have been expressly authorized by City in writing) to be conducted in a first-class manner. Tenant shall furnish and maintain a standard of service at least equal to that of the better class of similar businesses providing similar services and facilities in the City of Los Angeles and adjacent communities during the entire term of this Permit.

Board reserves the right to have access to and inspect the schedule of rates and prices for services and facilities performed or provided upon the Premises. In the event that after Tenant has been advised and given a reasonable opportunity to confer with Board and to justify any rate or price challenged by it as unreasonable or noncompensatory, and Board has determined such rate or price to be unreasonable or inappropriate for the services rendered or the facilities provided, such rates or prices shall be modified by Tenant as directed by Board.

42. State Tidelands Act. This Agreement, the Premises and Tenant's use and occupancy thereof shall at all times be 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, and Article VI of the Charter of the City of Los Angeles relating to such lands. Tenant 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.

43. Paragraph Headings. Paragraph headings used in the Permit are merely descriptive and not intended to alter the terms and conditions of the paragraphs.

44. Integrated Agreement. It is understood that this Permit supersedes and cancels any and all previous negotiations, arrangements, representations, agreements, negotiations and understandings, if any, between the parties and there are no oral agreements that affect any of the terms of this Permit.

45. Prior Permit Superseded. This Permit shall supersede Revocable Permit [or Permit or Space Assignment] No. _____. From and after the Effective Date, said superseded Revocable Permit [or Space Assignment] shall have no further force or effect, except to the extent either party has accrued any rights or obligations under said Revocable Permit [or Space Assignment] and for rights and obligations which provide they continue after termination or expiration of the agreement.

46. Amendments. No provision of this Permit may be amended except by an agreement in writing signed by City and Tenant. Any such modifications are subject to all applicable approval processes set forth in City's Charter, City's Administrative Code, or other applicable law.

47. Governing Law and Venue. This Permit is made and entered into in the State of California and shall in all respects be construed, interpreted, enforced and governed under 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 Permit shall be filed and litigated in the state or federal courts located in the County of Los Angeles, State of California.

48. Additions. There is attached to this Permit an addendum, consisting of numbered Sections ___-___, inclusive, the provisions of which are made a part of this Permit as though set forth herein in full.

49. Deletions. Section(s) 16 (e), 16 (f), 45 and 48 are deleted and are not to be considered as constituting a part of this Permit, and they are so marked.

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DATED: _____

CITY OF LOS ANGELES
HARBOR DEPARTMENT.

By: _____
Executive Director

The undersigned Tenant hereby accepts the foregoing Permit and agrees to abide and be bound by and to observe each and every of the terms, conditions and covenants, thereof, including those set forth in the addendum, if any, and excluding those marked as being deleted.

DATED: 7/25/14

MARINE TECHNICAL SERVICES, INC.

W. Moll

By: W. Michael Hauke
V.P.
Type/Print Name and Title of Officer

Attest: [Signature]
Kent M. Phillips, CFO
Type/Print Name and Title of Officer

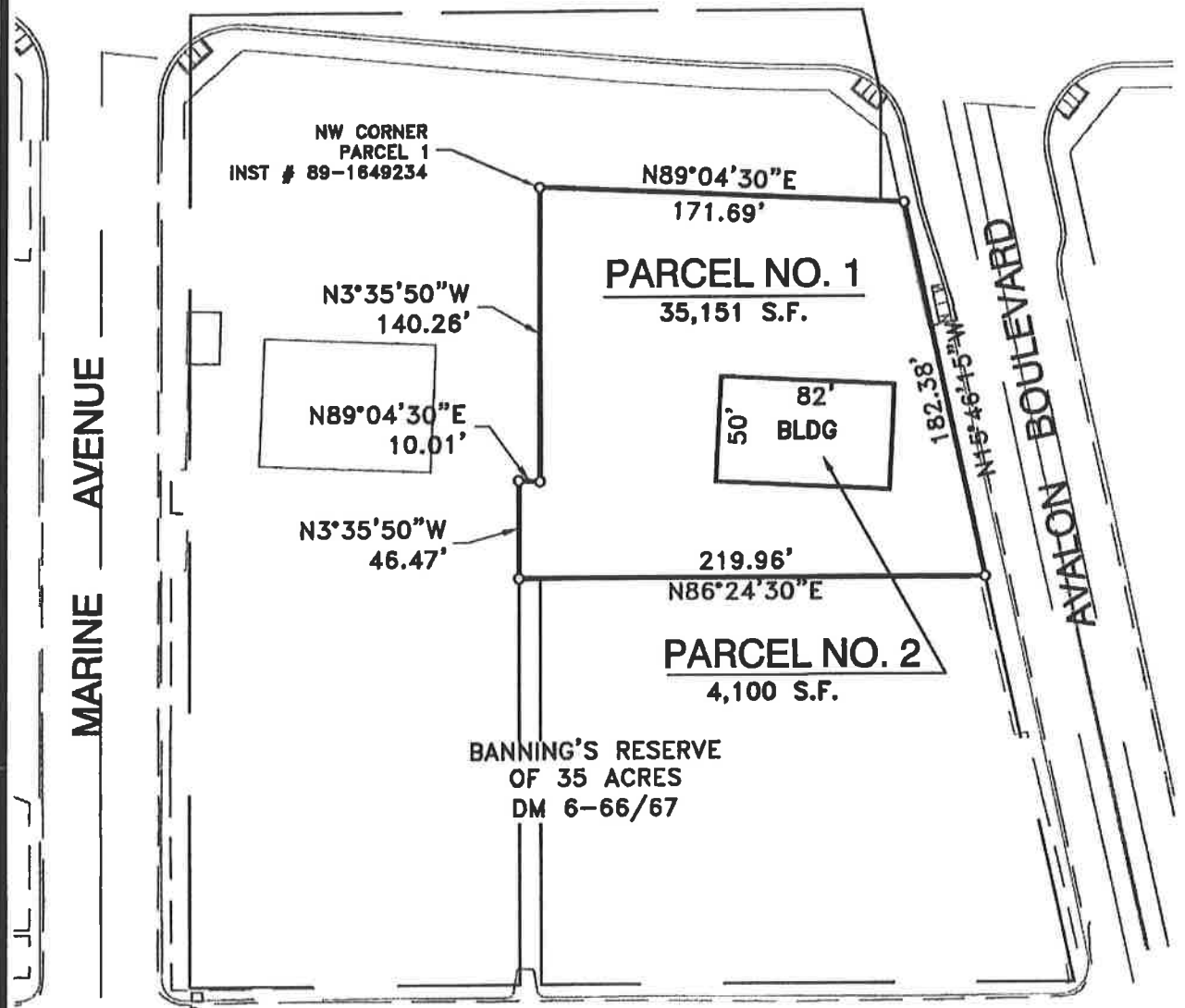
APPROVED AS TO FORM AND LEGALITY

September 2, 2014
MICHAEL N. FEUER, City Attorney

By: [Signature]
JUSTIN HOUTERMAN, Deputy

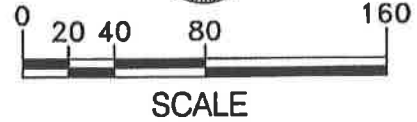
JH:jrs
02/11/14

HARRY BRIDGES BOULEVARD



NOTE:

- 1) No substructures are shown on this drawing. Accurate substructure information must be obtained from lessees and L.A.H.D. engineering records.
- 2) Horizontal Datum is based on the North American Datum of 1983 (NAD 83), California Coordinate System, Zone 5, Feet.
- 3) All distances shown on this drawing are grid distances. To obtain a reasonable representation of the ground distance, divide the distance herein by the average scale factor of 1.000076.



SCALE: 1" = 80'	DATE: 2/14	RECOMMENDED FOR APPROVAL	PERMIT MAP - AUTHORITY NO. RP13-37	
DRAWN: DRR	CHECKED: EKH	DESIGNED: D. RAASCH	MARINE TECHNICAL SERVICES, INC.	
ENR/ARCH <i>D. Raasch</i>		ASSISTANT CHIEF HARBOR ENGINEER <i>D. M. Will</i>	APPROVED <i>D. M. Will</i>	CHIEF HARBOR ENGINEER
			 THE PORT OF LOS ANGELES ENGINEERING DIVISION 425 S. PALLOU TERRACE STREET SAN PEDRO CA 90731-0300	DRAWING NUMBER 5-7318

DWG: N:\oad\proj\2014\LEASER\Unleashed Drawings\5-7318.dwg USER: caezht
 DATE: Feb 11, 2014 10:24am XREFS: Eng\Fundat: Sheet Names b-31(S, Readin) b-30(S, Readin) IMAGES:
 POLA_PROJ_VEL_1_12/96

EXHIBIT B - AFFIRMATIVE ACTION PROGRAM PROVISIONS

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 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, domestic partner 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, domestic partner 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, domestic partner 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.

EXHIBIT B - AFFIRMATIVE ACTION PROGRAM PROVISIONS

- 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

EXHIBIT B - AFFIRMATIVE ACTION PROGRAM PROVISIONS

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;

EXHIBIT B - AFFIRMATIVE ACTION PROGRAM PROVISIONS

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 workforce 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 workforce or replacement of those employees who leave the workforce 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 C

Sec. 10.8.2.1. Equal Benefits Ordinance.

Discrimination in the provision of employee benefits between employees with domestic partners and employees with spouses results in unequal pay for equal work. Los Angeles law prohibits entities doing business with the City from discriminating in employment practices based on marital status and/or sexual orientation. The City's departments and contracting agents are required to place in all City contracts a provision that the company choosing to do business with the City agrees to comply with the City's nondiscrimination laws.

It is the City's intent, through the contracting practices outlined in this Ordinance, to assure that those companies wanting to do business with the City will equalize the total compensation between similarly situated employees with spouses and with domestic partners. The provisions of this Ordinance are designed to ensure that the City's contractors will maintain a competitive advantage in recruiting and retaining capable employees, thereby improving the quality of the goods and services the City and its people receive, and ensuring protection of the City's property.

(c) Equal Benefits Requirements.

(1) No Awarding Authority of the City shall execute or amend any Contract with any Contractor that discriminates in the provision of Benefits between employees with spouses and employees with Domestic Partners, between spouses of employees and Domestic Partners of employees, and between dependents and family members of spouses and dependents and family members of Domestic Partners.

(2) A Contractor must permit access to, and upon request, must provide certified copies of all of its records pertaining to its Benefits policies and its employment policies and practices to the DAA, for the purpose of investigation or to ascertain compliance with the Equal Benefits Ordinance.

(3) A Contractor must post a copy of the following statement in conspicuous places at its place of business available to employees and applicants for employment: "During the performance of a Contract with the City of Los Angeles, the Contractor will provide equal benefits to its employees with spouses and its employees with domestic partners." The posted statement must also include a City contact telephone number which will be provided each Contractor when the Contract is executed.

(4) A Contractor must not set up or use its contracting entity for the purpose of evading the requirements imposed by the Equal Benefits Ordinance.

(d) Other Options for Compliance. Provided that the Contractor does not discriminate in the provision of Benefits, a Contractor may also comply with the Equal Benefits Ordinance in the following ways:

(1) A Contractor may provide an employee with the Cash Equivalent only if the DAA determines that either:

a. The Contractor has made a reasonable, yet unsuccessful effort to provide Equal Benefits; or

b. Under the circumstances, it would be unreasonable to require the Contractor to provide Benefits to the Domestic Partner (or spouse, if applicable).

(2) Allow each employee to designate a legally domiciled member of the employee's household as being eligible for spousal equivalent Benefits.

(3) Provide Benefits neither to employees' spouses nor to employees' Domestic Partners.

(e) Applicability:

(1) Unless otherwise exempt, a Contractor is subject to and shall comply with all applicable provisions of the Equal Benefits Ordinance.

(2) The requirements of the Equal Benefits Ordinance shall apply to a Contractor's operations as follows:

a. A Contractor's operations located within the City limits, regardless of whether there are employees at those locations performing work on the Contract.

b. A Contractor's operations on real property located outside of the City limits if the property is owned by the City or the City has a right to occupy the property, and if the Contractor's presence at or on that property is connected to a Contract with the City.

c. The Contractor's employees located elsewhere in the United States but outside of the City limits if those employees are performing work on the City Contract.

(3) The requirements of the Equal Benefits Ordinance do not apply to collective bargaining agreements ("CBA") in effect prior to January 1, 2000. The Contractor must agree to propose to its union that the requirements of the Equal Benefits Ordinance be incorporated into its CBA upon amendment, extension, or other modification of a CBA occurring after January 1, 2000.

(f) **Mandatory Contract Provisions Pertaining to Equal Benefits.** Unless otherwise exempted, every Contract shall contain language that obligates the Contractor to comply with the applicable provisions of the Equal Benefits Ordinance. The language shall include provisions for the following:

(1) During the performance of the Contract, the Contractor certifies and represents that the Contractor will comply with the Equal Benefits Ordinance.

(2) The failure of the Contractor to comply with the Equal Benefits Ordinance will be deemed to be a material breach of the Contract by the Awarding Authority.

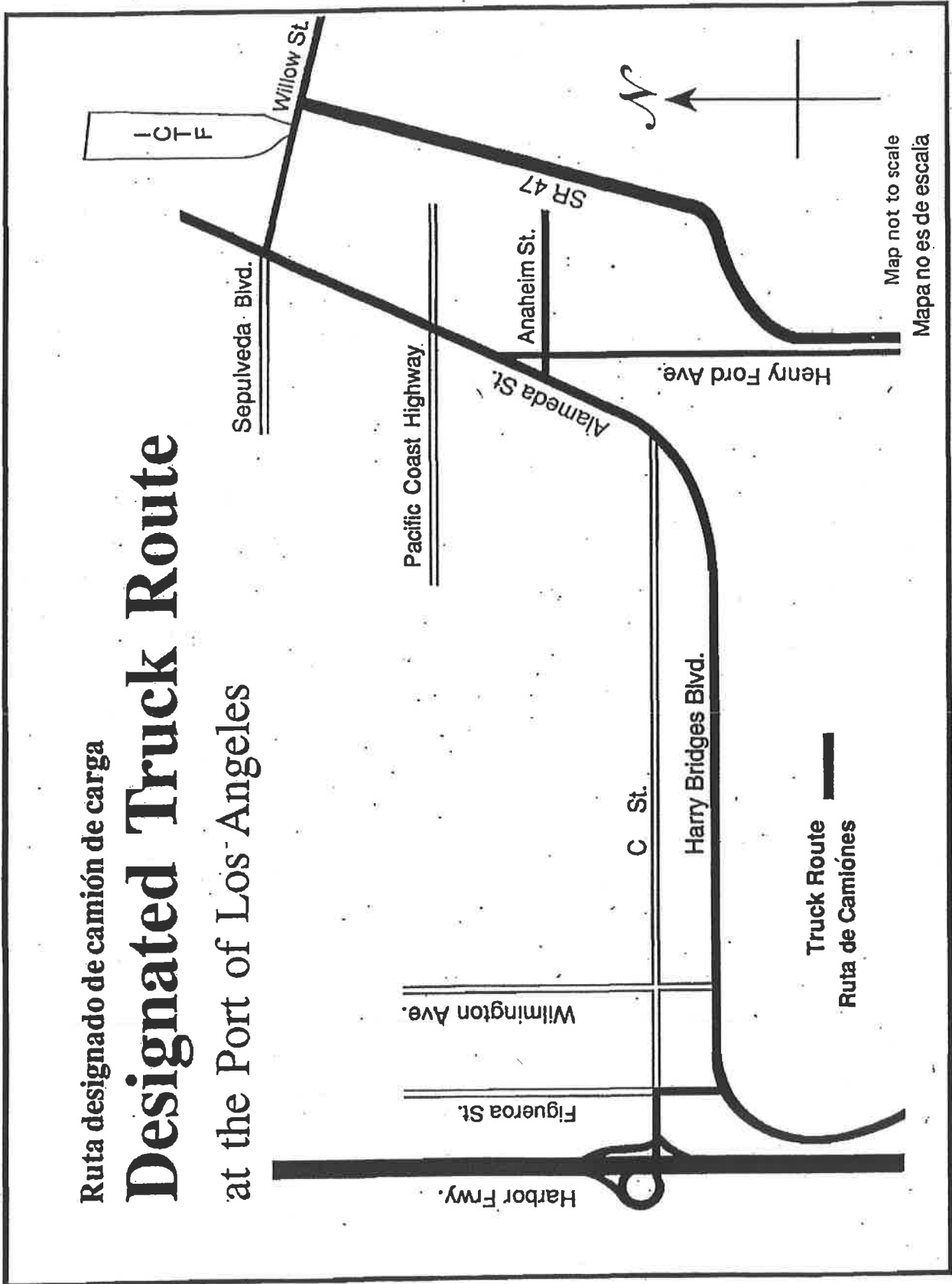
(3) If the Contractor fails to comply with the Equal Benefits Ordinance the Awarding Authority may cancel, terminate or suspend the Contract, in whole or in part, and all monies due or to become due under the Contract may be retained by the City. The City may also pursue any and all other remedies at law or in equity for any breach.

(4) Failure to comply with the Equal Benefits Ordinance may be used as evidence against the Contractor in actions taken pursuant to the provisions of Los Angeles Administrative Code Section 10.40, et seq., Contractor Responsibility Ordinance.

(5) If the DAA determines that a Contractor has set up or used its Contracting entity for the purpose of evading the intent of the Equal Benefits Ordinance, the Awarding Authority may terminate the Contract on behalf of the City. Violation of this provision may be used as evidence against the Contractor in actions taken pursuant to the provisions of Los Angeles Administrative Code Section 10.40, et seq., Contractor Responsibility Ordinance.

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.

Ruta designado de camión de carga
Designated Truck Route
at the Port of Los Angeles



CITY OF LOS ANGELES HARBOR DEPARTMENT
Port of Los Angeles

REVOCABLE PERMIT

No. 13-35

The Executive Director of the Harbor Department ("Executive Director") of the City of Los Angeles ("City") hereby grants permission to MARINE TECHNICAL SERVICES, INC., 204 N. Fries Avenue and 205 N. Marine Avenue, Wilmington, California ("Tenant") to occupy and use certain lands and/or waters and/or facilities within the Harbor District owned or under the control of City acting through its Board of Harbor Commissioners ("Board"), subject to the following terms and conditions:

1. Premises. Tenant is permitted to use the lands and/or waters and/or facilities (hereinafter called "Premises"), which consist of Parcel No's 1 and 2 as delineated and more particularly described on Exhibit "A." By mutual agreement of Executive Director and Tenant, land and water not exceeding ten percent (10%) of the Premises granted or 20,000 square feet, whichever is greater, may be permanently added to or deleted from the Premises granted herein without further approval of the Board subject to the following conditions: (1) so long as such change in the Premises is not temporary within the meaning of Tariff (as defined in Section 4(a) below) Item No. 1035 (or its successor), the compensation set forth in Section 4 shall be increased or decreased pro rata to reflect any such addition or deletion; (2) if the change involves the addition or deletion of any improvement, the adjustment to the compensation shall also take into account this change in the same manner in which the compensation was originally calculated; (3) if permanent changes in the area of the Premises are made on more than one occasion, the cumulative net change in area may not exceed ten percent (10%) or 20,000 square feet, whichever is greater, of the originally designated Premises, and (4) the change in area of the Premises shall not result in the annual compensation changing by more than One Hundred Fifty Thousand Dollars (\$150,000). The Executive Director is authorized to execute amendment(s) to this Permit to effect the foregoing adjustments to area of the Premises and compensation without further action of the Board.

2. Permitted Use. The Premises shall be used for the purpose of operating a full service repair facility providing structural repairs, machine parts fabrication, general engineering, electrical contracting services, a machine shop and maintenance center for stevedoring equipment ("Permitted Use") and not for any other use without the prior written consent of Executive Director which approval may be withheld by City in its sole and absolute discretion. Tenant shall not use the Premises in any manner, even if the use is a Permitted Use, that will cause cancellation of any insurance policy covering the Premises or adjacent premises; provided, however, Tenant may, in City's sole discretion, remain if it pays the increase in City's insurance costs caused by its operations. No offensive or refuse matter, or any substance constituting any unnecessary, unreasonable or unlawful fire hazard, or material detrimental to the public health, shall ever be permitted by Tenant to be or remain, on the Premises, and Tenant shall prevent any such material or matter from being or accumulating upon the Premises. Tenant further agrees not to keep on the Premises or permit to be kept, used, or sold thereon, anything prohibited by any policy of fire insurance covering the Premises or any structure erected thereon.

3. Effective and Termination Dates. This Revocable Permit ("Permit") shall be effective upon execution by the Executive Director of the Harbor Department, ("Effective Date") and shall thereafter be revocable at any time by Tenant or by Executive Director, upon the giving of at least sixty (60) days' written notice to the other party stating the date upon which this Permit shall terminate ("Termination Date"); provided, however, if this Permit is not terminated prior to the fifth (5th) anniversary of the Effective Date, then before such time the Board shall review this Permit regarding its continuation and/or modification. (Termination Date shall also mean the date that the Permit terminates in connection with Tenant's Default under Section 8 and any termination by operation of law or any other reason.) The right of Executive Director to revoke this Permit is and shall remain unconditional. Neither City, nor any board, officer or employee thereof, shall be liable in any manner to Tenant because of such revocation. Tenant shall commence using the Premises for the Permitted Use within thirty (30) days from the Effective Date.

TRANSMITTAL 6

4. Compensation.

(a) Monthly Rent. On or before the first day of each month, in advance, Tenant shall pay to City the sum of Three Thousand Four Hundred and Forty Dollars (\$3,440) as rental ("Rent") for the use of the Premises. Use of the Premises for purposes not expressly permitted herein, whether approved in writing by Executive Director or not, may result in additional charges, including charges required by Port of Los Angeles Tariff No. 4, as it may be amended or superseded ("Tariff"). Tenant agrees to pay such additional charges. Executive Director may change the amount of Rent required herein upon giving at least thirty (30) days' written notice to Tenant. Rent paid by Tenant shall be applied to the oldest outstanding balance. Rent is in addition to any applicable charges under the Tariff.

(b) Rent Adjustments. Provided this Permit is not sooner terminated, effective July 1st of the year following the Effective Date (which date and subsequent anniversaries shall be referred to individually as the "Adjustment Date") of the tenancy, and annually thereafter, the Rent will be adjusted as of July 1 automatically without further notice to reflect the percentage increase (but not any decrease), if any, in the Consumer Price Index, all Urban Consumers of the Los Angeles-Riverside-Orange County, California area, 1982-84=100, as published by the U.S. Department of Labor, Bureau of Labor Statistics ("CPI"), or successor index selected by the Executive Director in his or her sole reasonable discretion. Such adjusted amount of Rent shall be equal to the product obtained by multiplying the Rent amount in effect on the Adjustment Date by a fraction, the numerator of which is the July CPI index on the Adjustment Date and the denominator of which for the first adjustment is the July CPI Index for the calendar year in which the Effective Date occurs, and for all subsequent adjustments through the tenancy is the July CPI index of the prior Adjustment Date.

The formula illustrating the adjustment computation is as follows:

$$\text{Adjusted Rent} = \text{Rent as of Adjustment Date} \times \frac{\text{July CPI Index of Adjustment Date}}{\text{July CPI Index of Effective Date or Prior Adjustment Date}}$$

In addition to or in lieu of the above, City may, at any time, change the amount of Rent without reference to CPI adjustment by giving Tenant thirty (30) days' notice of such change as provided in Section 4(a), above.

(c) Late Charge. Rent payments which have not been paid within ten (10) days of the due date shall be subject to a service charge consisting of simple interest of one-thirtieth (1/30) of two percent (2%) of the invoice amount remaining unpaid each day, for costs and expenses incurred by reason of Tenant's late payment. City shall have the right to change the amount charged for the late charge to the amount set forth in Tariff Item No. 270 if the amount in Tariff Item No. 270 changes. Acceptance of any late charge (or any other payments) shall not constitute a waiver of Tenant's Default (defined below).

(d) Security Deposit. Prior to the issuance of this Permit, Tenant shall deposit ("Security Deposit") with City a sum equal to two (2) months' Rent payments of Six Thousand Eight Hundred and Eighty Dollars (\$6,880) (as determined by Executive Director in his or her sole reasonable discretion) as security for Tenant's performance under this Permit including but not limited to covering Tenant's delinquent Rent, and its other obligations under this Permit including but not limited to repairing damages to the Premises. Notwithstanding the foregoing, City shall not be required to apply the Security Deposit during the term of the Permit. If the Rent is thereafter increased, Tenant shall increase the Security Deposit as necessary to assure that Tenant at all times has on deposit a sum equal to 2 months of the current Rent. If all or any part of said deposit is used to pay any Rent due and unpaid or to meet any other Tenant obligations, Tenant shall then immediately reimburse said deposit so that at all times during

the life of this Permit a Security Deposit equal to the amount of the Security Deposit before the payments from the Security Deposit. Failure to maintain the full amount of the Security Deposit shall constitute a material breach of this Permit. In the sole discretion of the Executive Director, Tenant may post other forms of security but only in a form acceptable to the City Attorney. If for any reason City has not initially required a Security Deposit from Tenant, City may at any time and for any reason require a Security Deposit in an amount the Executive Director determines necessary to secure performance of the Permit. Tenant agrees to post such deposit with City within ten (10) days of written request from City and agrees that its failure to do so constitutes a material breach of this Permit. No interest is payable by City on the Security Deposit.

(e) No Right of Set-Off. Notwithstanding any other provision of this Permit, Tenant's obligation to pay all Rent shall be absolute and unconditional and shall not be affected by any circumstance, including, without limitation, any set-off, counterclaim, recoupment, defense or other right or claim which Tenant may have against City.

(f) Place of Payment. Tenant shall render its payments to City of Los Angeles Harbor Department, P.O. Box 514300, Los Angeles, CA 90051-4300 or any other place that City from time to time may designate in writing. Payment 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. Rent is to be paid only by Tenant. Notwithstanding the foregoing, acceptance of Rent paid by any entity or person other than Tenant shall not create any rights under this Permit for the entity or person making the Rent payment.

(g) Rent. All amounts payable by Tenant to City under this Permit during the term of this Permit shall be deemed to be Rent.

5. Rights-of-Way. This Permit shall at all times be subject to such rights-of-way over, on and/or through the Premises for sewers, pipelines (public or private), conduits, telephone, telecommunications equipment, light, heat or power lines that exist and/or as may from time to time be determined by Board, and shall also be subject to rights-of-way for, among other things, streets and other highways, and for railroads and other means of transportation as shall have been duly established or as shall be reserved herein, and/or other rights-of-ways for equipment access, occupancy and/or other rights reasonably necessary to comply with homeland security or related requirements of federal, state and/or local agencies; and to such rights-of-way as Board requires to drill and explore new or maintain existing oil, gas or mineral wells. This Permit and the Premises shall at all times be subject to all prior exceptions, reservations, grants, easements, leases or licenses of any kind whatsoever as the same 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 and shall also be at all times subject to 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.

6. Premises Satisfactory to Tenant/Required Modifications. Tenant has inspected the Premises and agrees that they are suitable for the Permitted Use. No officer or employee of City has made any representation or warranty with respect to the Premises, except as described in writing and attached hereto as an addendum, and in entering into this Permit, Tenant agrees it relies only on the provisions of the Permit. Any modification, improvement, or addition to the Premises and any equipment installation or removal required by the Fire Department, Department of Building and Safety, South Coast Air Quality Management District, Regional Water Quality Control Board, U.S. Coast Guard, Environmental Protection Agency, or any other agency in connection with Tenant's operations, shall be constructed, installed, or removed at Tenant's sole expense. Tenant shall obtain a General Permit from the office of the Chief Harbor Engineer, Engineering Division, of the Harbor Department ("Harbor Engineer") and shall comply with the requirements of Section 14 before making any modifications to the Premises.

7. Maintenance and Repair.

(a) Maintenance Performed by Tenant. Tenant at its sole cost and expense, shall keep and maintain the Premises, and all buildings, works and improvements of any kind thereon, in good and substantial repair and condition 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. Tenant shall obtain any permits, including but not limited to those issued by City, necessary for such maintenance and repair. Notwithstanding the foregoing, if there are wharf structures present on the Premises, City will maintain at its expense the structural integrity of the wharf structures. The wharf structure for purposes of this section means the beams, girders, subsurface support slabs, bulkheads and prestressed concrete or wood piling, joists, pile caps and timber decking (except as noted below), and any and all mooring dolphins. The wharf structure does not include the paving, the surface condition of timber decking or the fendering system.

(b) Failure to Maintain. If Tenant fails to make any repairs or to perform required maintenance within thirty (30) 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 at Tenant's expense. Notwithstanding, in an emergency as determined by City (including but not limited to an immediate threat of physical harm to persons and/or material damage to the Premises and/or structural or foundational damage to any improvements thereon), City shall have the right, but not the obligation, to undertake immediate repairs to the Premises and any structures thereon without notice. Tenant shall reimburse City for City's costs (as defined in Section 7(c)) within thirty (30) days after receipt of City's invoice for work performed. If Tenant shall commence such repairs and diligently prosecute the same to completion or shall begin to perform the required maintenance within the thirty (30) 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 Section 7(b) 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.

(c) City's Costs. "City's costs" for purposes of this Section 7 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 indirect or overhead expenses arising from or related to maintenance, repair or replacement work performed by or on behalf of City.

(d) 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 and litter at all times. Tenant shall perform annually, at a minimum, before the commencement of the rainy season, inspections and cleaning of the storm water catch basins (including filters), maintenance holes, and drains, 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 Use. 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 federal, state, municipal and other laws, ordinances, rules and regulations.

(e) 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, or appliances 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.

(f) City Inspections. Upon City's request, Tenant shall provide personnel to accompany City's representatives on periodic inspections of the Premises to determine Tenant's compliance with this Agreement. Notwithstanding the foregoing, nothing obligates City to make such determinations and City shall not incur any liability for not making such inspections and determinations.

8. Tenant Default.

(a) Events of Default. The occurrence of any of the following shall constitute a material breach and default by Tenant under this Permit: (1) Tenant's failure to pay when due any Rent required to be paid under this Permit if the failure continues for three (3) days after written notice from City; (2) Tenant's failure to perform any other obligation under this Permit if Tenant fails to cure the failure within thirty (30) days after delivery of written notice of the failure from City to Tenant; (3) 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 Permit; or (ii) If Tenant is 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, notifies Executive Director in writing that such nonuse is temporary and obtains the written consent of Executive Director to such nonuse; (4) To the extent permitted by law: (i) A general assignment by Tenant or any guarantor of the Permit for the benefit of the creditors without written consent of City; (ii) 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; (iii) 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; (iv) 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 Permit, unless that seizure is discharged within thirty (30) days.

(b) City's Remedies. City may pursue any and all remedies at law or in equity including seeking all monetary damages and termination of this Permit. City's remedies are cumulative and not inclusive. Nothing herein shall imply that City's right to revoke or terminate this Permit as provided in Section 3 is limited in any way. All personal property that remains on the Premises after Tenant vacates the Premises shall become the property of City, at City's option.

9. Compliance with Applicable Laws. At all times in its use and occupancy of the Premises and its conduct of operations thereon, Tenant, at Tenant's sole cost and expense, shall comply with all applicable federal, state, county, City or government agency laws, statutes, ordinances, standards, codes (including all building codes) rules, requirements or orders in effect now or hereafter in effect ("Applicable Laws") pertaining to the use or condition of the Premises and/or Tenant's operations 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.) 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 California Lewis-Presley Air Quality Management Act of 1976 (California Health and Safety Code Section 40400, et seq.) 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 (defined below), the Premises and/or Tenant's use and/or occupancy thereof. It is the parties' intent that Tenant will make, at Tenant's sole cost and expense, any and all alterations, improvements, and changes whether structural or nonstructural, that are required by Applicable Laws. In addition, Tenant shall comply immediately with all applicable environmental policies, rules and directives of City's Harbor Department ("Port Environmental Policies") This Permit shall be construed in accordance with California law.

10. Tenant's Environmental Obligations.

(a) Tenant shall not cause or permit any Environmentally Regulated Material (defined below) 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 limited quantities of standard office and janitorial supplies containing chemicals categorized as Environmentally Regulated Material and except as permitted, required or necessary under Section 2, if any. Tenant shall handle all such Environmentally Regulated Material in strict compliance with Applicable Laws in effect during Tenant's occupancy. The term "Environmentally Regulated Material" shall mean (a) any "hazardous substance" as that term is defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA") (42 U.S.A. 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.

(b) Tenant shall remediate or cause the remediation of any spill, discharge or release of any Environmental Regulated Material that occurs in, on, under or about the Premises ("Contamination"), whether caused by Tenant or any Assignor (as defined in Section 11.1, below) or any third-party during Tenant's or Assignor's occupancy, including Contamination of improvements, adjacent harbor waters, soil, sediment, groundwater or air or of adjacent premises (including soil, sediment, groundwater or air) and including Contamination that is a considered a nuisance under Applicable Laws. Remediation shall be to the satisfaction of City, and the requirements of the applicable governmental agencies including the Regional Water Quality Control Board ("RWQCB"), by removing or effecting the removal of all Contamination including but not limited to contaminated soil, water, groundwater, sediment or other material it may place or cause to be placed on site such that no encumbrances, such as deed or land use restrictions, be imposed on the Premises as a result of such Contamination. In fulfilling the obligations under this Section 10.2, Tenant shall also comply with any other conditions reasonably imposed by the City. If Tenant knows or has reasonable cause to believe that Contamination has occurred in, on, under or about the Premises, Tenant shall immediately give written notice to City.

(c) 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 including Contamination, regardless of whether the obligation for such compliance or responsibility is placed on the owner of the Premises, on the owner of any improvements on the Premises, on the user of the Premises, or on the user of any improvements on the Premises. For purposes of CERCLA, and any and all other Applicable Laws, Tenant shall be considered the owner and operator. 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 Applicable 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, penalties, and/or judgments, as well as any costs expended to defend against such claims, damages, fines and penalties and/or judgments, including attorneys' and experts fees. City, at its sole option, may pay such claims, damages, fines, penalties and/or judgments resulting from Tenant's noncompliance with any of the aforementioned authorities, and Tenant shall indemnify and reimburse City for any such payments.

(d) Waste Disposal. In discharging Tenant's obligations under this Permit, if Tenant disposes of any Contamination, within thirty (30) days of Tenant's receipt of original documents, Tenant shall provide City 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. The name of the City of Los Angeles, the Port of Los Angeles or the City's Harbor Department shall not appear on any manifest document as a generator of such material.

(e) Laboratory Testing. In discharging its obligations under this Section, Tenant shall perform any tests using a State of California Department of Health Services certified testing laboratory or other similar laboratory of which City shall approve in writing. By signing this Permit, Tenant hereby irrevocably directs any such laboratory to provide City, upon written request from City, copies of all of its reports, tests results, and data gathered. As used in this Section, "Tenant" includes agents, employees, contractors, subcontractors, and/or invitees of the Tenant.

(f) Survival of Obligations. Except as may be otherwise provided in this Section 10, Tenant's obligations in this Section shall survive the Termination Date of this Permit.

11. Restoration and Surrender of Premises.

(a) Tenant's Restoration Obligations. Subject to Section 11.4, on or before the Termination Date of this Permit, unless otherwise excused in writing by Executive Director, Tenant shall quit and return possession of the Premises to City leaving no Tenant improvements, unless City notifies Tenant otherwise in writing, (but leaving City's improvements, if any) and leaving the Premises in at least as good and usable a condition, acceptable to Executive Director, as the same were in at the time of the first occupation thereof by Tenant, or any transferor to and/or assignor of Tenant (collectively, "Assignor") under this Permit and all other previous permits. The term Assignor shall include any and all entities that occupied the Premises prior to Tenant and actually or purportedly transferred and/or assigned its right of occupancy to Tenant either contractually or under operation of law, including any "Transfer" as defined in Section 17, below, whether or not there was a written assignment and/or approval of the assignment by City. Tenant shall not damage paving installed by City or any unpaved areas regardless of the nature of Tenant's operations on the Premises. If the condition of the Premises is upgraded during the term of this Permit, Tenant shall restore the Premises to the upgraded condition. If City terminates this Permit pursuant to Section 8, Tenant shall still be obligated to restore the Premises as provided in this Section or to pay the cost of restoration if City chooses to perform the work, at City's option, and Tenant shall be required to pay compensation to City as provided in Section 12. In connection with the foregoing, Tenant, at its sole cost and expense, shall restore the Premises (including their soil, groundwater and sediment) such that they will be returned to City: (a) free of Contamination and in at least as good of a condition as the condition prior to the installation of all above- and below-ground works, structures, improvements and pipelines of any kind, (collectively referred to as "Structures") in, on or below the Premises under this Permit and all previous permits. As between City and Tenant, Tenant shall bear sole responsibility for Contamination 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 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 Structures placed on the Premises by Tenant. If the Premises, at the time of the Effective Date, have been improved by a prior tenant or by both City and a prior tenant, then such Structures which are 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 Permit; and (d) in a clean, level, graded and compacted condition with no excavations or holes resulting from Structures removed.

(b) Restoration Indemnity. In addition to and not as a substitute for any remedies provided by this Permit or at law or equity, Tenant shall defend, indemnify and hold harmless City from any and all claims and/or causes of action, damages, liabilities, judgments, expenses, penalties, loss of rents, and attorneys' and consultants' fees arising out of or involving: (a) Liens on the Premises, Structures, and/or on fixtures and/or equipment or property left on the Premises following the Termination Date; (b) Orders or enforcement actions pending against or in connection with the Premises, the Permitted Use and/or this Permit; (c) The cleanup of any Contamination and also shall include but not be limited to the cost of investigation, removal, remediation, restoration and/or abatement. The obligations under this Section shall survive the Termination Date of this Permit.

(c) Relocation Assistance. Nothing contained in this Permit shall create any right in Tenant or any sublessees of Tenant for relocation assistance or payment from City upon termination of this Permit (whether by revocation (Section 3) or default (Section 8) or any other reason. 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 termination of this Permit whether by City, Tenant or pursuant to Section 8 or operation of law.

(d) Demolition of Improvements; Acceptance of Improvements. If Tenant's improvements are not removed on or before the Termination Date, City shall have the right 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 or demolition. Notwithstanding the foregoing, City reserves the right, at its option, to accept any works, buildings or other improvements upon the Premises, including a change in the grade thereof, constructed or altered pursuant to this Section 11 in lieu of restoration of the Premises to their condition prior to such construction or Alteration (defined below).

(e) Site Restoration Plan. Independent of any regulatory agency requirements, upon written request of the Executive Director, Tenant shall submit to City a Site Characterization Work Plan for review and approval. Tenant's Site Characterization Work Plan shall include characterization of adjacent Harbor waters, soil, groundwater, and sediment of the Premises. Following City's approval of Tenant's Site Characterization Work Plan, Tenant shall conduct, at its sole cost and expense, a Site Characterization of the Premises pursuant to the Site Characterization Work Plan approved by City. The Site Characterization of the Premises shall be completed within a period of time specified by the Executive Director in his/her sole reasonable discretion and shall be submitted to City for its review. If in City's sole discretion, the results of such Site Characterization indicate that Contamination has been identified or reasonably suspected in, on under, or about the Premises, Tenant shall provide City at its sole cost and expense, a remediation action plan or soil management plan or other work plan ("Remedial Action Plan") as required by City in a form acceptable to City. Tenant shall demonstrate to the City's satisfaction that Contamination does not exist or that if Contamination exists, Tenant shall handle, store, treat, remove and properly dispose of the Contamination as described in Section 10 pursuant to the Remedial Action and to the satisfaction of City, and the requirements of the applicable governmental agencies including the Regional Water Quality Control Board ("RWQCB").

12. Rent During Restoration. Tenant understands and agrees it is responsible for complete restoration of the Premises before the Termination Date, as provided in this Permit and under Applicable Laws, including but not limited to the clean-up of any Contamination in, on or about the Premises. If, for

any reason, such restoration is not completed before the Termination Date, then Tenant is obligated to pay City compensation during such restoration period, in an amount equal to the then fair market rental value of the Premises and the City's Harbor Department's then established rate of return as determined by City; however, said compensation amount shall not be less than the Rent paid by Tenant at the time of the Termination Date. Tenant also agrees to provide City a surety bond, in an amount determined by Executive Director, in his or her sole reasonable discretion, to assure removal of Contamination from the Premises at any time City demands such bond.

13. Premises Subject to Tariff. Tenant accepts the Premises and shall undertake the Permitted Use set forth in Section 2 subject to each and every of the terms and conditions provided herein, and to each and every of the rates, terms and conditions of the Tariff, as applicable to Premises and/or the Permitted Use. 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 Permit, it shall maintain a complete and current Tariff at the address set forth in Section 26 below. Except as otherwise set forth in this Permit, 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 Permit and a Tariff provision. In the event of such conflict, this Permit shall at all times prevail.

14. Alterations on Premises. Tenant shall not construct on or alter ("Alteration") the Premises, including a change in the grade, without first obtaining City's written approval. Tenant shall submit to City a complete Application for Discretionary Projects that attaches a complete set of drawings, plans and specifications (prepared and stamped by a licensed engineer registered in the State of California) reflecting the proposed Alteration. City's Harbor Engineer shall have the right to reject or order reasonable changes in said drawings, plans and specifications. Tenant, at its own expense, shall obtain all permits necessary for such construction. All construction by Tenant pursuant to this Permit shall be at Tenant's sole expense. Tenant shall keep the Premises free and clear of liens for labor and materials and shall hold City harmless from any responsibility in respect thereto. Tenant shall give written notice to Harbor Engineer, in advance, of the date it will commence any Alteration. Immediately upon the completion of the construction, Tenant shall notify Harbor Engineer of the date of such completion and shall, within thirty (30) days after such completion, file with Harbor Engineer, in a form acceptable to Harbor Engineer, a set of "as built" plans for such construction.

15. Indemnity. Except as may arise from the sole negligence or willful misconduct of City, 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 Permit or otherwise;

(c) Any act, omission or negligence of Tenant, its officers, agents, employees, sublessees, licensees or invitees, 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 Permit or any Applicable Laws; or

(e) The conditions, operations, uses, occupations, acts, omissions or negligence referred to in subdivisions (a), (b), (c) and (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 the Charter of City.

Tenant also agrees to indemnify City and pay for all damages or loss suffered by City and City's Harbor Department, including, but not limited to, damage to or loss of property, to the extent not insured by City, and loss of City revenue from any source, caused by or arising out of the conditions, operations, uses, occupations, acts, omissions or negligence referred to in this Section. The term "persons" as used in this Section shall include, but not be limited to, officers and employees of Tenant.

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 Permit term as a result of Contamination of the Premises. 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 Contamination present in the soil or groundwater on or under the Premises.

The obligations under this Section shall survive the Termination Date of this Permit 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.

16. Insurance. Tenant shall procure and maintain at its expense and keep in force at all times during the term of this Permit the following insurance:

(a) 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 One Million Dollars (\$1,000,000) for injury or death to one or more persons out of each accident or occurrence and One Million Dollars (\$1,000,000) for property damage for each accident or occurrence. Tenant shall also procure and maintain at its expense and keep in force at all times during the term of this Permit automobile insurance with limits of liability not less than One Million Dollars (\$1,000,000) covering injuries or death resulting from each accident or claim arising out of any one claim or accident. Said limits shall provide first dollar coverage except that Executive Director may permit a self-insured retention or self-insurance in those cases where, in his or her 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 City's Harbor 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 Permit; and

(2) Protection and indemnity coverage with combined single limits of N/A 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 submitted 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 Revocable Permit No. 13-35, 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 10-days notice of cancellation for nonpayment of premium, and a 30-days notice of cancellation for any other reasons to the 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."

(b) Fire Legal Liability Insurance. In addition to and concurrently with the aforesaid insurance coverage, Tenant shall also procure and maintain, either by an endorsement thereto or by a separate policy, fire legal liability insurance with a minimum limit of Two Hundred Fifty Thousand Dollars (\$250,000.00), 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 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 Board's fire insurance policy, upon thirty (30) days' prior written notice thereof to Tenant at any time during the time of this Permit. Neither City nor Board should be named as additional insureds on this policy.

(c) All Risk Insurance. Tenant shall secure, and shall maintain at all times during the term of this Permit and any holdover, fire and extended insurance coverage insurance covering ninety percent (90%) of the replacement value of the works, buildings and improvements erected or owned by Tenant on

the Premises, with such provision in the policies issued to covered the same, or in riders attached thereto, as will provide for all losses over One Hundred Thousand Dollars (\$100,000) 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 replacement or reconditioning of such items 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 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 returned to Tenant.

(d) 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 Permit 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 its 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.

(e) Environmental Impairment Liability Insurance. Should Tenant's operations involve the storage or use of any type of Environmentally Regulated Material, 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, clean-up and defense with a limit of at least _____ Dollars (\$_____) per occurrence, which is to remain in effect at least five (5) years after the termination of the Permit.

(f) Railroad Protective Liability. Should Tenant's operations involve work within 50 feet of railroad tracks, Railroad Protective Liability Insurance shall be submitted in which Pacific Harbor Line (PHL) acting for itself is named the insured with the Tenant. The minimum limits of Railroad Protective Liability Insurance shall be the limits normally carried by the Tenant but not less than Two Million Dollars (\$2,000,000) combined single limit for property damage and bodily injury including death. If the submitted policies contain aggregate limits, the Tenant shall provide evidence of insurance protection for such limits so that the required coverage is not diminished in the event that the aggregate limits become exhausted. Said limit shall be without deduction, provided that the Executive Director or designee may permit a deductible amount when it is justified by the financial capacity of the Tenant. Any deductible amount permitted by the Executive Director shall be paid solely by the Tenant.

(g) Such insurance procured by Tenant shall include the following features:

(i) Notice of Cancellation. Each insurance policy described above shall provide that it will not be cancelled or reduced in coverage until after City's Risk Manager has been given a 10-days notice of cancellation for nonpayment of premium, and a 30-days notice of cancellation for any other reason.

(ii) Acceptable Evidence and Approval of Insurance. Electronic submission is the required method of submitting Tenant's insurance documents. Track4LA[®] is the City's online insurance compliance system which is designed to be used by insurance brokers and agents to submit client

insurance certificates directly to the City. Tenant's insurance broker or agent shall obtain access to Track4LA[®] at <http://track4la.lacity.org> and follow the instructions to register and submit the appropriate proof of insurance on Tenant's behalf.

(iii) **Renewal of Policies.** Prior to the expiration of each policy, Tenant shall show through submitting to Track4LA[®] that the policy has been renewed or extended or, if new insurance has been obtained, submit the appropriate proof of insurance to Track4LA[®]. 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, obtain such insurance for Tenant.

(iv) **Modification of Coverage.** Executive Director, at his or her discretion, based upon recommendation of the Risk Manager of City's Harbor Department, may request 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.

(v) **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 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 Use. Such report shall contain to the extent available: (1) the name and address 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 names and addresses of known witnesses; and (5) such other information as may be known to Tenant, its officers or managing agents.

17. No Assignments/Subleases/Transfers.

No transfer of this Permit, 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 Permit (hereafter collectively referred to as "Transfer"), shall be valid or effective for any purpose. "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 a formal assignment or hypothecation of this Permit 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 Permit or as it exists immediately prior to said transaction or transactions constituting such reduction, whichever was or is greater. For purposes of this Section, 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.

18. Transfer of Stock. If Tenant is a corporation and more than ten percent (10%) of the outstanding shares of capital stock of Tenant is traded during any calendar year after filing its application for this Permit, Tenant shall notify Executive Director in writing within ten (10) days after the transfer date; provided, however, that this provision shall have no application in the event the stock of Tenant is listed on either the New York Stock Exchange, NASDAQ, or the NYSE Arca Options. If more than twenty-five percent (25%) of the Tenant's stock is transferred, whether by one or by means of successive transfers,

regardless of whether Tenant is a publicly or privately held entity, such transfer shall be deemed an assignment within the meaning of the preceding paragraph. Any such transfer shall void this Permit. Such a transfer is agreed to be a breach of this Permit which shall entitle City to evict Tenant on at least seven (7) days' notice.

19. Tenant Name Change. Tenant shall notify City in writing within ten (10) days of making any changes to its name as set forth in the preamble of this Permit and shall provide City with all documents in connection with the change.

20. Signs. Tenant shall not erect or display, or permit to be erected or displayed, on the Premises any signs or advertising matter of any kind without first obtaining the written consent of Executive Director. If Tenant obtains consent, it shall comply with the requirements of Section 14. Tenant shall post, erect and maintain on the Premises such signs as Executive Director may direct.

21. Termination for Misrepresentations. This Permit is granted pursuant to an application filed by Tenant with Board. If the application or any of the attachments thereto contain any misstatement of fact which, in the judgment of Executive Director, affected his or her decision to grant said Permit, Executive Director may terminate this Permit.

22. Possessory Interest. THIS PERMIT MAY CREATE A POSSESSORY INTEREST BY TENANT WHICH MAY BE SUBJECT TO PROPERTY TAXATION. TENANT SHALL PAY ALL SUCH TAXES SO ASSESSED, AND ALL OTHER ASSESSMENTS OF WHATEVER CHARACTER LEVIED UPON ANY INTEREST CREATED BY THIS PERMIT. TENANT SHALL ALSO PAY ALL LICENSE AND PERMIT FEES REQUIRED FOR THE CONDUCT OF ITS OPERATIONS.

23. Utility Charges. Unless otherwise provided for herein, Tenant shall pay all charges for services furnished to the premises or used in connection with its occupancy, including, but not limited to, heat, gas, power, telephone, water, light and janitorial services, and pay all deposits, connection fees, charges and meter rentals required by the supplier of any such service, including City.

24. 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 Permit, then either party hereto may terminate this Permit by written notice, and all rights and obligations hereunder (with the exception of any undischarged rights and obligations) shall thereupon terminate.

25. Conflict of Interest. It is understood and agreed that the parties to this Permit have read and are aware of the provisions of Section 1090 et seq. and Section 87100 et seq. of the Government Code relating to conflict of interest of public officers and employees, as well as the Conflict of Interest Code of the 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 Permit. Notwithstanding any other provision of this Permit, it is further understood and agreed that if such a financial interest does exist at the inception of this Permit, City may immediately terminate this Permit by giving written notice thereof.

26. Notice. In all cases where written notice including the service of legal pleadings is to be given under this Permit, service shall be deemed sufficient if said notice is deposited in the United States mail, postage prepaid or delivered to the Permit premises. When so given, such notice shall be effective from the date of mailing. Unless changed by notice in writing from the respective parties, notice to the parties shall be as follows:

To the City: Los Angeles Harbor Department
P.O. Box 151
San Pedro, California 90733-0151

Attention: Executive Director
Attention: Director of Real Estate

with a copy to: Office of City Attorney—Harbor Department
425 S. Palos Verdes Street
San Pedro, California 90731
Attention: General Counsel

To the Tenant: _____

Nothing herein contained shall preclude or render inoperative service of such notice in the manner provided by law. All notice periods under this Permit refer to calendar days unless otherwise specifically stated.

27. Construction of Agreement. This Permit shall not be construed against the party preparing it and shall be construed without regard to the identity of the person who drafted this Permit.

28. No Waiver. No waiver by either party at any time of any terms or conditions of this Permit shall be a waiver at any subsequent time of the same or any other term or condition. The acceptance of Rent by City shall not be deemed a waiver of any other breach by Tenant of any term or condition of this Permit other than the failure of Tenant to timely make the particular Rent payment so accepted. No breach of a covenant, term or condition of this Permit will be deemed to have been waived by City unless the waiver is in writing and executed by City.

29. Immediate Access to Repair/Maintain Premises. Tenant is aware that the City's Department of Water & Power, other utility, or other maintenance or service from or on behalf of City, may need to service or repair certain facilities on the Premises. If such repair is necessary, Tenant agrees to relocate, at its expense, all of its cargo equipment or personal property to provide such personnel adequate access. Tenant agrees to complete such relocation within twenty-four (24) hours of receiving notice from City except in case of emergency. Tenant agrees neither the department servicing the Premises nor City shall be responsible for any loss Tenant may suffer as a result of such maintenance or repair.

30. Records and Reports. All books, accounts and other records showing the affairs of Tenant with respect to its business transacted at, upon or over the Premises shall be maintained at the Premises or Tenant's nearest office to the Premises, and may be subject to examination, audit and transcription by Executive Director or any person designated by her; and in the event it becomes necessary to make such examination, audit or transcription at any place other than within fifty (50) miles of the Premises, then all costs and expenses necessary, or incident to such examination, audit or transcription shall be paid by Tenant. These records shall be retained during the term of this Permit so that the records for the four (4) most recent years are available. After this Permit terminates, Tenant shall maintain the records for the four (4) most recent years for at least two (2) years. Upon request in writing by Executive Director or his or her designated representative, Tenant shall furnish a statement of the exact location of all records and the name and telephone number of the custodian of these records. The statement shall be submitted within fifteen (15) days of the request and shall contain such detail and cover such period of time as may be specified in any such request. From time to time Executive Director or designee shall audit Tenants' records and accounts. Information to be provided by Tenant will include, but not be limited to, general ledgers, charts of accounts, subledgers including cash receipts journals,

cash disbursement journals, and all original receipts and documents which support the information provided to City.

31. Promotion of Los Angeles Harbor Facilities. Tenant shall in good faith and with all reasonable diligence use its best efforts by suitable advertising and other means to promote the use of the Premises granted by this Permit.

32. 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.

33. Time of the Essence. Time is of the essence in this Permit.

34. Nondiscrimination and Affirmative Action Provisions. Tenant agrees not to discriminate in its employment practices against any employee or applicant for employment because of employee's or applicant's race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status, domestic partner status or medical condition. All subcontracts awarded under or pursuant to this Permit shall contain this provision. The applicable provisions of Section 10.8 et seq. of the Los Angeles Administrative Code are set forth in the attached Exhibit "B" and are incorporated herein by this reference.

35. Minority, Women and Other Business Enterprise (MBE/WBE/OBE) Outreach Program. It is the policy of the City to provide minority business enterprises (MBEs), women's business enterprises (WBEs), and all other business enterprises (OBEs) an equal opportunity to participate in the performance of all City contracts in all areas where such contracts afford such participation opportunities. The Tenant shall assist the City in implementing this policy and shall use its best efforts to afford the opportunity for MBEs, WBEs, and OBEs to achieve participation in subcontracts where such participation opportunities present themselves and attempt to ensure that all available business enterprises, including MBEs, WBEs, and OBEs, have an equal opportunity to compete for and participate in any such participation opportunity which might be presented under this Permit.

36. 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 the 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 Permit and otherwise pursue legal remedies that may be available.

37. Wage and Earnings Assignment Orders/Notices of Assignments. The 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 and Notices of Assignments applicable to them personally. The Tenant will fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignments in accordance with California Family Code §§ 5230 et seq. The Tenant will maintain such compliance throughout the term of this Permit.

38. 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 the 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. See Exhibit "C."

39. Wilmington Truck Route. It is recognized by both parties that Tenant may not directly control the trucks serving the Premises. However, Tenant will make its best effort to notify truck drivers, truck brokers and trucking companies, that trucks serving the Premises must confine their route to the designated Wilmington Truck Route of Alameda Street and Harry Bridges Boulevard; Figueroa Street from Harry Bridges Boulevard to "C" Street; and Anaheim Street east of Alameda Street. A copy of the Wilmington Truck Route is attached hereto and marked Exhibit "D," which may be modified from time to time at the sole discretion of the Executive Director with written notice to Tenant.

40. Business Tax Registration Certificate. The City of Los Angeles Office of Finance requires the implementation and enforcement of Los Angeles Municipal Code Section 21.09 et seq. This section provides that every person, other than a municipal employee, who engages in business within the City of Los Angeles, is required to obtain the necessary Business Tax Registration Certificate and pay business taxes. The City Controller has determined that this Code Section applies to consulting firms that are doing work for the City's Harbor Department

41. 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 Board. In the event such business is not conducted in a reasonable manner as determined by 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, Board may declare this Permit terminated.

Pursuant to the provisions of the Los Angeles City Charter and of the tide and submerged land grant, Tenant and its sublessees shall use the Premises in such a manner so that there shall be no discrimination made, authorized or permitted in the rates, tolls, or charges or in the facilities provided for any use or service in connection therewith.

Tenant shall also conduct its business and cause the businesses of its sublessees upon the Premises (if any have been expressly authorized by City in writing) to be conducted in a first-class manner. Tenant shall furnish and maintain a standard of service at least equal to that of the better class of similar businesses providing similar services and facilities in the City of Los Angeles and adjacent communities during the entire term of this Permit.

Board reserves the right to have access to and inspect the schedule of rates and prices for services and facilities performed or provided upon the Premises. In the event that after Tenant has been advised and given a reasonable opportunity to confer with Board and to justify any rate or price challenged by it as unreasonable or noncompensatory, and Board has determined such rate or price to be unreasonable or inappropriate for the services rendered or the facilities provided, such rates or prices shall be modified by Tenant as directed by Board.

42. State Tidelands Act. This Agreement, the Premises and Tenant's use and occupancy thereof shall at all times be 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, and Article VI of the Charter of the City of Los Angeles relating to such lands. Tenant 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.

43. Paragraph Headings. Paragraph headings used in the Permit are merely descriptive and not intended to alter the terms and conditions of the paragraphs.

44. Integrated Agreement. It is understood that this Permit supersedes and cancels any and all previous negotiations, arrangements, representations, agreements, negotiations and understandings, if any, between the parties and there are no oral agreements that affect any of the terms of this Permit.

45. Prior Permit Superseded. This Permit shall supersede Revocable Permit [or Permit or Space Assignment] No. _____. From and after the Effective Date, said superseded Revocable Permit [or Space Assignment] shall have no further force or effect except to the extent either party has accrued any rights or obligations under said Revocable Permit [or Space Assignment] and for rights and obligations which provide they continue after termination or expiration of the agreement.

46. Amendments. No provision of this Permit may be amended except by an agreement in writing signed by City and Tenant. Any such modifications are subject to all applicable approval processes set forth in City's Charter, City's Administrative Code, or other applicable law.

47. Governing Law and Venue. This Permit is made and entered into in the State of California and shall in all respects be construed, interpreted, enforced and governed under 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 Permit shall be filed and litigated in the state or federal courts located in the County of Los Angeles, State of California.

48. Additions. There is attached to this Permit an addendum, consisting of numbered Sections ___-___, inclusive, the provisions of which are made a part of this Permit as though set forth herein in full.

49. Deletions. Section(s) 16 (e), 16 (f), 45 and 48 are deleted and are not to be considered as constituting a part of this Permit, and they are so marked.

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DATED: _____

CITY OF LOS ANGELES
HARBOR DEPARTMENT.

By: _____
Executive Director

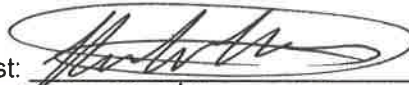
The undersigned Tenant hereby accepts the foregoing Permit and agrees to abide and be bound by and to observe each and every of the terms, conditions and covenants, thereof, including those set forth in the addendum, if any, and excluding those marked as being deleted.

MARINE TECHNICAL SERVICES, INC.

DATED: 7/25/14



By: Michael Hancock
V.P.
Type/Print Name and Title of Officer

Attest: 
Kent M. Phillips, CFO
Type/Print Name and Title of Officer

APPROVED AS TO FORM AND LEGALITY

September 2, 2014
MICHAEL N. FEUER, City Attorney

By: 
JUSTIN HOUTERMAN, Deputy

JH:jrs
02/11/14

EXHIBIT B - AFFIRMATIVE ACTION PROGRAM PROVISIONS

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 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, domestic partner 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, domestic partner 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, domestic partner 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.

EXHIBIT B - AFFIRMATIVE ACTION PROGRAM PROVISIONS

- 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

EXHIBIT B - AFFIRMATIVE ACTION PROGRAM PROVISIONS

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;

EXHIBIT B - AFFIRMATIVE ACTION PROGRAM PROVISIONS

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 workforce 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 workforce or replacement of those employees who leave the workforce 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 C

Sec. 10.8.2.1. Equal Benefits Ordinance.

Discrimination in the provision of employee benefits between employees with domestic partners and employees with spouses results in unequal pay for equal work. Los Angeles law prohibits entities doing business with the City from discriminating in employment practices based on marital status and/or sexual orientation. The City's departments and contracting agents are required to place in all City contracts a provision that the company choosing to do business with the City agrees to comply with the City's nondiscrimination laws.

It is the City's intent, through the contracting practices outlined in this Ordinance, to assure that those companies wanting to do business with the City will equalize the total compensation between similarly situated employees with spouses and with domestic partners. The provisions of this Ordinance are designed to ensure that the City's contractors will maintain a competitive advantage in recruiting and retaining capable employees, thereby improving the quality of the goods and services the City and its people receive, and ensuring protection of the City's property.

(c) Equal Benefits Requirements.

(1) No Awarding Authority of the City shall execute or amend any Contract with any Contractor that discriminates in the provision of Benefits between employees with spouses and employees with Domestic Partners, between spouses of employees and Domestic Partners of employees, and between dependents and family members of spouses and dependents and family members of Domestic Partners.

(2) A Contractor must permit access to, and upon request, must provide certified copies of all of its records pertaining to its Benefits policies and its employment policies and practices to the DAA, for the purpose of investigation or to ascertain compliance with the Equal Benefits Ordinance.

(3) A Contractor must post a copy of the following statement in conspicuous places at its place of business available to employees and applicants for employment: "During the performance of a Contract with the City of Los Angeles, the Contractor will provide equal benefits to its employees with spouses and its employees with domestic partners." The posted statement must also include a City contact telephone number which will be provided each Contractor when the Contract is executed.

(4) A Contractor must not set up or use its contracting entity for the purpose of evading the requirements imposed by the Equal Benefits Ordinance.

(d) Other Options for Compliance. Provided that the Contractor does not discriminate in the provision of Benefits, a Contractor may also comply with the Equal Benefits Ordinance in the following ways:

(1) A Contractor may provide an employee with the Cash Equivalent only if the DAA determines that either:

a. The Contractor has made a reasonable, yet unsuccessful effort to provide Equal Benefits; or

b. Under the circumstances, it would be unreasonable to require the Contractor to provide Benefits to the Domestic Partner (or spouse, if applicable).

(2) Allow each employee to designate a legally domiciled member of the employee's household as being eligible for spousal equivalent Benefits.

(3) Provide Benefits neither to employees' spouses nor to employees' Domestic Partners.

(e) Applicability.

(1) Unless otherwise exempt, a Contractor is subject to and shall comply with all applicable provisions of the Equal Benefits Ordinance.

(2) The requirements of the Equal Benefits Ordinance shall apply to a Contractor's operations as follows:

a. A Contractor's operations located within the City limits, regardless of whether there are employees at those locations performing work on the Contract.

b. A Contractor's operations on real property located outside of the City limits if the property is owned by the City or the City has a right to occupy the property, and if the Contractor's presence at or on that property is connected to a Contract with the City.

c. The Contractor's employees located elsewhere in the United States but outside of the City limits if those employees are performing work on the City Contract.

(3) The requirements of the Equal Benefits Ordinance do not apply to collective bargaining agreements ("CBA") in effect prior to January 1, 2000. The Contractor must agree to propose to its union that the requirements of the Equal Benefits Ordinance be incorporated into its CBA upon amendment, extension, or other modification of a CBA occurring after January 1, 2000.

(f) **Mandatory Contract Provisions Pertaining to Equal Benefits.** Unless otherwise exempted, every Contract shall contain language that obligates the Contractor to comply with the applicable provisions of the Equal Benefits Ordinance. The language shall include provisions for the following:

(1) During the performance of the Contract, the Contractor certifies and represents that the Contractor will comply with the Equal Benefits Ordinance.

(2) The failure of the Contractor to comply with the Equal Benefits Ordinance will be deemed to be a material breach of the Contract by the Awarding Authority.

(3) If the Contractor fails to comply with the Equal Benefits Ordinance the Awarding Authority may cancel, terminate or suspend the Contract, in whole or in part, and all monies due or to become due under the Contract may be retained by the City. The City may also pursue any and all other remedies at law or in equity for any breach.

(4) Failure to comply with the Equal Benefits Ordinance may be used as evidence against the Contractor in actions taken pursuant to the provisions of Los Angeles Administrative Code Section 10.40, et seq., Contractor Responsibility Ordinance.

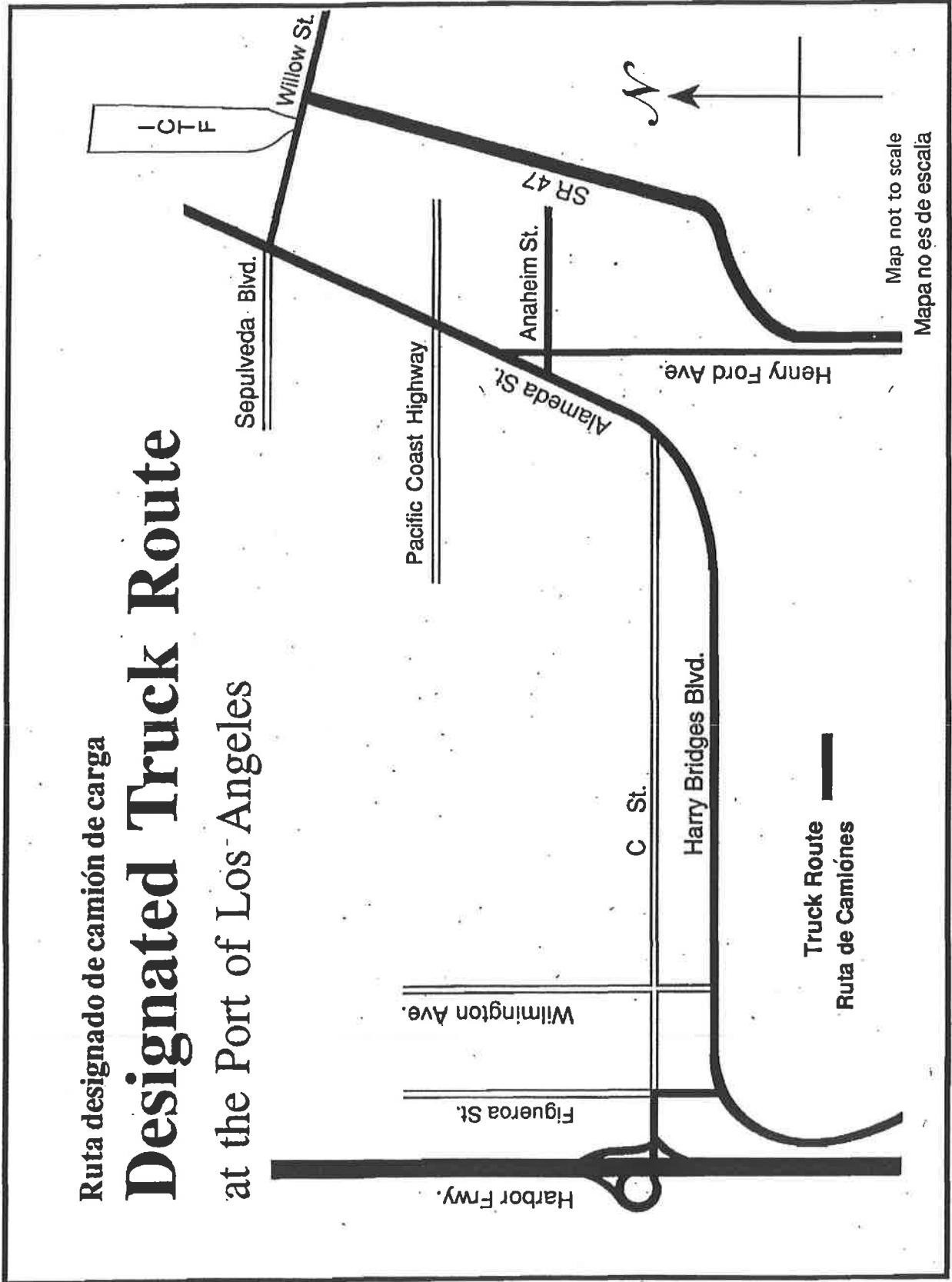
(5) If the DAA determines that a Contractor has set up or used its Contracting entity for the purpose of evading the intent of the Equal Benefits Ordinance, the Awarding Authority may terminate the Contract on behalf of the City. Violation of this provision may be used as evidence against the Contractor in actions taken pursuant to the provisions of Los Angeles Administrative Code Section 10.40, et seq., Contractor Responsibility Ordinance.

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.

Ruta designado de camión de carga

Designated Truck Route

at the Port of Los Angeles



1 Price Index for All Urban Consumers (base year 1982-84=100) for Los Angeles-Riverside-Orange
2 County, published by the United States Department of Labor, Bureau of Labor Statistics (the
3 "Index"), which is published for the date nearest the Adjustment Date (the "Current Index"), with the
4 Index published nearest the Effective Date (the "Beginning Index"). If the Current Index has
5 increased over the Beginning Index, the Permit Fee for the then-current Permit Year shall be set by
6 multiplying the Permit Fee set forth above by a fraction, the numerator of which is the Current Index
7 and the denominator of which is the Beginning Index. In no event shall the Permit Fee be less than
8 the Permit Fee applicable during the immediately preceding Permit Year. If the Index is
9 discontinued or revised during the period in which this Permit is in effect, another government index
10 or computation shall be selected by the Cities and used in order to obtain substantially the same
11 result as if the Index had not been discontinued. On adjustment of the Permit Fee as provided herein,
12 the parties shall immediately execute in writing, setting forth the adjusted Permit Fee and when the
13 writing is executed by both Executive Directors, it shall constitute a legally binding agreement of the
14 parties without further municipal, corporate or other action.
15

16 2.3 Late Charge; Default Interest. Permittee acknowledges that if any payment
17 required under this Permit is not paid within ten (10) days after the same becomes due and payable,
18 the Cities will incur extra administrative expenses, in addition to expenses incident to receipt of
19 timely payment, and the loss of the use of funds in connection with the delinquency in payment.
20 Because, from the nature of the circumstances, the actual damages suffered by the Cities by reason of
21 such extra administrative expenses and loss of use of funds would be impracticable or extremely
22 difficult to ascertain, Permittee agrees that five percent (5%) of the amount of the delinquent
23 payment or \$100.00 (whichever is greater), and the imposition of the default interest rate provided
24 for below, shall be the amount of damages to which the Cities are entitled, upon such breach, in
25 compensation therefor. Permittee shall, therefore, in such event, without further notice, pay to the
26 Cities liquidated damages in the amount of five percent (5%) of the amount of such delinquent
27 payment or \$100.00 (whichever is greater) and interest as provided below. The provisions of this
28 Paragraph are intended to govern only the determination of damages in the event of a breach in the
29 performance of the obligation of Permittee to make timely payments hereunder. Nothing in this
30 Permit shall be construed as an express or implied agreement by the Cities to forbear in the
31 collection of any delinquent payment, or be construed as in any way giving Permittee the right,
32 express or implied, to fail to make timely payments hereunder, whether upon payment of such
33 damages or otherwise. The right of the Cities to receive payment of such liquidated and actual
34 damages, and receipt thereof, are without prejudice to the right of the Cities to collect such
35 delinquent payments and any other amounts provided to be paid hereunder or to declare a default
36 hereunder. Further any amounts owing under this Permit and not paid when due shall bear interest a
37 rate equal to ten percent (10%) per annum, payable monthly on the first day of each and every month.
38

39 2.4 Books and Records. All books, accounts and other records showing the
40 affairs of Permittee with respect to its business transacted at, upon or over the Permit Area
41 (collectively, "Permit Records") shall be maintained in Los Angeles County, and shall be subject to
42 copying, examination, audit and transcription by either City, from time to time. In the event it
43 becomes necessary to make such copying, examination, audit or transcription at any place other than
44 within fifty (50) miles of the Permit Area, then all costs and expenses necessary or incident to such
45 copying, examination, audit or transcription, shall be paid by Permittee. The Permit Records shall be

1 retained during the term of this Permit so that the Permit Records for the four (4) most recent years
2 are available. After this Permit terminates, Permittee shall maintain the Permit Records for the four
3 (4) most recent years for at least two (2) years. Upon request in writing by either City, Permittee
4 shall, within fifteen (15) days of the request, furnish a statement of the exact location of all Permit
5 Records and the name and telephone number of the custodian of the Permit Records. Permit Records
6 will include, but not be limited to, general ledgers, charts of accounts, subledgers including cash
7 receipts journals, cash disbursement journals and all original receipts and documents which support
8 the information provided to the Cities.

9
10 2.5 Security Deposit. Permittee shall provide a cash deposit, certificate of
11 deposit, surety bond, irrevocable letter of credit or other form of security (the "Security Deposit") in
12 the name of the Cities and acceptable to the Executive Directors and City Attorneys of the Cities in
13 an amount equal to two month's rent (\$2,028.00), as security for Permittee's faithful performance of
14 its obligations under this Permit, including but not limited to the restoration of the Permit Area and
15 the removal of the Improvements (as defined in Paragraph 4.1) by Permittee as required by this
16 Permit upon any termination, revocation or forfeiture of this Permit. The Security Deposit shall be in
17 a form acceptable to and subject to the approval of the Cities. The Cities shall pay no interest on the
18 Security Deposit. If the financial condition of Permittee substantially changes such that Permittee
19 may not be able to meet its restoration obligations, either Executive Director may require an increase
20 of the Security Deposit.

21 22 3. REVOCABILITY; TERMINATION.

23
24 3.1 Revocability without Cause. This Permit is revocable by any party upon sixty
25 (60) days' notice to the other parties without cause. Upon termination of this Permit, Permittee shall
26 vacate, and surrender possession of, the Permit Area (subject to Permittee's obligations under
27 Paragraphs 4 and 6 below). If this Permit is revoked by the Cities pursuant to this Paragraph 3.1,
28 Permittee shall be entitled to a prorated refund of the Permit Fee for the year in which such
29 revocation occurs. If this Permit is revoked by Permittee pursuant to this Paragraph 3.1, Permittee
30 shall not be entitled to receive back any portion of the Permit Fee already paid by it.

31
32 3.2 Termination. The Executive Director of either City may terminate this Permit
33 in the event: (i) Permittee fails to perform any term or condition of this Permit within ten (10) days
34 after notice from the Cities or either of them; (ii) Permittee makes a general assignment or general
35 arrangement for the benefit of creditors; (iii) a petition for adjudication of bankruptcy or for
36 reorganization or rearrangement is filed by or against Permittee and is not dismissed within thirty
37 (30) days; (iv) a trustee or receiver is appointed to take possession of substantially all of Permittee's
38 assets located at the Permit Area or of Permittee's interest in this Permit and possession is not
39 restored to Permittee within thirty (30) days; or (v) substantially all of Permittee's assets or if
40 Permittee's interest in this Permit Area is subjected to attachment, execution or other judicial seizure
41 which is not discharged within thirty (30) days. If any court having jurisdiction in the matter renders
42 a final decision which prevents the performance by the Cities of any of their obligations under this
43 Permit, then any party hereto may terminate this Permit by notice to the other party. Additionally, a
44 seizure of the Permit Area by the Internal Revenue Service shall automatically terminate this Permit.
45 Upon termination of this Permit: (i) Permittee shall immediately vacate, and surrender possession

1 of, the Permit Area and (ii) all rights and obligations hereunder (with the exception of Permittee's
2 obligations under Paragraphs 4, 6 and 13) shall thereupon terminate.

3
4 3.3 Application. This Permit is granted pursuant to an application or applications
5 filed by Permittee with the Cities. If any application or any of the attachments thereto contain any
6 misstatement of fact, which in the judgment of either Executive Director, affected the decision to
7 grant this Permit, that Executive Director may terminate this Permit. Termination pursuant to this
8 Paragraph shall not be termination by forfeiture.

9
10 3.4 No Relocation Assistance. Permittee understands and agrees that nothing
11 contained in this Permit shall create any right in Permittee for relocation assistance or payment from
12 the Cities upon the termination of this Permit. Permittee acknowledges and agrees that it shall not be
13 entitled to, and waives any right to, any relocation assistance or payment pursuant to the provisions
14 of Title 1, Division 7, Chapter 16, of the Government Code of the State of California (Sections 7260
15 *et seq.*) or any other applicable law with respect to any relocation of its business or activities upon
16 the termination or revocation of this Permit for any reason whatsoever.

17
18 4. IMPROVEMENTS; ALTERATIONS.

19
20 4.1 General. Permittee, at its cost, may install, erect or construct buildings,
21 improvements and structures (collectively, "Improvements") on the Permit Area and alter and repair
22 such Improvements; provided, however, Permittee shall first obtain the written consent of both
23 Executive Directors and any necessary permits prior to the commencement of any work of
24 improvement, alteration or repair. Permittee shall retain title to all such Improvements.

25
26 4.2 Plans. The Improvements shall be installed only in accordance with approved
27 plans and specifications previously submitted to the Cities with the application for this Permit.
28 Permittee shall proceed diligently and in a workmanlike manner in the installation, repair, relocation,
29 reconstruction or removal of the Improvements. Any and all work shall be done by Permittee in
30 accordance with all applicable Laws (as defined in Paragraph 8 below).

31
32 4.3 Damage; Repair. If the Improvements become damaged or malfunction,
33 Permittee, at its cost, shall immediately make such repairs as will insure the future safe and proper
34 operation of the Improvements. Permittee shall perform such cleanup and repairs as shall be
35 required by the Cities.

36
37 4.4 As-Built Drawings.

38
39 4.4.1 Within thirty (30) days after the completion of the installation of the
40 Improvements, Permittee shall furnish to Cities four (4) sets of survey notes and "as-built"
41 drawings, signed by a California licensed land surveyor, who shall certify to the correctness
42 of the horizontal and vertical alignment of the Improvements.

43
44 4.4.2 All of the "as-built" drawings furnished pursuant to Paragraph 4.4.1
45 shall be drawn to a scale in which the number of feet per inch shall not exceed two hundred

1 (200). The drawings shall show the accurate alignment of the Improvements by centerline
2 traverses. The elevations of the tops of the Improvements shall be shown on the drawings.
3 All survey work, both horizontal and vertical, shall be to the latest third order of accuracy as
4 established by the National Geodetic Survey.
5

6 4.4.3 In the event Permittee is granted permission to install, relocate or
7 remove pipelines, tanks or pressure vessels, Permittee shall furnish to the Cities, in addition
8 to the "as-built" drawings thereof required by this Paragraph, four (4) sets of revised
9 composite drawings drawn to a scale in which the number of feet per inch does not exceed
10 two hundred (200). The revised composite drawings shall be submitted on or before March 1
11 of each calendar year this Permit remains in force and effect and shall show all pipelines
12 owned or operated by Permittee and the total lineal footage thereof in existence as of
13 December 31 of the calendar year just ended.
14

15 4.4.4 Where applicable, as-built drawings shall be available at the Permit
16 Area at all times and copies thereof shall be provided to the Cities upon thirty (30) days'
17 written notice.
18

19 4.5 Removal Upon Termination; Restoration. No later than the date upon which
20 this Permit terminates (the "Termination Date"), Permittee, at its cost, shall remove the
21 Improvements, and any personal property placed by it on the Permit Area and restore the Permit Area
22 to a condition acceptable by both Cities. Permittee shall repair, at Permittee's expense, any damage
23 to the Permit Area caused by the removal of any Improvements or personal property. Permittee
24 understands and agrees it is responsible for complete restoration of the Permit Area, including the
25 clean up of any Hazardous Substances (as defined in Paragraph 6.1 below) required pursuant to
26 Paragraph 6 below on or before the Termination Date. If, for any reason, removal of Improvements
27 and personal property from the Permit Area or restoration of the Permit Area is not completed by the
28 Termination Date, then Permittee is obligated to pay the Cities, as compensation during such
29 restoration, a permit fee in an amount equal to the then fair market rental value of the Permit Area as
30 reasonably determined by the Cities; however, the new permit fee shall not be less than provided in
31 Paragraph 2. Additionally, if the Improvements and any personal property of Permittee have not
32 been removed and the Permit Area not restored to an acceptable condition by the Termination Date,
33 the Cities shall have the right, but not the obligation, to remove any such property and to restore the
34 Permit Area at Permittee's expense. Permittee shall pay to the Cities, upon demand, all costs
35 incurred by the Cities in removing such property and restoring the Permit Area, together with interest
36 from the date the Cities incur any cost or expense, at the maximum rate allowed by law on any such
37 sum. The restoration requirements of Paragraph 4.5 shall apply to Permittee whether improvements
38 were installed by Permittee or any prior users of the premises.
39

40 4.6 Restoration Plan. Upon request of either Executive Director, Permittee shall,
41 at its expense, provide to the Cities a site characterization study and site restoration plan in a form
42 acceptable to the Cities. The study and plan shall be used in part by the Cities to determine if
43 Permittee has breached its obligations pursuant to Paragraph 6 below.
44

1 4.7 Waiver. The Cities, at their election, may waive the requirement that
2 Permittee remove all or a portion of the Improvements from the Permit Area and that Permittee
3 restore the Permit Area. However, unless such waiver is in writing executed by both Cities stating
4 such waiver is "permanent and final," Cities reserve the right to require Permittee at any time in the
5 future to remove all or a portion of the Improvements from the Permit Area or to restore the Permit
6 Area despite such waiver.

7
8 4.8 Removal; Relocation. Whenever and as often as the Executive Directors
9 deem convenient or necessary, Permittee, at its cost, shall either remove, relocate or alter the
10 Improvements constructed on the Permit Area and restore the Permit Area. Permittee shall
11 commence such removal, alteration or change of location within sixty (60) days after notice from the
12 Executive Directors, and shall proceed to complete such work with due diligence.

13
14 4.9 Failure to Commence Work. In case Permittee fails to commence work in
15 compliance with the notice given pursuant to Paragraph 4.8 within sixty (60) days after such notice
16 (unless Permittee is unable to comply with such instructions due to strikes, riots, acts of God or acts
17 of public enemies), the Executive Directors may, but shall not be required to, cause the work
18 required in such notice to be done; and Permittee agrees to pay the Cities' cost thereof within thirty
19 (30) days after delivery of an itemized bill.

20
21 4.10 Rules Governing Pipelines. After installation, and in any event for the
22 duration of this agreement, Permittee shall comply with pipeline testing and inspection requirements
23 of the Pipeline Code, the Pipeline Safety Act, the California Public Utilities Code, California Public
24 Utilities Commission regulations for pipelines, any other state and/or federal agency not mentioned
25 above, and as required by the California State Fire Marshall (CSFM) under the Pipeline Safety Act.
26 The Cities reserve the right to request tests for facilities not under the direct authority of the CSFM,
27 the California Public Utilities Commission, the Federal Office of Pipeline Safety (FOPS), and the
28 State of California Bureau of Conservation/Division of Oil, Gas, and Geothermal Resources
29 (DOGGR).

30
31 4.11 Location of Subsurface Pipelines and Structures. Upon at least two (2) days'
32 notice from the Cities, Permittee shall commence exploration for any subsurface structures under
33 Permittee's control or servicing Permittee's operation within the Permit Area. Exploration and
34 preparation of all documentation recording the location of substructures shall be completed within
35 the time specified in the notice. The subsurface exploration shall verify the vertical and horizontal
36 location of all substructures. Documentation reflecting the results of the exploration shall be
37 provided to the Executive Directors. If Permittee fails or refuses within the time specified in the
38 notice to begin or fails to prosecute diligently to complete the work of locating any substructure
39 under Permittee's control or servicing Permittee's operation within the Permit Area, the Cities shall
40 have the right to enter onto the Permit Area and perform the work designated in the notice. All
41 subsurface exploration required by the provisions contained herein, whether performed by Permittee
42 or the Cities, shall be performed at Permittee's expense. In addition, Permittee agrees to bear the
43 cost of any and all damage of whatever nature caused by any act, omission or negligence of the Cities
44 and any and all of their boards, officers, agents, consultants, and employees in the performance of the
45 subsurface exploration as required by this provision. Notwithstanding any work performed by the

1 Cities or the Cities' contractors under this provision, Permittee shall remain obligated to maintain the
2 Permit Area in a safe condition, both during and after completion of the work.

3
4 4.12 Pipeline Tests or Inspections. Within thirty (30) days from the commencement
5 date of the permit, Permittee shall provide the Executive Directors with a master schedule showing
6 dates for pipeline testing and inspection(s) in accordance with the requirements referenced in
7 Paragraph 4.10 above. The master schedule shall include an itemized list with corresponding line
8 item reference numbers for each pipeline covered under the subject permit, corresponding required
9 test(s) or inspection(s), date(s) of test(s) or inspection(s), method(s) of test(s) or inspection(s),
10 applicable agency, the frequency of required test(s) or inspection(s), and the California State Fire
11 Marshall Line No. and the California State Fire Marshall Test ID No., if applicable. If Permittee
12 existing pipelines are modified, or new pipelines are added to Permittee's premises, Permittee shall
13 provide Ports with written notice, including an updated master schedule with any addition or
14 subtraction of pipelines. This should cover testing or inspection requirements of all agencies
15 mentioned in Paragraph 4.10 of the permit, as well as any other additional required test(s) or
16 inspection(s).

17
18 If Permittee's pipeline test(s) or inspection(s) are approved by the applicable agency requiring or
19 overseeing the test(s) or inspections(s), Permittee shall confirm in writing approval of the test(s) or
20 inspections(s) and/or submit documentation including master schedule reference number for
21 pipeline(s) being reported on, date(s) of test(s) or inspection(s), method(s) of test(s) or inspection(s)
22 and general non-technical summary of results

23
24 Permittee shall submit a summary of its certified test or inspection approval results to the Executive
25 Directors within thirty (30) days after they have been approved by the agencies which required the
26 pipeline testing or inspection(s) and the records of such test(s) shall be retained by Permittee for as
27 long as is required by applicable law, but in any event not less than three (3) years. Records of all
28 tests will be made available for inspection by the Executive Directors or their designees at their
29 request.

30
31 If Permittee's pipeline test(s) or inspection(s) are disapproved, and/or there are irregularities with
32 Permittee's pipeline test(s) or inspection(s), indicating a leak or other operational deficiency,
33 Permittee shall notify the Executive Directors within three (3) days of disapproval and/or receipt of
34 test(s) or inspection(s) results with a non-technical summary of the results including the
35 circumstances that resulted in the disapproval or test(s)/inspection(s) irregularities as well as all test
36 documentation produced and a description and schedule for implementation of corrective action as
37 directed by the applicable agency requiring or overseeing the test(s) or inspection(s).

38
39 5. MAINTENANCE. The Cities have no duty to make any improvement or repair to the
40 Permit Area or any improvements thereon. Permittee's sole and exclusive remedy by reason of any
41 condition of the Permit Area (whether such condition now or hereafter exists) shall be to terminate
42 this Permit and vacate the Permit Area. Any and all uses of the Permit Area by Permittee, its agents,
43 contractors and their employees shall be at their sole risk, cost and expense. Permittee, at its cost,
44 shall keep and maintain the Permit Area and all Improvements thereon during its use and occupancy
45 thereof, in good order, condition and repair, free and clear of all rubbish, debris and litter.

1
2 6. HAZARDOUS SUBSTANCES.
3

4 6.1 Hazardous Substances. As used in this Permit, the term “Hazardous
5 Substance” means any product, substance, chemical, material or waste, the presence, nature, quantity
6 and/or intensity of which, either by itself or in combination with other materials on the Permit Area,
7 is either: (i) potentially injurious to the public health, safety or welfare, the environment or the
8 Permit Area; (ii) regulated or monitored by any governmental authority; or (iii) a basis for potential
9 liability of the Cities to any governmental agency or third party under any applicable statute or
10 common law theory. Hazardous Substances shall include, but not be limited to, any substance or
11 material deemed hazardous or toxic pursuant to any federal or state statute or regulation, including
12 but not limited to hydrocarbons, petroleum, gasoline, crude oil or any products or by-products
13 thereof. Permittee shall not direct, suffer or permit any of its agents, contractors, employees,
14 licensees or invitees at any time to handle, use, manufacture, store, release or dispose of any
15 Hazardous Substances in or about the Permit Area.
16

17 6.2 Notification; Removal. During its use and occupancy of the Permit Area,
18 Permittee shall notify the Executive Directors within two (2) days following the release of any
19 Hazardous Substances onto or from the Permit Area. Upon the release, discharge or spill of any
20 Hazardous Substances arising from or caused by Permittee, its employees, agents, invitees or
21 affiliated predecessors in interest, Permittee, at its cost, shall promptly remove and/or remediate and
22 dispose of all such Hazardous Substances in accordance with the provisions of Paragraph 6.3 below,
23 and restore the Permit Area to the condition it was in prior to the release of the Hazardous
24 Substances. Permittee also agrees to provide to the Cities a surety bond to assure removal of such
25 Hazardous Substances from the Permit Area if at any time the Cities demand such bond.
26

27 6.3 Excavation. If Permittee discovers or believes that any material being
28 excavated from the Permit Area contains any Hazardous Substances, Permittee, at its cost, shall: (i)
29 promptly notify both Executive Directors of Permittee’s discovery or belief; (ii) at the request of
30 either Executive Director, initiate chemical and/or physical analyses of the suspected Hazardous
31 Substances; (iii) promptly submit all laboratory or other test results upon receipt thereof to both
32 Executive Directors; (iv) develop and submit, for approval by both Executive Directors, a
33 remediation plan providing for the disposal and/or treatment of the hazardous materials; (v) treat and
34 dispose of or remove the Hazardous Substances in accordance with all applicable Laws; (vi) if
35 Hazardous Substances are removed, replace the same with clean structurally suitable fill material and
36 cause the excavation to be backfilled and compacted; and (vii) promptly submit copies of all waste
37 manifests to both Executive Directors. Waste manifests shall identify Permittee and its contractors,
38 not the Cities, as the generator of any Hazardous Substances removed pursuant to this provision.
39

40 7. UTILITIES. Permittee shall pay all charges for services or utilities furnished to the
41 Permit Area or used in connection with its occupancy, and shall pay all deposits, connection fees,
42 charges and meter rentals required by the supplier of any such service, including the Cities.
43

44 8. LEGAL COMPLIANCE. Permittee shall comply with all applicable laws,
45 regulations, ordinances, rules, regulations, policies, guidelines, specifications, procedures and orders

1 of any government entities ("Laws") in connection with its use and occupancy of the Permit Area
2 and obtain all necessary licenses, consents and permits from all federal, state and local governmental
3 authorities having jurisdiction over the Permit Area and Permittee's activities thereon.
4

5 9. NO ASSIGNMENT. Permittee shall not assign, sublet or transfer this Permit or any
6 interest herein (whether by operation of law or otherwise) without the prior written consent of the
7 Cities. The transfer, on a cumulative basis, of twenty-five percent (25%) or more of the voting
8 control of Permittee shall constitute an assignment for this purpose. Any attempted transfer or
9 assignment without the prior written consent of the Cities shall be void and confer no rights
10 whatsoever upon a transferee or assignee. In addition, Cities shall have the right to terminate this
11 Permit if any assignment or transfer, whether voluntary, by operation of law, or otherwise is made or
12 attempted without the prior written consent of the Cities. Each request for consent to an assignment
13 shall be in writing, accompanied by information relevant to the Cities' determination as to the
14 financial and operational responsibility and appropriateness of the proposed assignee, including but
15 not limited to the intended use and/or required modification of the Permit Area, if any, together with
16 a nonrefundable processing fee of \$3,000 or ten percent (10%) of the current annual Permit Fee
17 applicable to the Permit Area which is the subject of the proposed assignment, whichever is greater,
18 as consideration for the Cities' considering and processing the request. Permittee agrees to provide
19 to the Cities such other or additional information and/or documentation pertaining to the requested
20 consent as may be reasonably requested by the Cities.
21

22 10. ACCESS. The Cities' representatives shall have access to and across the Permit Area
23 during normal business hours and, in the event of an emergency, at any time for inspection, repair of
24 publicly owned utilities and structures and for fire and police department purposes.
25

26 11. RIGHTS-OF-WAY. The Permit Area is subject to all existing and future rights of
27 way and entry thereon for the installation, relocation, removal, operation and maintenance of rail
28 lines, sewers, pipelines, conduits, and telephone, telegraph, light, heat and power lines (whether
29 underground or overhead).
30

31 12. RAILROAD APPROVAL AND NOTICE, EMERGENCY NOTIFICATION.
32

33 12.1 In non-emergency situations, Permittee shall obtain the written approval from
34 the rail carriers that operate on the rail line traversing the Permit Area ("Railroads") prior to the
35 commencement of any work within the Permit Area in connection with the construction, repair,
36 renewal, modification, reconstruction, relocation or removal of the Improvements, excepting only
37 periodic inspection of the Improvements. ~~Permittee shall comply with all permits, notifications,~~
38 protective and safety requirements imposed by the Railroads, and Permittee shall pay all associated
39 costs. In addition, the Cities have included in this agreement, certain Safety Protocols, hereto
40 attached as Exhibit __. Permittee agrees to perform all safety precautions, approvals and notices
41 associated with activities in the vicinity of the rail lines as set forth in Exhibit __.
42

43 12.2 If an emergency should arise requiring immediate attention for Permit Areas in
44 the Alameda Corridor, Permittee shall call the ~~maintenance~~ contractor for the Alameda Corridor,
45 presently Balfour Beatty at (562) 285-0366; the ACTA Construction and Maintenance Manager at

1 (310) 650-1651; the Alameda Corridor Transportation Authority (“ACTA”) at (310) 233-7480; and
2 Pacific Harbor Line’s (“PHL”) Badger Bridge at (310) 830-0660.

3
4 12.3 If an emergency should arise requiring immediate attention for Permit Areas in
5 the Pacific Harbor Line, Inc. right-of-way, Permittee shall call PHL’s Badger Bridge at (310) 830-
6 0660, the ACTA Construction and Maintenance Management at (310) 650-1651, ACTA at (310) 233-
7 7480 and Balfour Beatty at (562) 285-0366.

8
9 12.4 If an emergency should arise requiring immediate attention for Permit Areas in
10 the Union Pacific Railroad Company right-of-way (Former San Pedro Branch), Permittee shall call
11 the Union Pacific Police at (888) 877-7267.

12
13 13. INDEMNIFICATION. Permittee shall, indemnify, defend (using counsel selected by
14 the Cities) and hold harmless: (a) the Cities; (b) ACTA; (c) Railroads; and (d) each of their
15 respective council members, mayors, trustees, boards, officers, employees, agents, contractors,
16 property managers, representatives and designees (collectively, “Indemnified Parties”) from and
17 against any and all actions, suits, proceedings, claims, demands, damages, loss, liens, costs
18 (including court costs and attorneys’ fees including the allocated cost of in-house counsel), expenses
19 or liabilities, of any kind or nature whatsoever, for injury to or death of persons or damage to
20 property, including property owned by or under the care and custody of the Cities, which may be
21 brought, made, filed against, imposed upon or sustained by the Indemnified Parties, or any of them,
22 and arising from or attributable to or caused by any acts or omissions of Permittee or any of the
23 Indemnified Parties relating to or arising out of the Permit Area, or by reason of any actual or
24 asserted failure of Permittee to keep, observe or perform any provision of this Permit, except to the
25 extent that such injury, death or damage is caused by the active negligence or willful misconduct of
26 the Indemnified Parties or any of them. The indemnity required herein shall survive the termination
27 or expiration of this Permit.

28
29 14. INSURANCE.

30
31 14.1 Specific Coverages Required. Permittee, at its cost and as a condition
32 precedent to the effectiveness of this Permit, shall procure and maintain in full force and effect while
33 this Permit shall remain in effect the following policies of insurance:

34
35 14.1.1 Commercial General Liability Insurance which affords coverage at
36 least as broad as Insurance Service Office “occurrence” form CG 0001 with minimum limits
37 of at least \$1,000,000 per occurrence, and if written with an aggregate, the aggregate shall be
38 double the per occurrence limit. The policy shall contain no provisions or endorsements
39 limiting coverage for (1) premises and operations; (2) products – completed operations; (3)
40 contractual liability; (4) contractual liability – railroads; (5) independent contractors; (6) third
41 party action over claims; (7) explosion, collapse or underground hazard (XCU), if there is
42 exposure; and (8) defense costs shall be excess of limits.

43
44 14.1.2 Environmental Impairment Liability Insurance to include onsite and
45 offsite coverage for bodily injury (including death and mental anguish), property damage,

1 defense costs and cleanup costs with minimum limits of \$ N/A per loss and \$ N/A total all
2 losses. Non-owned disposal site coverage shall be provided if handling, storing or generating
3 hazardous materials or any material/substance otherwise regulated under environmental
4 laws/regulations.

5
6 14.1.3 Workers' Compensation Insurance as required by the State of
7 California and Employer's Liability Insurance with a limit of not less than \$1,000,000
8 per accident for bodily injury and disease.

9
10 14.1.4 Automobile Liability Insurance with coverage at least as broad as
11 Insurance Services Office Form CA 0001 covering "Any Auto" (Symbol 1) with minimum
12 limits of \$1,000,000 each accident.

13
14 Insurance policies will not be in compliance with the Permit if they include any
15 limiting endorsement that has not been approved in writing by Cities.

16
17 The policy or policies of insurance for Commercial General Liability, Automobile
18 Liability, and Environmental Impairment Liability Insurance shall contain the following
19 provisions or be endorsed to provide the following:

20
21 (1) The Indemnified Parties shall be additional insureds with regard to
22 liability and defense of suits or claims arising out of the Permit.

23
24 Additional insured endorsements shall not:

- 25
26 i. Be limited to ongoing operations;
27
28 ii. Exclude contractual liability;
29
30 iii. Restrict coverage to the sole liability of Permittee; or
31
32 iv. Contain any other exclusion contrary to the Permit.

33
34 (2) This insurance shall be primary and any other insurance, deductible, or
35 self-insurance maintained by the Indemnified Parties shall not contribute with this primary
36 insurance.

37
38 (3) The policy shall not be canceled or the coverage reduced until a thirty
39 (30) day written notice of cancellation has been served upon the Executive Directors of the
40 Harbor Departments except notice of ten (10) days shall be allowed for non-payment of
41 premium.

42
43 The policy or policies of insurance for Workers' Compensation shall be endorsed, as
44 follows:
45

1 (1) A waiver of subrogation stating that the insurer waives all rights of
2 subrogation against the Indemnified Parties.
3

4 (2) The policy or policies shall not be canceled or the coverage reduced until
5 a thirty (30) day written notice of cancellation has been served upon the Cities' Executive
6 Directors of the Harbor Departments except notice of ten (10) days shall be allowed for non-
7 payment of premium.

8 Any deductible or self-insured retention must be approved in writing by the Cities'
9 Executive Directors or their designees and shall protect the Indemnified Parties in the same
10 manner and to the same extent as they would have been protected had the policy or policies
11 not contained a deductible or self-insured retention.
12

13 Upon expiration or termination of coverage of required insurance, Permittee shall
14 obtain and submit to Cities evidence of "tail" coverage or an extended reporting coverage
15 period endorsement for the period of at least three (3) years from termination or expiration of
16 this Permit.
17

18 14.2 General Requirements. 19

20 14.2.1 The insurance required by this Permit shall be issued by an insurance
21 company or companies with an AM Best rating of A:VII or better and may contain
22 deductibles in amounts approved by the Cities' Executive Directors or their designees.
23

24 14.2.2 The policy or policies shall either contain a blanket form of
25 contractual liability coverage, including contracts and agreements, or there shall be attached
26 to the policy or policies an endorsement or extension, providing that such insurance as is
27 provided therein shall apply to the obligations assumed by Permittee under Paragraph 13 of
28 this Permit.
29

30 14.2.3 The procuring of such policy or policies of insurance shall not be
31 construed to be a limitation in any respect upon Permittee's obligations and liabilities under
32 this Permit.
33

34 14.2.4 Upon request by either of the Cities, Permittee shall furnish the Cities
35 with an endorsement issued by the insurance company waiving the insurance company's
36 right to demand and receive payment of insurance premiums and assessments from either of
37 the Cities.
38

39 14.2.5 All insurance shall be on an occurrence basis, not a claims made
40 basis, unless otherwise agreed to by the Cities. Should any portion of the required insurance
41 be on a "Claims Made" policy, Permittee shall, at the policy expiration date, whether such
42 date occurs during or after the term of this Permit, provide evidence that the "Claims Made"
43 policy has been renewed or replaced with the same limits, terms and conditions of the
44 expiring policy, or that an extended discovery period has been purchased on the expiring
45 policy for at least three years after the term of this Permit.
46

1 14.3 Evidence of Insurance. Permittee shall deliver two (2) certified copies of the
2 policy or Certificates of Insurance and insurance carrier authorized endorsements as required
3 (“Evidence of Insurance”) to the Executive Directors or their designees for approval as to sufficiency
4 and to the City Attorneys or designees of each of the Cities for approval as to form, and upon request
5 by either City, Permittee shall deliver a certified copy of any policy. If such coverage is cancelled or
6 reduced, Permittee shall, within ten (10) days after receipt of notice of such cancellation or reduction
7 of coverage, file with each Executive Director Evidence of Insurance showing that the required
8 insurance has been reinstated or provided through another insurance company or companies, and the
9 policy shall be submitted for approval as herein provided. At least fifteen (15) days prior to the
10 expiration of any such policy, Evidence of Insurance showing that the insurance coverage has been
11 renewed or extended, shall be filed with each Executive Director. Upon failure of Permittee to
12 provide Evidence of Insurance as required herein, the Cities have the right, but not the obligation, to
13 purchase any such insurance and Permittee agrees to pay for such insurance. Permittee agrees, at its
14 own expense, to suspend and cease all activities on the Permit Area during such periods of time as
15 Evidence of Insurance has not been provided as set forth herein. Notwithstanding any other
16 provision of this Permit to the contrary, upon failure to so file such Evidence of Insurance, the Cities
17 may, without further notice, cancel or terminate this Permit and exercise such other rights as they
18 may have in the event of Permittee’s default.
19

20 14.4 Adjustment. Not more frequently than once each year, if in the opinion of
21 either Executive Director, the coverages or the limits of insurances described in this Paragraph are
22 not adequate, Permittee shall modify the insurance coverage or increase the limits as required by
23 either Executive Director.
24

25 15. TAXATION. THIS PERMIT MAY CREATE A POSSESSORY INTEREST IN
26 FAVOR OF PERMITTEE, WHICH MAY BE SUBJECT TO TAXES. PERMITTEE SHALL PAY,
27 PRIOR TO DELINQUENCY, ANY SUCH TAXES, AND ANY OTHER ASSESSMENTS OF
28 WHATEVER CHARACTER LEVIED UPON ANY INTEREST CREATED BY THIS PERMIT.
29 PERMITTEE SHALL ALSO PAY ALL LICENSE AND PERMIT FEES REQUIRED FOR THE
30 CONDUCT OF ITS OPERATIONS. PERMITTEE SHALL DELIVER SATISFACTORY
31 EVIDENCE OF ALL SUCH PAYMENTS TO EACH EXECUTIVE DIRECTOR UPON
32 DEMAND.
33

34 16. NOTICE. Any notice, demand, request, consent or communication that any party
35 desires or is required to give to the other parties shall be in writing and either be served personally,
36 by facsimile transmission with electronic verification of transmission or sent by prepaid, certified
37 mail, addressed as follows:
38

39 To the Cities: Executive Director
40 Long Beach Harbor Department
41 Post Office Box 570
42 Long Beach, California 90801
43 Fax No.: (562) 901-1739
44
45

1 And: Executive Director
2 Los Angeles Harbor Department
3 425 South Palos Verdes Street
4 San Pedro, California 90731
5 Fax No.: (310) 831-6936
6

7 With copies to: The Port of Long Beach
8 925 Harbor Plaza Drive
9 Long Beach, California 90802
10 Attention: Director of Real Estate
11 Fax No.: (562) 901-1739
12

13 The Port of Los Angeles
14 425 South Palos Verdes Street
15 Post Office Box 151
16 San Pedro, California 90731
17 Attention: Director of Real Estate
18 Fax No.: (310) 547-4611
19

20 Or such other Property Management firm as may be designated by the Cities from time to time.
21

22 To Permittee: Marine Technical Services
23 211 N. Marine Avenue
24 Wilmington, CA 90744
25 Telephone: (310) 549-8030
26 Fax No.: (310) 549-7365
27

28 Any party may change its address by notifying the other parties of the change of address in
29 accordance with this Paragraph. Notice shall be deemed communicated upon delivery if personally
30 served or given by facsimile transmission and within seventy-two (72) hours from the time of
31 mailing if mailed as provided in this Paragraph.
32

33 17. NO DISCRIMINATION. Permittee promises, and it is a condition to the continuance
34 of this Permit, that it will not discriminate in its employment practices against any employee or
35 applicant for employment because of the employee's or applicant's race, religion, ancestry, national
36 origin, sex, sexual orientation, age, disability, marital status, domestic partner status or medical
37 condition or in any manner prohibited by any applicable Law, including any Laws established by the
38 Cities. Permittee hereby agrees to comply with all reporting requirements related to such Laws. Any
39 contracts relating to the Permit Area entered into by Permittee shall contain this provision. The
40 provisions of Section 10.8.4 of the Administrative Code of the City of Los Angeles are attached
41 hereto as Exhibit B, and are hereby incorporated herein and made a part hereof.
42

43 18. CONFLICT OF INTEREST. It is understood and agreed that the parties to this
44 Permit have read and are aware of the provisions of Sections 1090 *et seq.* and Sections 87100 *et seq.*
45 of the Government Code relating to conflict of interest of public officers and employees, as well as

1 the conflict of interest policies of the Cities. All parties hereto agree that they are unaware of any
2 financial or economic interest of any public officer or employee of the Cities relating to this Permit.
3 Notwithstanding any other provision of this Permit, it is further understood and agreed that if such a
4 financial interest does exist at the inception of or at any time during the continuance of this Permit,
5 the Executive Director of either City may immediately terminate this Permit by giving notice to
6 Permittee. Termination pursuant to this Paragraph shall not be termination by forfeiture.

7
8 19. MISCELLANEOUS PROVISIONS.
9

10 19.1. Effect of Waiver. No waiver by any party at any time of any terms or
11 conditions of this Permit shall be a waiver at any subsequent time of the same or any other term or
12 condition. The acceptance of a late Permit Fee by the Cities shall not be deemed a waiver of any
13 other breach by Permittee of any term or condition of this Permit other than the failure of Permittee
14 to make timely the particular payment so accepted.
15

16 19.2 Termination of Prior Agreements. This Permit supersedes Revocable Permit
17 No 07-03 between the City of Los Angeles and Harbor Industrial Services Corp, a corporation
18 controlled by the Permittee, each as of the effective date of this Permit. This Permit shall not operate
19 to extinguish the indemnity and hazardous materials and premises restoration obligations imposed by
20 said Agreements.
21

22 19.3 Costs of Cities. Whenever this Permit requires Permittee to reimburse the
23 Cities for costs of the Cities, such costs are agreed to include all direct and indirect costs which the
24 Cities incur whether with the Cities' own forces or with independent contractors. These costs
25 include salaries and all other costs the Cities incur for their employees, including attorneys, all
26 material and equipment costs, together with an administrative handling charge and allocation of
27 general overhead expense as determined by the Cities in good faith.
28

29 19.4 No Joint Venture. Nothing contained in this Permit shall have the effect of
30 creating a joint venture or partnership between or among the parties, or of rendering one liable for
31 any of the debts or obligations of any other, unless expressly provided in this Permit. Further,
32 nothing contained in this Permit shall have the effect of creating a joint venture or partnership
33 between the Cities or to render either of such entities liable for the debts, obligations or actions of the
34 other, nor shall either the City of Los Angeles or the City of Long Beach be liable or responsible
35 hereunder for any default, failure of performance, action or inaction of the other solely as a result of
36 this Permit.
37

38 19.5 Actions of the Cities. All actions (except as otherwise specified in this
39 Permit), approvals, decisions and consents of the Cities under this Permit shall require the consent of
40 both the City of Los Angeles and the City of Long Beach in the Cities' sole and absolute discretion.
41

42 19.6 Governing Law; Venue. This Permit shall be governed by and construed in
43 accordance with the laws of the State of California, without reference to the conflicts of law rules
44 and principles of such State. The parties agree that all actions or proceedings arising in connection
45 with this Permit shall be tried and litigated exclusively in the State and Federal courts located in the

1 County of Los Angeles, State of California, in the judicial district required by court rules. The
2 aforementioned choice of venue is intended by the parties to be mandatory and not permissive in
3 nature, thereby precluding the possibility of litigation between the parties with respect to or arising
4 out of this Permit in any jurisdiction other than that specified in this Paragraph, except that the Cities
5 or either of them may in their sole and absolute discretion file and pursue actions in other forums in
6 order to obtain such relief as the Cities or either of them deem appropriate.
7

8 19.7 Construction; Headings. The language in all parts of this Permit shall be in all
9 cases construed simply according to its fair meaning and not strictly for or against any of the parties.
10 Paragraph headings in this Permit are solely for convenience of reference and shall not govern the
11 interpretation of any of the provisions of this Permit. Whenever required by the context of this
12 Permit, the singular shall include the plural, the plural shall include the singular and the masculine,
13 feminine and neuter genders shall each include the other. References in this Permit to days shall
14 mean calendar days unless otherwise expressly provided.
15

16 19.8 Severability. Each provision of this Permit shall be interpreted so as to be
17 effective and valid to the fullest extent possible. In the event, however, that any provision contained
18 herein shall for any reason be held invalid, illegal or unenforceable in any respect, then, in order to
19 effect the purposes of this Permit it shall be construed as if such provision had never been contained
20 herein.
21

22 19.9 Amendments; Waiver. No provision of this Permit shall be altered, amended,
23 revoked or waived except by an instrument in writing signed by the party to be charged with such
24 alteration, amendment, revocation or waiver.
25

26 19.10 No Liens. Permittee shall pay or cause to be paid all costs and charges for
27 work done by it or caused to be done by it in, on or to the Permit Area and for all materials furnished
28 for or in connection with such work. Permittee shall keep the Permit Area free from any mechanics'
29 liens, vendors' liens or any other liens arising out of any work performed, materials furnished or
30 obligations incurred by Permittee. In the event that there shall be recorded against the Permit Area or
31 the property of which the Permit Area is a part any claim or lien arising out of any such work
32 performed, materials furnished or obligations incurred by Permittee and such claim or lien is not
33 removed or discharged, or Permittee has not provided a bond therefor, within ten (10) days of filing,
34 the claim or lien shall constitute a default hereunder and the Cities shall have the right but not the
35 obligation to pay and discharge the lien without regard to whether such lien shall be lawful or
36 correct. Nothing contained in this Permit shall be deemed the consent or agreement of the Cities to
37 subject to the Cities' interest in the Permit Area to liability under any mechanics' or other lien law.
38

39 19.11 Signs. Except for signs, markings and notices required by agencies with
40 jurisdiction, Permittee shall not install, place, inscribe, paint or otherwise attach any sign,
41 advertisement, notices, marquee or awning on any part of the Permit Area without the prior written
42 consent of the Cities.
43

44 19.12 Security Measures. Permittee hereby acknowledges that the Permit Fee
45 payable to the Cities hereunder does not include the cost of guard service or other security measures,

1 and that the Cities have no obligation whatsoever to provide security. Permittee assumes all
2 responsibility for the security and protection of the Permit Area, Permittee, its agents and invitees
3 and their property from the acts of third parties.
4

5 19.13 Small Business Development Program. It is the policy of the City of Los
6 Angeles to provide Small Business Enterprises (SBE) and Minority-Owned, Women-Owned and all
7 Other Business Enterprises (MBE/WBE/OBE) an equal opportunity to participate in the performance
8 of all City of Los Angeles contracts in all areas where such contracts afford such participation
9 opportunities. Permittee shall assist the City of Los Angeles in implementing this policy and shall
10 use its best efforts to afford the opportunity for SBEs, MBEs, WBEs, and OBEs to achieve
11 participation in subcontracts where such participation opportunities present themselves and attempt
12 to ensure that all available business enterprises, including SBEs, MBEs, WBEs, and OBEs, have
13 equal participation opportunity which might be presented under the Permit.
14

15 19.14 Service Contract Worker Retention and Living Wage Policy. The Board of
16 Harbor Commissioners of the City of Los Angeles adopted Resolution No. 5771 on January 13, 1999
17 agreeing to adopt the provisions of Los Angeles City Ordinance No. 171004 relating to Service
18 Contract Worker Retention (SCWR) as the policy of the Harbor Department. Further, Charter
19 Section 378 requires compliance with the City's Living Wage (LW) requirements. Permittee shall
20 comply with these policies wherever applicable. Violation of this provision, where applicable, shall
21 entitle the City to terminate this Permit and otherwise pursue legal remedies that may be available.
22

23 19.15 Business Tax Registration Certificates. Permittee represents that it has
24 obtained and presently holds the Business Tax Registration Certificates required by the City of Los
25 Angeles and/or the City of Long Beach, as applicable. Permittee will provide each City evidence
26 that such certificates have been obtained. Permittee shall maintain all such certificates required of it
27 by each of the Cities and shall not allow any such certificates to be revoked or suspended.
28

29 19.16 Manager; Representatives. The Cities may designate one or more property
30 managers, representatives, designees or employees to serve as their respective contact person or
31 persons for purposes of this Permit. Permittee agrees to cooperate with any other persons or entities
32 occupying, managing, using or performing work on the various portions of the Permit Area,
33 including but not limited to ACTA and its designees.
34

35 19.17 Equal Benefits Policy. The Board of Harbor Commissioners of the City of
36 Los Angeles adopted Resolution No. 6328 on January 12, 2005, agreeing to adopt the provisions of
37 Los Angeles City Ordinance 172,908, as amended, relating to Equal Benefits, Section 10.8.2.1 et
38 seq. of the Los Angeles Administrative Code, as a policy of the Harbor Department.
39 Consultant/Contractor shall comply with the policy wherever applicable. Violation of the policy
40 shall entitle the City to terminate any agreement with Consultant/Contractor and pursue any and all
41 other legal remedies that may be available.
42

43 20. ADDITIONS. There is attached to this permit an addendum, consisting of numbered
44 Paragraphs N/A, inclusive, the provisions of which are made a part of this permit as though set forth
45 herein in full.

1 21. DELETIONS. Paragraphs 4.10, 4.11, 4.12, and 12 are deleted and are not to be
2 considered as constituting a part of this permit, and it is so marked.

3
4 ///
5 ///
6 ///

1 This Permit shall be effective upon execution by the Executive Directors of both Ports.

2
3 "PERMITTEE"

4 _____
5 a _____

6
7 7/25, 2014

8 By: [Signature]
9 Name: W. Michael Hawley
10 Title: V.P.

11 7/25, 2014

12 By: [Signature]
13 Name: Kent M. Phillips
14 Title: CFO
15

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“CITIES”

THE CITY OF LONG BEACH, a municipal corporation, acting by and through its Board of Harbor Commissioners

_____, 20__

By: _____
Al Moro, Interim Executive Director
Long Beach Harbor Department

Approved as to form this _____ day of _____, 20__.

CHARLES PARKIN, City Attorney

By: _____

Deputy City Attorney

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

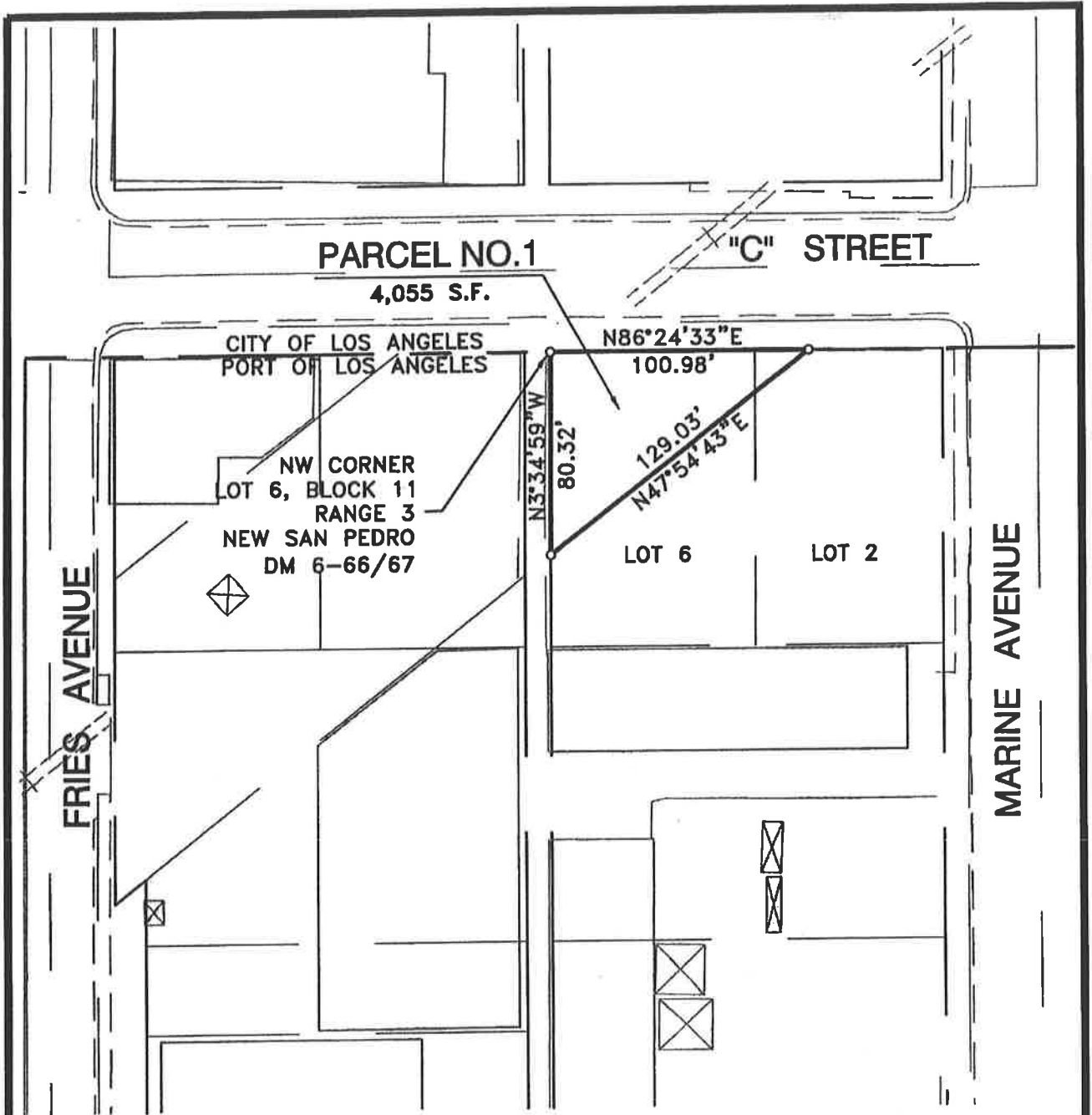
_____, 20__

By: _____
EUGENE D. SEROKA
Executive Director
Los Angeles Harbor Department

Attest: _____
Secretary

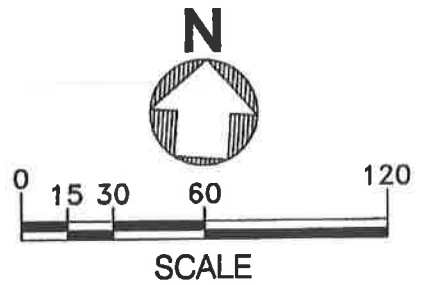
Approved as to form this 2 day of September, 2014.

MICHAEL N. FEUER, City Attorney
By: Justin Hauterman
Deputy City Attorney



NOTE:

- 1) No substructures are shown on this drawing. Accurate substructure information must be obtained from lessees and L.A.H.D. engineering records.
- 2) Horizontal Datum is based on the North American Datum of 1983 (NAD 83), California Coordinate System, Zone 5, Feet.
- 3) All distances shown on this drawing are grid distances. To obtain a reasonable representation of the ground distance, divide the distance herein by the average scale factor of 1.000076.



DWS: H:\arcgis\pdr\c\w\leas\sub\land\Drawings\2017\ArcUser\mcsch\DATE: Feb 11, 2014 10:30am XREFS\BDRY-CITY BDRY-PEN BDRY-POLA INTRIS_Roadway\IMAGES: POLAROS_VER_1_12/96


SCALE: 1" = 60'	DATE: 2/14	RECOMMENDED FOR APPROVAL: <i>[Signature]</i> CHIEF OF DESIGN	PERMIT MAP - AUTHORITY NO. JRP 13-36
DRAWN: DRR	2/14	<i>[Signature]</i> DESIGNED: D. RAASCH	MARINE TECHNICAL SERVICES, INC.
CHECKED: EKH	2/14		DRAWING NUMBER 5-7317
ENGR/ARCH: <i>[Signature]</i> D. RAASCH	ASSISTANT CHIEF HARBOR ENGINEER: <i>[Signature]</i> D. M. WELLS	APPROVED: <i>[Signature]</i> D. M. WELLS CHIEF HARBOR ENGINEER	 THE PORT OF LOS ANGELES ENGINEERING DIVISION <small>415 S. PALMS VILLAGE BLVD. TORRANCE, CA 90731-3300</small>

EXHIBIT B - AFFIRMATIVE ACTION PROGRAM PROVISIONS

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 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, domestic partner 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, domestic partner 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, domestic partner 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.

EXHIBIT B - AFFIRMATIVE ACTION PROGRAM PROVISIONS

- 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

EXHIBIT B - AFFIRMATIVE ACTION PROGRAM PROVISIONS

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;

EXHIBIT B - AFFIRMATIVE ACTION PROGRAM PROVISIONS

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 workforce 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 workforce or replacement of those employees who leave the workforce 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.

PROPERTY EXCHANGE AGREEMENT

AND

JOINT ESCROW INSTRUCTIONS

BETWEEN THE CITY OF LOS ANGELES, A MUNICIPAL CORPORATION

AND

SEAHAWK DEVELOPMENT, LLC

PROPERTY EXCHANGE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

LIST OF PARTICULARS

Date of Agreement: _____, _____

Los Angeles County
Assessor #:

SEAHAWK DEVELOPMENT, LLC PARCEL
NUMBERS:

7440-006-011
7440-006-012
7440-006-013

CITY OF LOS ANGELES PARCEL NUMBERS:

7418-033-902
7418-033-900
7418-033-901
7418-033-903
7418-033-905
7414-033-907

Parties to Exchange: City of Los Angeles;
Seahawk Development, LLC

City's Address: Attention: Executive Director
425 S. Palos Verdes Street
San Pedro, California 90731

Seahawk Development, LLC.
Address: Kent M. Phillips
Seahawk Development, LLC.
211 N. Marine Avenue
Wilmington, CA 90744

City Owned Land to be Exchanged: Those certain tracts of land situated in the County of Los Angeles, State of California, commonly known as 211 – 241 N. Marine Avenue and 214 N. Fries Avenue, and more particularly described in Exhibit A attached hereto and incorporated herein by reference.

Seahawk Development, LLC Land to be Exchanged: Those certain tracts of land situated in the County of Los Angeles, State of California, commonly known as 121 – 133 N. Avalon Avenue, and more particularly described in Exhibit B attached hereto and incorporated herein by reference.

Seahawk's Cash
Contribution to
Escrow:

One million six thousand eight hundred and eighty five and
00/100 Dollars (\$1,006,885.00), subject to findings of ALTA
survey.

Property Address:

Same as Above

Escrow Agent:

Bobbie Purdy
Fidelity National Title
915 Wilshire Blvd., Suite 1920
Los Angeles, CA 90017
Escrow Number: [TBD]

Title Company:

Fidelity National Title
1300 Dove Street, Suite 310
Newport Beach, California 92660
Attention: Randy Saldana
Title Order Number: 997-23012406-PP2

THIS PROPERTY EXCHANGE AGREEMENT AND JOINT ESCROW INSTRUCTIONS (this “**Agreement**”) is made and entered into as of _____, 2014, by and between THE CITY OF LOS ANGELES, a municipal corporation, ACTING BY AND THROUGH THE BOARD OF HARBOR COMMISSIONERS AND LOS ANGELES CITY COUNCIL (“**City**”) and SEAHAWK DEVELOPMENT, LLC (“**Seahawk**”). The Effective Date of this Agreement shall be the date this Agreement is approved by the Los Angeles City Council (“**Effective Date**”).

WHEREAS, the Board of Harbor Commissioners (“**Board**”) approved the Wilmington Waterfront Development Project Environmental Impact Report in June of 2009 that contemplated the redevelopment of land owned by Seahawk to enhance community connection to the waterfront;

WHEREAS, the City desires to exchange land with Seahawk to move forward with the Wilmington Waterfront Development Project;

WHEREAS, Seahawk desires to acquire fee interest in City’s real property designed as Los Angeles County Assessor Parcel Numbers. 7418-033-902, 7418-033-900, 7418-033-901, 7418-033-903, 7418-003-905 and 7414-033-907 as more particularly described in Exhibit A, for uses consistent with the controlling Zoning Ordinance, the City of Los Angeles General Plan and the Wilmington Waterfront Development Project;

WHEREAS, City agrees to acquire fee interest in Seahawk’s real property, designated as Los Angeles County Assessor Parcel Numbers 7440-006-011, 7440-006-012 and 7440-006-013 as more particularly described in Exhibit B in furtherance of the Wilmington Waterfront Development Project;

WHEREAS, the parties agree to exchange (trade) their respective properties to the other in accordance with the terms set forth in this Agreement;

WHEREAS, the City’s property is valued higher than Seahawk’s such that Seahawk will monetarily compensate the City for the difference;

WHEREAS, the transaction contemplated under this Agreement is for the benefit of the public and in furtherance of the public purposes of the City and authorized by the Los Angeles Administrative Code Section 7.27; and

NOW THEREFORE, in consideration of the mutual covenants hereinafter contained for other valuable consideration, the parties hereto agree as follows:

ARTICLE I
RECITALS

A. **Description of the Exchange Property.** City is the owner of that certain real property located within the City of Los Angeles, County of Los Angeles, State of California as more fully described in Exhibit A attached hereto and incorporated herein. For purposes of this

Agreement that real property and the improvements thereon, if any, are collectively referred to as the "Exchange Property."

B. Description of the Reciprocal Property. Seahawk is the owner of that certain real property located within the City of Los Angeles, County of Los Angeles, State of California as more fully described in Exhibit B attached hereto and incorporated herein. For the purposes of this Agreement that real property and the improvements thereon, if any, are collectively referred to as the "Reciprocal Property."

C. Status and Powers of City. City is a municipal corporation organized and existing pursuant to the Constitution, the statutes of the State of California, and the Los Angeles City Charter and is the legal and lawful owner of the Exchange Property. Pursuant to the authority of the Board and the approval of the Los Angeles City Council, City is authorized to enter into this Agreement, transfer the Exchange Property to Seahawk and perform the actions and duties as more particularly described herein.

D. Status and Powers of Seahawk. Seahawk is the legal and lawful owner of the Reciprocal Property pursuant to the laws of the State of California and is authorized by the laws of the State of California to enter into this Agreement to transfer Reciprocal Property to the City and perform the actions and duties of Seahawk as more particularly described herein.

E. Purpose of Agreement. Seahawk desires to trade the Reciprocal Property for the Exchange Property, and City desires to trade the Exchange Property for the Reciprocal Property, on the terms and conditions in this Agreement.

F. Public Benefit. This Agreement is for the benefit of the public and in furtherance of the public purposes of the City. The City desires to acquire the Reciprocal Property in connection with the goals of the Wilmington Waterfront Development Project and other public purposes of the City. City is authorized to acquire property for public purposes, including, without limitation, for the purposes stated herein.

NOW, THEREFORE, and in consideration of the foregoing Recitals and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, City and Seahawk agree as follows:

ARTICLE II AGREEMENT

1. **Exchange.** Subject to the terms and conditions of this Agreement, Seahawk agrees to trade Reciprocal Property and City agrees to trade the Exchange Property on the terms and conditions set forth in this Agreement.
 - 1.1 **Land.** The Land with improvements thereon as described in Exhibit A and Exhibit B (as defined in the List of Particulars).
 - 1.2 **Easements.** All easements, if any, benefiting or burdening the Land, including but not limited to those set forth in, Grant Deed and Title Report.

- 1.3 **Rights and Appurtenances.** All rights and appurtenances pertaining to the foregoing, including any right, title and interest of City or Seahawk in and to adjacent streets, gores, alleys or rights-of-way.
2. **Money Due City in Exchange.** The Money Due City in Exchange shall be as specified in the List of Particulars, and shall be paid by Seahawk to City, in immediately available funds.
 - 2.1 **Amount Due at Closing.** The full amount of the Money Due City in Exchange shall be paid to City, in immediately available funds, prior to the Closing and delivered to the Escrow Agent as further described below.
3. **“AS-IS” Nature of Sale.** EXCEPT AS PROVIDED IN ARTICLE II, PARAGRAPH 6.3, EACH PARTY AND THEIR OFFICERS, DIRECTORS, PARENTS, SUBSIDIARIES, CONSULTANTS, ATTORNEYS, AGENTS, EMPLOYEES, SUCCESSORS, ASSIGNS AND ALL OTHER PERSONS CLAIMING BY, UNDER OR THROUGH THEM OR ON THEIR BEHALF (“AFFILIATES”) ACKNOWLEDGE AND AGREE THAT THE PARTIES HAVE NOT MADE, DO NOT MAKE AND SPECIFICALLY NEGATE AND DISCLAIM ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, OF, AS TO, CONCERNING OR WITH RESPECT TO (A) THE VALUE, NATURE, QUALITY OR CONDITION OF THE EXCHANGE OR RECIPROCAL PROPERTY, INCLUDING, WITHOUT LIMITATION, THE WATER, SOIL AND GEOLOGY, OTHER THAN WHAT HAS BEEN EXPRESSLY STATED IN THIS AGREEMENT, (B) THE INCOME TO BE DERIVED FROM THE EXCHANGE OR RECIPROCAL PROPERTY, (C) THE SUITABILITY OF THE EXCHANGE OR RECIPROCAL PROPERTY FOR ANY AND ALL ACTIVITIES AND USES WHICH EACH PARTY MAY WISH TO CONDUCT THEREON, (D) THE COMPLIANCE OF OR BY THE EXCHANGE OR RECIPROCAL PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY APPLICABLE GOVERNMENTAL AUTHORITY OR BODY, (E) THE HABITABILITY, MERCHANTABILITY, MARKETABILITY, PROFITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR ANY PURPOSE OF THE EXCHANGE OR RECIPROCAL PROPERTY, (F) THE MANNER OR QUALITY OF THE CONSTRUCTION OR MATERIALS, IF ANY, INCORPORATED INTO THE EXCHANGE OR RECIPROCAL PROPERTY, (G) THE MANNER, QUALITY, STATE OF REPAIR OR LACK OF REPAIR OF THE EXCHANGE OR RECIPROCAL PROPERTY AND (H) ANY OTHER MATTER WITH RESPECT TO THE EXCHANGE OR RECIPROCAL PROPERTY, AND SPECIFICALLY, BUT WITHOUT LIMITATION EXCEPT AS PROVIDED IN ARTICLE II, PARAGRAPH 6.3, THAT THE PARTIES HAVE MADE, DO NOT MAKE, AND SPECIFICALLY NEGATE AND DISCLAIM ANY REPRESENTATIONS

REGARDING COMPLIANCE WITH ANY LAW, RULE OR REGULATION OF ANY GOVERNMENTAL ENTITY HAVING JURISDICTION OVER HAZARDOUS SUBSTANCES (“HAZARDOUS SUBSTANCES LAW”), “HAZARDOUS SUBSTANCES” MEANS ANY SUBSTANCE, PRODUCT, WASTE OR OTHER MATERIAL OF ANY NATURE WHATSOEVER WHICH IS OR BECOMES IDENTIFIED, LISTED, REGULATED, OR ADDRESSED PURSUANT TO ANY FEDERAL, STATE, OR LOCAL STATUTE, LAW, ORDINANCE, RESOLUTION, CODE, RULE, REGULATION, ORDER OR DECREE REGULATING, RELATING TO, OR IMPOSING LIABILITY OR STANDARDS OF CONDUCT CONCERNING ANY HAZARDOUS OR TOXIC SUBSTANCE. EACH PARTY FURTHER ACKNOWLEDGES AND AGREES THAT HAVING BEEN GIVEN THE OPPORTUNITY TO INSPECT THE EXCHANGE PROPERTY OR RECIPROCAL PROPERTY, EACH PARTY IS RELYING SOLELY ON ITS OWN INVESTIGATION OF THE EXCHANGE PROPERTY OR RECIPROCAL PROPERTY AND NOT ON ANY INFORMATION PROVIDED OR TO BE PROVIDED BY THE OTHER PARTY. EACH PARTY FURTHER ACKNOWLEDGES AND AGREES THAT ANY INFORMATION PROVIDED OR TO BE PROVIDED BY OR ON BEHALF OF CITY WITH RESPECT TO THE EXCHANGE PROPERTY OR ON BEHALF OF SEAHAWK WITH RESPECT TO THE RECIPROCAL PROPERTY INCLUDING, WITHOUT LIMITATION, ALL INFORMATION CONTAINED IN THE DUE DILIGENCE MATERIALS MADE AVAILABLE TO EACH PARTY BY THE OTHER PARTY, MAY HAVE BEEN OBTAINED FROM A VARIETY OF SOURCES AND THAT THE RESPECTIVE PARTY HAS NOT MADE ANY INDEPENDENT INVESTIGATION OR VERIFICATION OF SUCH INFORMATION AND MAKES NO REPRESENTATIONS AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. NEITHER PARTY IS LIABLE OR BOUND IN ANY MANNER BY ANY ORAL OR WRITTEN STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE EXCHANGE PROPERTY OR RECIPROCAL PROPERTY, OR THE RESPECTIVE OPERATION THEREOF, FURNISHED AT ANY TIME BY ANY AGENT, EMPLOYEE, SERVANT OR OTHER PERSON. EXCEPT AS PROVIDED IN ARTICLE II, PARAGRAPH 6.3, EACH PARTY FURTHER ACKNOWLEDGES AND AGREES THAT THE SALE OF THE EXCHANGE PROPERTY AND OR RECIPROCAL PROPERTY AS PROVIDED FOR HEREIN IS MADE ON AN “AS IS” CONDITION AND BASIS WITH ALL FAULTS AND EACH PARTY AND THEIR AFFILIATES HEREBY FULLY AND IRREVOCABLY RELEASE THE OTHER PARTY, THEIR EMPLOYEES, OFFICERS, DIRECTORS, REPRESENTATIVES AND AGENTS FROM ANY AND ALL CLAIMS THAT IT OR THEY MAY NOW HAVE OR HEREAFTER ACQUIRE AGAINST THE OTHER PARTY, THEIR EMPLOYEES, OFFICERS, DIRECTORS, REPRESENTATIVES AND AGENTS FOR ANY COST, LOSS, LIABILITY, DAMAGE, EXPENSE, DEMAND, ACTION OR CAUSE OF ACTION, PROCEEDING OR INVESTIGATION ARISING FROM OR RELATED TO ANY DEFECTS, ERRORS, OMISSIONS OR OTHER CONDITIONS, INCLUDING, WITHOUT LIMITATION, ENVIRONMENTAL MATTERS, MATTERS RELATING TO HAZARDOUS SUBSTANCES AND MATTERS AFFECTING THE EXCHANGE PROPERTY OR RECIPROCAL PROPERTY,

OR ANY PORTION THEREOF. THIS RELEASE INCLUDES CLAIMS OF WHICH EACH PARTY OR THEIR AFFILIATES ARE PRESENTLY UNAWARE OR WHICH EACH PARTY OR THEIR AFFILIATES DO NOT PRESENTLY SUSPECT TO EXIST IN THEIR FAVOR WHICH, IF KNOWN BY EITHER PARTY, WITHOUT LIMITATION, WOULD MATERIALLY AFFECT EACH PARTY'S RELEASE OF THE OTHER PARTY. EACH PARTY AND THEIR AFFILIATES SPECIFICALLY WAIVE THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR." IT IS UNDERSTOOD AND AGREED THAT THE PURCHASE PRICE HAS BEEN ADJUSTED BY PRIOR NEGOTIATION TO REFLECT THAT THE EXCHANGE PROPERTY AND RECIPROCAL PROPERTY ARE SOLD BY EACH PARTY RESPECTIVELY SUBJECT TO THE FOREGOING.

4. **Conditions Precedent to Closing.** Seahawk's obligation to trade the Reciprocal Property to City and City's obligation to trade the Exchange Property to Seahawk are subject to the following conditions precedent ("Conditions Precedent") as set forth in Article II Section 5 through 7, inclusive. Subject to each other's rights and obligations under Article V "ESCROW", if any of the Conditions Precedent have not been fulfilled within the applicable time periods the party for whose benefit such conditions exists may:

- 4.1 Cure the failure of the condition or representation and be reimbursed by the other party in the amount equal to the cost to cure; or
- 4.2 Terminate this Agreement by written notice to the other party.

5. **Title.**

- 5.1. **Title.** Unless otherwise specified in this Agreement, Seahawk shall convey fee title to the Reciprocal Property to City by Grant Deed free and clear of all liens and encumbrances, except those provided in Article II Section 5.2 of this Agreement. Likewise, City shall convey fee title in the Exchange Property to Seahawk by Grant Deed free and clear of all liens and encumbrances, except as provided in Article II Section 5.2 of this Agreement.
- 5.2 **Preliminary Title Report.** Seahawk and City have each reviewed a Preliminary Title Report and underlying documents provided by the Title Company (the "Preliminary Title Report") for the respective properties (Reciprocal Property for City and Exchange Property for Seahawk). Each Party agrees to accept title to the respective Property (Reciprocal Property for City and Exchange Property for Seahawk).
- 5.3 **Title Policies.** On or before the Close of Escrow, Title Company shall provide City and Seahawk with separate California Land Title Association ("CLTA") Standard

Coverage Policies of Title Insurance showing title to the Exchange Property vested in the name of Seahawk and title to the Reciprocal Property vested in the City (free and clear of all recorded and unrecorded liens, encumbrances, assessments, leases and taxes), except as specified on the "Exception and Exclusions" of the Preliminary Title Reports. If Parties disapprove of the Preliminary Title Report that disapproval must be in writing within five (5) days of receipt of Preliminary Title Report.

Such policy shall be in the form of the Preliminary Title Report unless a Party elects, at least three (3) business days from the opening of escrow, by appropriate escrow instructions to Escrow Agent, to cause Title Company or its underwriter to issue an ALTA Owner's Title Insurance Policy ("ALTA Policy") or the CLTA Policy with any endorsements or modifications as may be requested by a Party (the "Modified CLTA Policy") in place of the CLTA Policy. A Party shall not be entitled to an ALTA Policy or Modified CLTA Policy if the issuance thereof would cause any delay in the Closing. Each Party pays all costs associated with obtaining their respective title insurance policy including, but not limited to, any survey required in connection with an ALTA Policy.

- 5.4 **No General Title Warranty.** Except as provided for by law by delivery of a Grant Deed, nothing in this Agreement or in the deed from City to Seahawk or in the deed from Seahawk to City recorded at the Closing shall be construed as a warranty or representation by either party concerning title to the Exchange Property or Reciprocal Property, and neither party makes any such warranty or representation. City and Seahawk are relying solely upon the Preliminary Title Report and both parties' own investigations respecting the state of title to the Exchange Property or Reciprocal Property.

6. **Physical Condition of the Property.**

6.1 Seahawk hereby consents to entry upon the Reciprocal Property by City or its officers, employees, contractors and agents for the purpose of conducting physical inspections and tests. City agrees to defend, indemnify and hold Seahawk harmless from all liabilities, costs and expenses resulting directly from City's inspections and tests. If City alters the physical condition of the Reciprocal Property and escrow does not close, City shall restore the Reciprocal Property to the condition existing before City's inspections or tests.

6.2 City hereby consents to entry upon the Exchange Property by Seahawk or its officers, employees, contractors and agents for the purpose of conducting physical inspections and tests. Seahawk agrees to defend, indemnify and hold City harmless from all liabilities, costs and expenses resulting directly from Seahawk's inspections and tests. If Seahawk alters the physical condition of the Exchange Property and escrow does not close, Seahawk shall restore the Exchange Property to the condition existing before Seahawk's inspections or tests.

6.3 Soil Contamination and Ground Water Contamination: The condition of the Exchange Property's soil and ground water contamination is detailed in three reports generated by Source Group Inc. (SGI) dated January 2008, May 2009, and July 2014. These reports are in the possession of both the City and Seahawk. The City, at its cost, will remediate the Exchange Property as generally outlined in Exhibit C. The clean-up shall be initiated by the City as soon as possible but in no event more than eighteen months from the close of escrow. City and Seahawk will use best efforts to coordinate remediation to minimize impacts to operations. City will then undertake the clean-up efforts at its cost, to standards of the applicable regulatory authorities based on the industrial standards in place at the time the clean-up is initiated. If the scope of the remediation effort goes beyond the scope contemplated in Exhibit C, therefore requiring the displacement of Seahawk as determined by the City, City shall pay for such cost of relocation of Seahawk, including the cost of rent for such relocation until such time as Seahawk may be returned to the premises. In the event any part of the Exchange Property is damaged or destroyed, the City shall be responsible for restoring the Premises to its pre-damaged condition at the conclusion of its clean-up efforts, at City's sole expense. The City, as between City and Seahawk, shall be responsible for existing groundwater contamination at and emanating from the Exchange Property and shall indemnify Seahawk and its successors and assigns for all existing groundwater contamination as described in the report prepared by the Source Group, Inc., entitled "Additional Soil and Groundwater Characterization" dated July 9, 2014. Seahawk, as between Seahawk and City, shall be responsible for all groundwater contamination at and emanating from the Exchange Property created subsequent to the Close of Escrow.

The provisions of this Article II, Section 6.3 shall survive the Close of Escrow.

The provisions of Article VI, Section 6 shall apply to this Article II, Section 6.3.

7. **Foreign Person.** If applicable, on or before the Close of Escrow, Seahawk shall execute and deliver to City a nonforeign affidavit as required by the Foreign Investment in Real Property Tax Act (FIRPTA) [42 USC § 1445].
8. **Seahawk's Obligations.** Seahawk is obligated to the performance of every material covenant, agreement, and promise to be performed by Seahawk pursuant to this Agreement and the related documents executed or to be executed by Seahawk.
9. **Seahawk's Representations.** Seahawk represents the truth and accuracy of all its representations and warranties as set forth in this Agreement or in documents provided by Seahawk under this Agreement.
10. **City's Obligations.** City is obligated to the performance of every material covenant, agreement, and promise to be performed by City pursuant to this Agreement and the related documents executed or to be executed by City.
11. **City's Representations.** City represents the truth and accuracy of all its representations and warranties as set forth in this Agreement or in documents provided by City under this Agreement.

**ARTICLE III
CITY AND SEAHAWK'S REPRESENTATIONS AND WARRANTIES**

1. **Time.** The representations and warranties by City and Seahawk in this Article are made as of the date of this Agreement as of the Close of Escrow.

2. **Title.**

2.1 Seahawk is the legal and equitable owner of the Reciprocal Property, with full right to convey. Seahawk has not previously conveyed title to the Reciprocal Property to any other person. Seahawk has not granted any options or rights of first refusal or rights of first offer to third parties to purchase or otherwise acquire an interest in the Reciprocal Property. Seahawk has obtained a Preliminary Title Report indicating that the Reciprocal Property is free and clear of all liens, encumbrances, claims, demands, easements, leases, agreements, covenants, conditions, or restrictions of any kind, except for the Approved Conditions of Title. To the knowledge of Seahawk there are no leases, license agreements or other encumbrances affecting the Reciprocal Property. Seahawk has obtained (or will obtain by the Close of Escrow) all required consents, permissions or releases to convey good and marketable title to City.

2.2 City is the legal and equitable owner of the Exchange Property, with full right to convey. City has not previously conveyed title to the Exchange Property to any other person. City has not granted any options or rights of first refusal or rights of first offer to third parties to purchase or otherwise acquire an interest in the Exchange Property. The Exchange Property is free and clear of all liens, encumbrances, claims, demands, easements, leases, agreements, covenants, conditions, or restrictions of any kind, except for the Approved Condition of Title. City has obtained (or will obtain as of Close of Escrow) all required consents, permissions or releases to convey good and marketable title to Seahawk.

3. **Violation of Law.**

3.1 To Seahawk's actual knowledge, with no duty of inquiry, no condition on the Reciprocal Property violates any health, safety, fire, environmental, building, zoning, or other federal, state, or local law, code, ordinance, or regulation.

3.2 To City's actual knowledge, with no duty of inquiry, no condition on the Exchange Property violates any health, safety, fire, environmental, building, zoning, or other federal, state, or local law, code, ordinance, or regulation.

4. **Litigation.**

4.1 To Seahawk's actual knowledge there is no pending or threatened litigation administrative proceeding, or other legal or governmental action with respect to the Reciprocal Property or which may adversely affect Seahawk's ability to fulfill the obligations of this Agreement.

4.2 To City's actual knowledge there is no pending or threatened litigation administrative proceeding, or other legal or governmental action with respect to the Exchange Property or which may adversely affect City's ability to fulfill the obligations of this Agreement.

5. **Bankruptcy.** No filing or petition under the United States Bankruptcy Law or any insolvency laws, or any laws for composition of indebtedness or for the reorganization of debtors has been filed with regard to Seahawk.

6. **No defaults.**

6.1 To Seahawk's actual knowledge, with no duty of inquiry, Seahawk is not in default of Seahawk's obligations or liabilities pertaining to the Reciprocal Property. To Seahawk's actual knowledge, there are no facts, circumstances, conditions or events, which after notice or lapse of time would constitute default. Seahawk has not received any notice of any default and has no reason to believe that there is likely to be any breach or default of any of Seahawk's obligations or liabilities pertaining to the Reciprocal Property.

6.2 To City's actual knowledge, with no duty of inquiry, City is not in default of City's obligations or liabilities pertaining to the Exchange Property. To City's actual knowledge, there are no facts, circumstances, conditions or events, which after notice or lapse of time would constitute default. City has not received any notice of any default and has no reason to believe that there is likely to be any breach or default of any of City's obligations or liabilities pertaining to the Exchange Property.

7. **Special Study Zone.** Neither the Exchange Property nor the Reciprocal Property is within a special studies zone under the Alquist-Priolo Geologic Hazard Act [Pub. Res. Code §§ 2621.9 et seq.] (which generally requires sellers to inform purchasers if property is within a special studies zone, which zones are generally near potentially or recently active earthquake faults).

8. **Foreign Investment Real Property Tax Act.** Seahawk is not a "foreign person" within the meaning of 42 USC § 1445(f)(3). Seahawk understands and agrees that the certification made in this Section 8 may be disclosed to the Internal Revenue Service by the City and that any false statement contained herein could be punished by fine, imprisonment, or both. This certification is made under penalty of perjury under the laws of the State of California.

9. **Disclosure.**

9.1 Any information that Seahawk has delivered to City either directly or through Seahawk's agents or employees, is complete and accurate to the best of Seahawk's actual knowledge. Seahawk has disclosed to City all material facts with respect to the Reciprocal Property to which Seahawk has access.

9.2 Any information that City has delivered to Seahawk either directly or through City's agents or employees, is complete and accurate to the best of City's actual knowledge. City has disclosed to Seahawk all material facts with respect to the Exchange Property to which City has access.

ARTICLE IV COVENANTS

1. **Power to Enter Into Agreements.**

1.1 Seahawk is duly authorized to enter into this Agreement. The provisions of this Agreement are and will be the valid and legally enforceable obligations of Seahawk in accordance with their terms and the terms of this Agreement.

1.2 City is duly authorized to enter into this Agreement. The provisions of this Agreement are and will be the valid and legally enforceable obligations of City in accordance with their terms and the terms of this Agreement.

2. **No Violation of Other Agreements.**

2.1 Seahawk hereby represents that neither the execution and delivery of this Agreement, nor the fulfillment of and compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of terms or violation of any other agreement to which Seahawk is a party or by which Seahawk is bound, or constitutes a default under any of the foregoing.

2.2 City hereby represents that neither the execution and delivery of this Agreement, nor the fulfillment of and compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of terms or violation of any other agreement to which City is a party or by which City is bound, or constitutes a default under any of the foregoing.

3. **Payment of Obligations.** Seahawk and City, as applicable, shall discharge all obligations and liabilities under the Reciprocal Property Documents or the Exchange Property Documents before the Close of Escrow, as required by the Agreement.

4. **Brokers.** If any claims for broker's or finders' fees for the consummation of this Agreement should arise, then the party against whom such claim is made shall indemnify, save harmless and defend the other party from and against such claims, including, without limitation attorneys' fees and court costs incurred in connection therewith.

5. **Litigation.**

5.1 Seahawk shall immediately notify City of any lawsuits, condemnation proceedings, rezoning, or other governmental order or action, or any threat thereof, of which Seahawk has actual knowledge which might affect the Reciprocal Property, or any interest of City with respect to the Reciprocal Property.

5.2 City shall immediately notify Seahawk of any lawsuits, condemnation proceedings, rezoning, or other governmental order or action, or any threat thereof, of which City has actual knowledge which might affect the Exchange Property, or any interest of Seahawk with respect to the Exchange Property.

6. **Indemnification.**

6.1 Seahawk shall indemnify, defend and hold City including any of its boards, agents, commissioners, employees, etc., harmless from all liability, loss, or claim for damages, and any costs and reasonable attorney's fees associated therewith, arising from breach of Seahawk's covenants under this Agreement, or from Seahawk's false representations under this Agreement, except for any liability, loss, or claims for damages resulting from the sole and active negligence or willful misconduct of City or City's officers or employees.

6.2 City shall indemnify, defend and hold Seahawk and its members, directors, officers, successors and assigns harmless from all liability, loss, or claim for damages, and any costs and reasonable attorney's fees associated therewith, arising from breach of City's covenants under this Agreement, or from City's false representations under this Agreement, except for any liability, loss, or claims for damages resulting from the sole and active negligence or willful misconduct of Seahawk or Seahawk's officers or employees.

6.3 The provisions of this Article IV Section 6 (Indemnification) shall survive the Close of Escrow.

**ARTICLE V
ESCROW**

1. **Establishment of Escrow.** If approved by the Board, the Agreement will, in accordance with the Los Angeles City Charter Section 385 and Los Angeles Administrative Code Section 7.27, be sent to City Council for consideration. Within fifteen (15) days of City Council approval of this Agreement Seahawk and City shall establish an Escrow for the close of the trade of the Exchange Property and the Reciprocal Property with the escrow department of the Title Company ("Escrow Agent"). If the Escrow Agent is unwilling or unable to perform, City shall designate another Escrow Agent. Escrow Agent shall notify both parties in writing of the specific date on which the Escrow has opened ("Opening of Escrow"). This Agreement shall constitute Escrow Instructions, provided however, that Escrow Agent shall prepare general instructions as may be deemed necessary by the Escrow Agent for the fulfillment of this Agreement and deliver those general instructions to Seahawk and City. Seahawk and City shall each execute the general instructions, or propose changes thereto within five (5) days after receipt of the instructions. If there is any conflict between the terms of the general instructions and this Agreement, the provisions of this Agreement shall prevail unless the conflicting provision is specifically identified and mutually agreed to as an amendment to this Agreement.
2. **Closing.** The Certificate of Compliance and related documents thereto and the Grant Deeds shall be recorded and the Exchange Property transferred from City to Seahawk and the Reciprocal Property transferred from Seahawk to City ("Close of Escrow") after City

and Seahawk, as applicable, each has either approved or waived each Condition Precedent and Approved Condition of Title, and after the Certificate of Compliance is deposited into Escrow the Close of Escrow shall occur ("Closing Deadline"). Unless the Close of Escrow is extended by written agreement of the parties, Escrow shall close no later than thirty (30) days from the Effective Date.

3. **Closing Deposits.** On or before the Close of Escrow, Seahawk and City shall deposit with Escrow Agency the following documents and shall close Escrow as follows:

3.1 Seahawk shall deposit with Escrow Agent the following:

- i. The executed and acknowledged original of the Grant Deed conveying the Reciprocal Property from Seahawk to City;
- ii. The original Nonforeign Affidavit executed by Seahawk (if applicable);
- iii. The originals of all Reciprocal Property Documents;
- iv. The original assignment of all contracts or leases and the original or true copies of all contracts or leases assigned, if any;
- v. A certificate acknowledging that all conditions to the Close of Escrow that City was to satisfy or perform have been satisfied and performed, and that Seahawk's representations, covenants, and warranties made in or pursuant to this Agreement are correct as of the Close of Escrow;
- vi. Any funds necessary to pay Seahawk's share of closing costs as set forth in this Agreement or the escrow instructions; and
- vii. Any other document or funds required of Seahawk to close Escrow in accordance with this Agreement.

3.2 City shall deposit with Escrow Agent the following:

- i. An original executed and acknowledged Grant Deed conveying the Exchange Property from City to Seahawk;
- ii. The fully executed Certificate of Compliance and related documents;
- iii. The originals of all Exchange Property Documents, except for those documents which by law City must keep in its custody;
- iv. The original assignment of all contracts or leases and the original or true copy of all contracts or leases assigned;
- v. Any funds necessary to pay City's share of the closing costs as set forth in the Agreement or the escrow instructions;
- vi. A certificate executed by City providing that all conditions to Close of escrow that Seahawk was to satisfy or perform have been satisfied and performed and City's representations, covenants, warranties made in and pursuant to this Agreement are correct as of the Close of Escrow; and
- vii. Any other document or funds required of City to close Escrow in accordance with this Agreement.

4. **Acceptance Certificate.** Prior to the Close of Escrow and the recording of the Grant Deeds, City shall affix a duly executed Certificate of Acceptance to the original Grant Deed acknowledging the acceptance of the Reciprocal Property. In the event Seahawk deposits said Grant Deed into Escrow without said certificate, the Escrow Agent is hereby instructed to forward the original of the Grant Deed to City so that the certificate may be affixed

thereto prior to the recording of the Grant Deed, within five (5) business days after receipt of the Grant Deed from the Escrow Agent, City shall return the original Grant Deed (with the Certificate affixed).

5. **Closing Costs.**

5.1 Seahawk shall pay all of the real property transfer taxes and documentary transfer taxes payable upon recordation of the Grant Deed conveying title to the Exchange Property from City to Seahawk, and any sales, use or ad valorem taxes connected with the Close of Escrow on the Exchange Property, and for the recordation of the Certificate of Compliance and related documents.

5.2 City shall pay all of the real property transfer taxes and documentary transfer taxes (if any) payable upon recordation of the Grant Deed conveying title to the Reciprocal Property from Seahawk to City, and any sales, use or ad valorem taxes connected with the Close of Escrow on the Reciprocal Property.

5.3 Seahawk and City shall each pay one-half of the Escrow Agent's normal and customary fees. Each party shall be responsible for any special or extraordinary escrow fees for services benefiting or provided at the request of the respective party. Seahawk and City shall each pay their respective title insurance premium and the cost of recording the respective Grant Deed, if any.

6. **Property Taxes and Prorations.** Seahawk shall be solely responsible for bringing the Reciprocal Property's real property taxes current as of the Close of Escrow and City shall have no liability for payment of taxes. City shall be responsible for providing notice to the appropriate taxing agency or agencies of the acquisition of the Reciprocal Property and for filing the appropriate request for cancellation of real property taxes.

7. **Possession.** Right to possession of the Exchange Property by Seahawk and to the Reciprocal Property by City shall transfer at the Close of Escrow, free and clear of all tenancies.

**ARTICLE VI
MISCELLANEOUS AND ADMINISTRATIVE PROVISIONS**

1. **Eminent Domain/Relocation.** Seahawk and City agree that this Agreement is entered into in lieu of acquisition of the Reciprocal Property by the City through the exercise of its power of eminent domain. If Seahawk and City had not voluntarily entered into this Agreement for the acquisition of the Reciprocal Property, City would institute proceedings to acquire the property by eminent domain. The threat of the exercise of the power of eminent domain is an inducement for Seahawk to enter into this Agreement. Seahawk agrees that this property exchange includes any and all payments for relocation expenses as may be required by State or Federal Law and that Seahawk shall defend and indemnify

City from any claims by Seahawk or any person claiming through Seahawk for relocation assistance as a result of City's acquisition of the Reciprocal Property.

2. **Alley Vacation.** City, in its proprietary capacity, as the property owner of the adjacent property, will not oppose any Alley Vacation application submitted by Seahawk, for the alley that runs north-south between Marine and Fries adjacent to the Marine Avenue property.

The provisions of this Article VI, Section 2 shall survive the Close of Escrow.

3. **Further Assurances.** Whenever requested by the other party, each party shall execute, acknowledge, and deliver any further conveyances, assignments, confirmations, satisfactions, releases, instruments of further assurance, approvals, consents and any other instrument or document as may be necessary, expedient or proper to complete the transaction contemplated by this Agreement, and to do any other acts and to execute, acknowledge, and deliver any requested document to carry out the intent and purpose of this Agreement.

4. **Assignment.**

4.1 Seahawk shall have no right, power, or authority to assign or mortgage this Agreement or any portion of this Agreement, or to delegate any duties or obligations arising under this Agreement, voluntarily, involuntarily, or by operation of law, without prior written consent of City.

4.2 City hereby reserves the right, power, or authority to assign or mortgage this Agreement or any portion of this Agreement to another governmental agency with the power to acquire the property under the same terms and conditions as City, or to delegate any duties or obligations arising under this Agreement, voluntarily, involuntary or by operation of law without Seahawk's prior written approval.

5. **Preservation and Inspection of Documents.** Documents received by Seahawk or City under the provisions of this Agreement shall be retained in their respective possessions and shall be subject at all reasonable times to the inspection of the other party hereto and its assigns, agents, and representatives, any of whom may make copies thereof.

6. **Parties of Interest.** Nothing in this Agreement expressed or implied, is intended to or shall be construed to confer upon or to give to any person or party other than Seahawk and City any rights, remedies or claims under or by reason of this Agreement or any covenants, condition or stipulation hereof; and all covenants, stipulations, promises and agreements in this Agreement made by or on behalf of Seahawk or City shall be for the sole and exclusive benefit of Seahawk and City.

The provisions of Article VI, Section 6 shall survive the Close of Escrow.

7. **No Recourse Under Agreement.** All covenants, stipulations, promises, agreements and obligations of the parties hereto contained in this Agreement shall be deemed to be the

covenants, stipulations, promises, agreements and obligations of the parties hereto, respectively, and not of any member, officer, employee or agent of the parties hereto in an individual capacity, and no recourse shall be had for any claim based on or under this Agreement against any member, officer, employee or agent of the parties hereto.

8. **Notices.** All notices, demands or requests required or permitted to be given pursuant to this Agreement shall be in writing. If not otherwise provided hereunder, all notices, demands or requests to be sent to any party hereto shall be deemed to have been properly given or served by delivering the same personally to each party, by sending the same through a nationally recognized overnight courier service, by facsimile with confirmation of receipt, effective upon receipt provided that the sender immediately delivers the original of such facsimile to the addressee, or by depositing the same in the United States mail, addressed to such party, postage prepaid, and registered or certified with return receipt requested, at the addresses for such parties listed below:

City: City of Los Angeles
425 S. Palos Verdes Street,
San Pedro, California 90731
Attention: Executive Director

Telephone: (310) 732-3456
Fax: (310) 831-6936

City of Los Angeles
425 S. Palos Verdes Street,
San Pedro, California 90731
Attention: Janna B. Sidley, Esq.
Telephone: (310) 732-3750
Fax: (310) 831-9778

Seahawk: Seahawk Development, LLC
211 N. Marine Avenue
Wilmington, CA 90744
Attention: Kent M. Phillips

Escrow Agent: Fidelity National Title Company
915 Wilshire Blvd., Suite 1920
Los Angeles, CA 90017
Attention: Bobbie Purdy

Escrow Number: _____

All notices, demands and requests shall be effective when personally delivered to the addressee or received by overnight courier, or upon confirmed receipt of facsimile followed by immediate delivery of the original of the facsimile, or the

third day after being deposited in the United States mail in accordance with the foregoing.

9. **Time.** Time is of the essence in this Agreement and each and every provision of this Agreement.
10. **Binding Effect.** Without waiver of Article V Section 3.1 and 3.2 this Agreement shall bind and inure to the benefit of the parties hereto and their respective administrators, legal representatives, successors and assigns.
11. **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which counterparts together shall constitute one agreement, binding on all parties hereto.
12. **Merger of Agreement.** Unless otherwise specified in this Agreement, all the terms and conditions of this Agreement shall not survive the Closing and shall be merged into the respective Grant Deeds.
13. **Severability.** If all or any portion of any of the provisions of this Agreement shall be declared invalid, illegal or unenforceable by laws applicable thereto, then the performance of said offending provision or provisions shall be excused by the parties hereto and such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement.
14. **Captions.** The titles or captions of the provisions of this Agreement are merely for convenience of reference and are not representations of matters included or excluded from such provisions.
15. **Entire Agreement.** THE PARTIES HERETO EXPRESSLY ACKNOWLEDGE AND AGREE THAT, WITH REGARD TO THE SUBJECT MATTER OF THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREIN, (1) THERE ARE NO ORAL AGREEMENTS BETWEEN THE PARTIES HERETO AND (2) THIS AGREEMENT, INCLUDING THE DEFINED TERMS AND ALL EXHIBITS AND ADDENDA, IF ANY, ATTACHED HERETO, (a) EMBODIES THE FINAL AND COMPLETE AGREEMENT BETWEEN THE PARTIES, (b) SUPERSEDES ALL PRIOR AND CONTEMPORANEOUS NEGOTIATIONS, OFFERS, PROPOSALS, AGREEMENTS, COMMITMENTS, PROMISES, ACTS, CONDUCT, COURSE OF DEALING, REPRESENTATIONS, STATEMENTS, ASSURANCES AND UNDERSTANDINGS, WHETHER ORAL OR WRITTEN, AND (c) MAY NOT BE VARIED OR CONTRADICTED BY EVIDENCE OF ANY SUCH PRIOR OR CONTEMPORANEOUS MATTER OR BY EVIDENCE OF ANY SUBSEQUENT ORAL AGREEMENT OF THE PARTIES HERETO.

16. **No Modifications Except in Writing.** No modification hereof shall be binding unless set forth in writing and signed by the party or parties to be bound by the modification.
17. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California and any applicable federal laws.
18. **Interpretation.** This Agreement is an agreement between financially sophisticated and knowledgeable parties and is entered into by the parties in reliance upon the economic and legal bargains contained herein. The doctrine that any ambiguity contained in a contract shall be construed against the party whose counsel has drafted the contract is expressly waived by each of the parties hereunto with respect to this Agreement, or of any amendments or exhibits thereof.
19. **Agreement Conditioned Upon Approval.** Seahawk acknowledges and agrees that, notwithstanding any provision to the contrary contained in this Agreement, City's obligations hereunder, are expressly subject to and conditioned upon the acceptance and approval of this Agreement by its Board and City Council and any other agency, department, board, committee or person whose approval is required by applicable law, rule, regulation, policy or delegation of authority, as may, from time to time, be enacted, promulgated, issued or executed (the "Review Authority"). In the event the Review Authority does approve this Agreement, then this Agreement shall be null and void and, except as otherwise expressly provided herein, neither Seahawk nor City shall have any further rights or liabilities hereunder.
20. **Attorney's Fees and Expenses.** If either party to this Agreement brings suit to enforce this Agreement, then the prevailing party shall be entitled to recover from the other party reasonable attorneys' fees, including the reasonable costs of the City Attorney, and other costs incurred by the prevailing party and to receive an award therefor from a court of competent jurisdiction.
21. **Parties Represented by Counsel; Construction.** Seahawk hereby represents to City that it is represented by legal counsel of its choice in connection with this Agreement and the transaction contemplated herein, or has had the opportunity to consult with legal and other counsel of Seahawk's choice with respect to same. Accordingly, any ambiguity in this Agreement shall not be construed for or against either party.
22. **Offer to Purchase.** Execution of this Agreement by Seahawk constitutes an offer to exchange the Reciprocal Property for the Exchange Property on the terms and conditions set forth herein. Under no circumstances whatsoever, including, without limitation, any oral representations or statements, shall this Agreement be deemed an offer by City to exchange the Exchange Property or be binding upon City until approved by City's Board and City Council as provided by the Charter of the City of Los Angeles and executed by a duly authorized officer, employee or representative of City.

23. **No Third Party Rights.** Nothing in this Agreement, express or implied, is intended to confer upon any person, other than the parties to this Agreement and their respective successors and assigns, any rights or remedies.


IN WITNESS WHEREOF, the parties hereto have executed this Purchase and Sale Agreement and Joint Escrow Instructions to become effective as of the Effective Date.

CITY: CITY OF LOS ANGELES, a municipal corporation

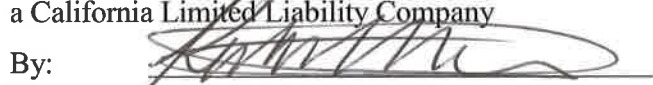
By: _____
Name: EUGENE D. SEROKA
Title: EXECUTIVE DIRECTOR
Date: _____, 2014

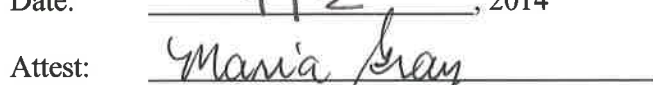
Attest by: _____
Name: _____
Title: _____
Date: _____

APPROVED AS TO FORM AND LEGALITY:

By: 
Name: JUSTIN HOUTERMAN
Title: DEPUTY CITY ATTORNEY
Date: September 2, 2014

SEAHAWK: SEAHAWK DEVELOPMENT, LLC,
a California Limited Liability Company

By: 
Name: KENT M. PHILLIPS
Title: CHIEF FINANCIAL OFFICER
Date: 9/2, 2014

Attest: 
Name: MARIA GRAY
Title: CONTROLLER
Date: 9/2, 2014

The undersigned, a duly authorized representative of Escrow Agent, hereby accepts this Agreement and agrees to act as Escrow Agent in accordance herewith.

[_____]

By: _____

EFFECTIVE DATE OF AGREEMENT: _____, 2014

ACKNOWLEDGMENT

State of California
County of LOS ANGELES)

On 09/02/2014 before me, CRISTIAN FISCHER, NOTARY PUBLIC
(insert name and title of the officer)

personally appeared KENT M. PHILLIPS AND MARCIA GRAY
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) ~~is/are~~
subscribed to the within instrument and acknowledged to me that ~~he/she/they~~ executed the same in
~~his/her/their~~ authorized capacity(ies), and that by ~~his/her/their~~ signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing
paragraph is true and correct.

WITNESS my hand and official seal.

Signature Cristian Fischer (Seal)



Exhibit A

Legal Description City's Real Property

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1: (APN# 7418-033-902)

THAT PORTION OF LOT 11, IN BLOCK 11, RANGE 3 OF THE NEW SAN PEDRO, COMMONLY KNOWN AS "WILMINGTON". IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA. AS PER MAP RECORDED IN BOOK 6 PAGES 66 & 67 OF DEEDS. IN THE OFFICE OF THE COUNTY RECORDER OF LOS ANGELES COUNTY.

DESCRIBED AS FOLLOWS:

THE SOUTHERLY 80' OF LOT 11, BLOCK 11, RANGE 3, NEW SAN PEDRO.

PARCEL 2: (PORTION OF APN# 7418-033-900)

THAT PORTION OF LOT 3, IN BLOCK 11, RANGE 3 OF THE NEW SAN PEDRO, COMMONLY KNOWN AS "WILMINGTON". IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA. AS PER MAP RECORDED IN BOOK 6 PAGES 66 & 67 OF DEEDS. IN THE OFFICE OF THE COUNTY RECORDER OF LOS ANGELES COUNTY.

DESCRIBED AS FOLLOWS:

THE NORTHERLY 29.75' OF LOT 3, BLOCK 11, RANGE 3, NEW SAN PEDRO.

PARCEL 3: (PORTION OF APN# 7418-033-901)

THAT PORTION OF LOT 7, IN BLOCK 11, RANGE 3 OF THE NEW SAN PEDRO, COMMONLY KNOWN AS "WILMINGTON". IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA. AS PER MAP RECORDED IN BOOK 6 PAGES 66 & 67 OF DEEDS. IN THE OFFICE OF THE COUNTY RECORDER OF LOS ANGELES COUNTY.

DESCRIBED AS FOLLOWS:

THE NORTHERLY 29.75' OF LOT 7, BLOCK 11, RANGE 3, NEW SAN PEDRO.

PARCEL 4: (APN# 7418-033-903 & 905)

PORTIONS OF LOTS 2 AND 6, IN BLOCK 11, RANGE 3 OF THE NEW SAN PEDRO, COMMONLY KNOWN AS "WILMINGTON", IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA. AS PER MAP RECORDED IN BOOK 6 PAGES 66 & 67 OF DEEDS. IN THE OFFICE OF THE COUNTY RECORDER OF LOS ANGELES COUNTY.

DESCRIBED AS FOLLOWS:

LOTS 2 AND 6 IN BLOCK 11, RANGE 3, NEW SAN PEDRO EXCEPT THAT PORTION THAT FALLS WITHIN THE LAND DESCRIBED IN A DEED TO THE PACIFIC ELECTRIC RAILROAD COMPANY, RECORDED ON AUGUST 28, 1903 IN BOOK 1830, PAGE 310 OF DEEDS. SAID DEED DESCRIBING

THE CENTERLINE OF A STRIP OF LAND 100' IN WIDTH, 50' ON EITHER SIDE OF THE DESCRIBED CENTERLINE. ALSO EXCEPTING THAT PORTION OF LOT 2 THAT FALLS WITHIN THE PUBLIC RIGHT OF WAY ON THE EASTERLY SIDE OF LOT 2, COMMONLY KNOWN AS "MARINE AVENUE" PER CITY OF LOS ANGELES ENGINEERS DEED 85-65. SAID CONVEYANCE TAKING THE EASTERLY 7 FEET OF THAT LOT FOR RIGHT OF WAY PURPOSES.

PARCEL 5: (PORTION OF APN# 7418-033-907)

PORTIONS OF LOTS 4, 8, 10, AND 12 IN BLOCK 11, RANGE 3 OF THE NEW SAN PEDRO, COMMONLY KNOWN AS "WILMINGTON", IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA. AS PER MAP RECORDED IN BOOK 6 PAGES 66 & 67 OF DEEDS. IN THE OFFICE OF THE COUNTY RECORDER OF LOS ANGELES COUNTY.

DESCRIBED AS FOLLOWS:

THE NORTHERLY 29.75' OF LOTS 4 AND 8, ALSO LOTS 10, AND 12 IN BLOCK 11, RANGE 3, NEW SAN PEDRO. EXCEPTING THAT PORTION OF LOTS 4, 10, AND 12 THAT FALLS WITHIN THE PUBLIC RIGHT OF WAY ON THE EASTERLY SIDE OF SAID LOTS, COMMONLY KNOWN AS "MARINE AVENUE" PER CITY OF LOS ANGELES ENGINEERS DEED 85-65. SAID CONVEYANCE TAKING THE EASTERLY 7 FEET OF SAID LOTS FOR RIGHT OF WAY PURPOSES

Exhibit B

Legal Description

Seahawk's Real Property

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1:

THAT PORTION OF WILMINGTON, IN THE CITY OF LOS ANGELES, AS SHOWN ON MAP RECORDED IN BOOK 6 PAGES 66 AND 67 OF DEEDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY,

DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE SOUTHERLY PROLONGATION OF THE WESTERLY LINE OF AVALON BOULEVARD (FORMERLY CANAL STREET LYING NORTH OF FIRST STREET AS SAID STREET EXISTED ON FEBRUARY 24, 1904) DISTANT SOUTHERLY THEREON 90.75 FEET FROM THE SOUTH LINE OF "B" STREET FORMERLY FIRST STREET, SAID POINT OF BEGINNING BEING THE NORTHEAST CORNER OF THE TRACT OF LAND DESCRIBED IN DEED FROM PHINEAS BANNING AND WIFE TO THOMAS THOMPSON AND ALONZRO KENISTON RECORDED IN BOOK 6 PAGE 546 OF DEEDS; THENCE ALONG THE EASTERLY PROLONGATION OF THE NORTHERLY LINE OF THE LAND DESCRIBED IN DEED LAST REFERRED TO, NORTH 88 DEGREES 49' 50" EAST TO THE WEST LINE OF AVALON BOULEVARD, 80 FEET WIDE, SAID POINT BEING IN THE NORTH LINE OF THE LAND DESCRIBED IN DEED TO O. H. MENNET RECORDED IN BOOK 1969 PAGE 317 OF DEEDS, RECORDS OF SAID COUNTY; THENCE ALONG THE WEST LINE OF SAID AVALON BOULEVARD, SOUTH 15 DEGREES 55' 09.9" EAST 50.00 FEET TO A POINT IN THE SOUTH LINE OF SAID LAND OF MENNET; THENCE ALONG SAID SOUTH LINE, SOUTH 88 DEGREES 49' 50.1" WEST 182.06 FEET, MORE OR LESS, TO THE SOUTHWEST CORNER OF SAID LAND OF MENNET, BEING A POINT DISTANT EASTERLY 170.00 FEET, MEASURED AT RIGHT ANGLES, FROM THE EASTERLY LINE OF MARINE AVENUE (FORMERLY WILLIE STREET) 66 FEET WIDE; THENCE NORTH 3 DEGREES 44' 16" WEST 48.40 FEET TO THE NORTHWEST CORNER OF SAID LAND OF MENNET; THENCE ALONG SAID NORTH LINE, NORTH 88 DEGREES 49' 50.1" EAST TO THE POINT OF BEGINNING.

PARCEL 2:

THAT PORTION OF BANNING'S RESERVE, AS SHOWN ON THE MAP OF WILMINGTON (COMMONLY KNOWN AS NEW SAN PEDRO), IN THE CITY OF LOS ANGELES, AS PER MAP RECORDED IN BOOK 6 PAGE 66 OF DEEDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE WESTERLY LINE OF AVALON BOULEVARD (FORMERLY CANAL STREET) 80 FEET WIDE, AT THE INTERSECTION OF SAID WESTERLY LINE WITH THE NORTHERLY LINE OF THE LAND DESCRIBED IN DEED TO SAMUEL FREEDMAN AND MARY FREEDMAN, RECORDED IN BOOK 2813 PAGE 209, OFFICIAL RECORDS OF SAID COUNTY; THENCE WESTERLY ALONG SAID NORTHERLY LINE 182 FEET, MORE OR LESS, TO A POINT IN A LINE PARALLEL WITH AND DISTANT EASTERLY 170 FEET; MEASURED AT RIGHT ANGLES FROM THE EAST LINE OF MARINE AVENUE (FORMERLY WILLIE STREET) 66 FEET WIDE; THENCE SOUTHERLY ALONG SAID PARALLEL LINE 91.38 FEET, MORE OR LESS, TO THE NORTHWESTERLY CORNER OF THE LAND DESCRIBED IN DEED TO CAMILLO EGNACIO, RECORDED IN BOOK 1254 PAGE 183 OF DEEDS, RECORDS OF SAID COUNTY; THENCE EASTERLY ALONG THE NORTHERLY LINE LAST REFERRED TO AND PROLONGATION THEREOF 202 FEET, MORE OR LESS, TO SAID WEST LINE OF AVALON BOULEVARD; THENCE NORTHERLY ALONG SAID WEST LINE, 94 FEET, MORE OR LESS, TO THE POINT OF BEGINNING. EXCEPT THEREFROM ANY PORTION WITHIN THE LAND DESCRIBED IN CERTIFICATE OF TITLE NO. 1716 ON FILE IN THE OFFICE OF THE REGISTRAR OF TITLES OF SAID COUNTY.

PARCEL 3A:

A PARCEL OF LAND IN THAT CERTAIN BLOCK BOUNDED ON THE NORTH BY EAST FIRST STREET "NOW KNOWN AS "B" STREET" ON THE EAST BY CANAL STREET "NOW KNOWN AS CANAL AVENUE" AND ON THE SOUTH BY FRONT STREET "NOW KNOWN AS "A" STREET" AND ON THE WEST BY MAIN STREET "NOW KNOWN AS MARINE AVENUE" AS SHOWN ON "OFFICIAL MAP OF WILMINGTON", LOS ANGELES COUNTY, CALIFORNIA", ON FILE IN THE OFFICE OF THE RECORDER OF SAID COUNTY, SAID MAP BEING FILED AS RECORDER'S FILED MAP NO. 273, COMMENCING AT THE INTERSECTION OF THE CENTER LINE OF CANAL STREET WITH THE PROLONGATION EASTERLY OF THE SOUTHERLY LINE OF BLOCK 12, RANGE 3, AS SHOWN ON MAP RECORDED IN BOOK 5 PAGES 9 AND 10 OF DEEDS, SAID INTERSECTION APPEARING ALSO ON SAID MAP OF WILMINGTON; THENCE SOUTHERLY AND SOUTHEASTERLY ALONG THE CENTER LINE OF CANAL STREET, TO A POINT, WHICH IS 240.07 FEET "MEASURED ALONG SAID CENTER LINE" FROM THE SOUTH LINE OF EAST FIRST STREET, AS SHOWN ON SAID MAP OF WILMINGTON, SAID LAST MENTIONED POINT BEING THE POINT OF BEGINNING OF THE FOLLOWING DESCRIPTION OF THE PARCEL OF LAND FIRST ABOVE MENTIONED, FROM SAID POINT OF BEGINNING; GO SOUTHEASTERLY ALONG THE CENTER LINE OF CANAL STREET 36.38 FEET TO A POINT; THENCE WESTERLY PARALLEL WITH THE CENTER LINE OF EAST FIRST STREET, A DISTANCE OF 250.43 FEET; THENCE NORTHERLY PARALLEL WITH THE CENTER LINE OF MAIN STREET, 46.67 FEET TO A POINT; THENCE EASTERLY IN A DIRECT LINE 243.51 FEET, MORE OR LESS, TO THE TRUE POINT OF BEGINNING.

EXCEPT THAT PORTION OF THE ABOVE DESCRIBED PARCEL LYING WITHIN THE LINES OF CANAL STREET

ALSO EXCEPT THAT PORTION LYING NORTH OF THE SOUTH LINE OF LAND DESCRIBED IN DEED TO A. B. CLAPP, RECORDED IN BOOK 2185 PAGE 144 OF DEEDS.

ALSO EXCEPT THAT PORTION LYING SOUTH OF THE SOUTH LINE OF LAND DESCRIBED IN DEED TO SAMUEL G. THOMPSON, RECORDED IN BOOK 47 PAGE 315 OF DEEDS, AND ITS WESTERLY PROLONGATION.

PARCEL 3B:

THAT PORTION OF BLOCK OF BANNING'S RESERVE, IN THE CITY OF LOS ANGELES, AS SHOWN ON DEED MAP, RECORDED IN BOOK 6 PAGES 66 AND 67 OF DEEDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, BOUNDED EASTERLY BY THE WESTERLY LINE OF THE LAND DESCRIBED IN THE DEED TO FRANK LECOUEUR, RECORDED ON JUNE 29, 1864 IN BOOK 6 PAGE 483 OF DEEDS, RECORDS OF SAID COUNTY, OR SAID WESTERLY LINE PROLONGED, BOUNDED NORTHERLY BY THE SOUTHERLY LINE OF THE LAND DESCRIBED IN THE DEED GO THOMAS THOMPSON, RECORDED ON SEPTEMBER 5, 1864 AS INSTRUMENT NO. 416 IN BOOK 6 PAGE 546 OF DEEDS, RECORDS OF SAID COUNTY; BOUNDED WESTERLY BY THE EASTERLY LINE OF THE LAND DESCRIBED IN THE DEED GO BANNING COMPANY RECORDED ON APRIL 5, 1895 AS INSTRUMENT NO. 37 IN BOOK 1006 PAGE 91 OF DEEDS, RECORDS OF SAID COUNTY, AND BOUNDED SOUTHERLY BY A LINE PARALLEL WITH AND DISTANT 192.5 FEET NORTHERLY FROM THE NORTHERLY LINE OF "A" STREET 66.00 FEET WIDE; INCLUDED WITHIN THE FOLLOWING DESCRIBED LINES: BEGINNING NORTH 86 DEGREES 52' EAST 163 FEET AND SOUTH 3 DEGREES 16' EAST 223.50 FEET FROM THE INTERSECTION OF THE SOUTH LINE OF "13" STREET 66.00 FEET WIDE AND THE EASTERLY LINE OF MARINE AVENUE 80.00 FEET WIDE; THENCE SOUTH 3 DEGREES 16' EAST 45.42 FEET; THENCE SOUTH 86 DEGREES 52' WEST 10.00 FEET; THENCE NORTH 3 DEGREES 16' WEST 46.42 FEET; THENCE NORTH 86 DEGREES 32' EAST TO THE POINT OF BEGINNING.

TOGETHER WITH ALL RIGHT, TITLE, AND INTEREST OF THE GRANTOR IN AND TO OIL, GAS, MINERALS AND OTHER HYDROCARBON SUBSTANCES LOCATED IN AND UNDER SAID LAND, IF ANY, AS SET FORTH IN THE DEED RECORDED OCTOBER 13, 1989 AS INSTRUMENT NO. 89-1649233.

EXHIBIT "C"

The purpose of this exhibit is to describe a method to complete the remediation of the Exchange Property. This description does not limit the methods that the City may utilize to actually remediate the property pursuant to Section 6, Physical Condition of the Property, Paragraph 6.3 Soil Contamination and Groundwater Contamination; it is only intended as a description of the anticipated methods to be undertaken at the time the remediation is initiated by the City. Prior to the City initiating the remediation pursuant to Paragraph 6.3, the City will provide Seahawk with a remediation plan and schedule detailing the methods to be undertaken to complete the remediation. Seahawk and the City will mutually agree on the schedule for the City to complete the remediation.

Soil Contamination

To reduce the concentration of the existing contaminants, the installation and operation of an appropriately permitted temporary soil gas extraction and treatment system will be implemented. The remediation system will include a series of vapor extraction wells installed in areas of known contamination as identified in reports prepared by Source Group Inc. on January 16, 2008, May 7, 2009 and July 9, 2014.

The vapor extraction wells will be connected via underground piping to a centralized treatment area where process equipment, appropriately permitted, will be installed and maintained throughout the course of remediation. A post remediation soil and gas study will be performed to demonstrate that the Exchange Property has been remediated to standards of the applicable regulatory authorities based on Commercial/Industrial California Human Health Screening Levels (CHHSLs) the industrial standards in place at the time the remediation is initiated. Copies of all remediation plans, correspondence, permits, studies, reports, sampling and regulatory approvals will be provided to Seahawk throughout the process for Seahawk's records.

Groundwater Contamination

The City's obligation to remediate the groundwater shall only occur if a regulatory agency having authority over such groundwater orders remediation of the groundwater from any source of contamination arising from an on-site source or otherwise and only to the clean-up level required by the agency.

As noted above, the City has conducted groundwater sampling which establishes a baseline and is hereby made a part of this Agreement. Seahawk shall report all hazardous spills within 48 hours of discovery on the Exchange Property to proper authorities, as well as the City's Real Estate Division. Seahawk will provide the City's Real Estate Division a copy of all notices, results, or actions within 48 hours of receipt from any regulatory agency in regards to spills, soil contamination, or groundwater contamination. Seahawk shall be responsible for all groundwater contamination at and emanating from the Exchange Property for all groundwater contamination created subsequent to the close of escrow.

ORDER NO. _____

IT IS HEREBY ORDERED by the City of Los Angeles, a municipal corporation, acting by and through its Board of Harbor Commissioners and City Council ("City"), that the Property Exchange Agreement between the City and Seahawk Development, LLC, a California corporation ("Seahawk"), which grants to Seahawk the real property commonly known as 211-241 N. Marine Avenue and 214 N. Fries Avenue, Wilmington, CA 90744, and grants to City the real property commonly known as 121-133 S. Avalon Boulevard, Wilmington, CA 90744 with valuable consideration in the amount of \$1,006,885; and the leaseback to Seahawk of its former property and lease of other adjacent City properties, are hereby approved and the Executive Director and the Secretary of the Board are hereby authorized and directed to execute and attest to the same on behalf of the City upon this Order being approved by the City Council as described below.

The Secretary shall certify to the adoption of this Order by the Board of Harbor Commissioners of the City of Los Angeles and shall cause a copy of the same to be presented to the City Council as provided in Section 385 of the Charter of the City of Los Angeles and Section 7.27 of the Administrative Code of the City of Los Angeles. If the City Council shall approve this Order and the proposed Ordinance, the Order and Ordinance shall take effect 31 days from its publication.

I HEREBY CERTIFY that the foregoing Order was adopted by the Board of Harbor Commissioners of the City of Los Angeles at its Meeting of

_____.

JULIE W. HUERTA, Board Secretary

Approved as to form and legality

MICHAEL FEUER, City Attorney

By 

JUSTIN HOUTERMAN, Deputy

Date: 9.8, 2014

File No. _____

TRANSMITTAL 9

ORDINANCE NO. _____

An Ordinance approving an Order of the Board of Harbor Commissioners for the exchange of real properties with valuable consideration, leaseback, and leasing of adjacent properties.

THE PEOPLE OF THE CITY OF LOS ANGELES
DO ORDAIN AS FOLLOWS:

Sec. 1. The action of the Board of Harbor Commissioners of the City of Los Angeles on the 18th day of September, 2014, approving the exchange of real properties with valuable consideration, leaseback, and leasing of adjacent properties is hereby ratified, confirmed and approved. The approved Order reads:

ORDER NO. _____

IT IS HEREBY ORDERED by the City of Los Angeles, a municipal corporation, acting by and through its Board of Harbor Commissioners and City Council ("City"), that the Property Exchange Agreement between the City and Seahawk Development, LLC, a California corporation ("Seahawk"), which grants to Seahawk the real property commonly known as 211-241 N. Marine Avenue and 214 N. Fries Avenue, Wilmington, CA 90744, and grants to City the real property commonly known as 121-133 S. Avalon Boulevard, Wilmington, CA 90744 with valuable consideration in the amount of \$1,006,885; and the leaseback to Seahawk of its former property and lease of other adjacent City properties, are hereby approved and the Executive Director and the Secretary of the Board are hereby authorized and directed to execute and attest to the same on behalf of the City upon this Order being approved by the City Council as described below.

The Secretary shall certify to the adoption of this Order by the Board of Harbor Commissioners of the City of Los Angeles and shall cause a copy of the same to be presented to the City Council as provided in Section 385 of the Charter of the City of Los Angeles and Section 7.27 of the Administrative Code of the City of Los Angeles. If the City Council shall approve this Order and the proposed Ordinance, the Order and Ordinance shall take effect 31 days from its publication.

I HEREBY CERTIFY that the foregoing Order was adopted by the Board of Harbor Commissioners of the City of Los Angeles at its Meeting of

JULIE W. HUERTA, Board Secretary

Sec. 2. Pursuant to Section 7.27 of the Los Angeles Administrative Code, the Council finds and determines that the public interest requires that property owned by the City of Los Angeles be exchanged without notice of sale or advertisement for bids.

Sec. 3. The City Clerk shall certify to the passage of this Ordinance and cause the same to be published in some daily newspaper printed and published in the City of Los Angeles.

I hereby certify that the foregoing Ordinance was passed by the Council of the City of Los Angeles, at its meeting of _____.

Date: _____

HOLLY WOLCOTT, City Clerk

By _____
Deputy

Date: _____

APPROVED:

Mayor

Approved as to form and legality

MICHAEL FEUER, City Attorney

By 
JUSTIN HOUTERMAN, Deputy

Date: 9.8, 2014

File No. _____