

TERM PERMIT NO. 827
GRANTED BY THE CITY OF LOS ANGELES
TO MAERSK PACIFIC, LTD.

THIS TERM PERMIT [hereinafter called "Permit"], is entered into this 14th day of September, 2000, by and between the CITY OF LOS ANGELES, a municipal corporation ["City"], acting by and through its Board of Harbor Commissioners ["Board"], and MAERSK PACIFIC, LTD., a California corporation, whose address is 570 Harbor Scenic Way, Long Beach, CA 90802 ["Tenant"].

Section 1. Effective Date and Term.

1(a) Effective Date. This Permit shall become effective on the date appearing in the first paragraph above which shall be the thirty-first (31st) day after publication of the order of the Board of Harbor Commissioners granting this Permit, following approval by the City Council of the City of Los Angeles ["Council"].

1(b) Term. The term of this Permit shall commence on the effective date defined in subsection (a) and shall terminate on the 25th anniversary of the Occupancy Date as defined in Section 6(b), unless sooner terminated in accordance with Section 5 or extended in accordance with the provisions of Section 1(c).

1(c) Option to Extend Term. City hereby grants to Tenant three (3) successive options to extend the term of this Permit. Each option is for a five (5) year period and must be exercised, if at all, by written notice delivered to City by Tenant not later than the first day of the period beginning thirty (30) months prior to the expiration of the then current term of the Permit. Failure to exercise any option right in the manner herein provided shall terminate any and all remaining option rights, if any. Tenant's exercise of the option shall be irrevocable unless Tenant and Board mutually agree otherwise in writing. During any extension of the term of this Permit, all terms, covenants and conditions of this Permit shall remain unmodified and in full force and effect.

1(d) Holdover. Tenant shall not hold over any part of the premises after termination or expiration of this Permit without first obtaining the Executive Director's written approval. Any such holdover shall be deemed an extension of this Permit on a month-to-month basis and upon the same terms and conditions as set forth in this Permit, except that the minimum annual guarantee, TEU rates and Intermodal Rail Facility

compensation [defined hereinafter at Section 3] during the holdover period may, in the discretion of Executive Director [subject to approval of Board if so requested in writing by Tenant] be increased up to one hundred twenty-five percent (125%) of the minimum annual guarantee, one hundred twenty-five percent (125%) of the TEU rates, and one hundred twenty-five percent (125%) of the Intermodal Rail Facility compensation rates for the immediately preceding compensation period. If a new agreement is reached, then the monies paid during the holdover period shall count against the new compensation which shall accrue from the date the holdover commenced. If the new compensation is more than the compensation paid during the holdover, Tenant shall immediately pay City the difference due for the holdover period. If the new compensation is less than the amount due and paid for the holdover period, Tenant shall be entitled to a credit against future sums owed to City under the Permit. No interest shall accrue on the amount due to City or Tenant pursuant to this provision except to the extent Tenant fails to pay any deficiency within thirty (30) days of a billing from City. If interest is due, it shall accrue at the rate provided in Item 270 of Tariff [referenced below in Section 2(b)], currently consisting of simple interest of 1/30th of two percent (2%) of the invoice amount remaining unpaid each day. If no new Permit is entered into and the holdover is for a period less than twelve (12) months, the minimum annual guarantee and the Intermodal Rail Facility compensation, but not the TEU rates, shall be prorated by multiplying each by the fraction $X/360$ where X is the number of days in the holdover period, provided however, Tenant shall not be entitled to any refund if the TEU charges counting toward the minimum annual guarantee which have accrued exceed the prorated minimum.

Section 2. Premises.

2(a) Description. The premises subject to this Permit comprise Parcels Nos. 1, 1A, 1B, 1C, 2, 3, 4A and 4B, including Berths 401 through 406 [approximately 7,190 lineal feet \pm 50 feet]. These parcels are delineated and more particularly described on Drawing No. 1-2285-1. This drawing is on file in the office of the Chief Harbor Engineer of the Harbor Department of City ["Harbor Engineer"]. A copy of said drawing is attached as Exhibit "A" and incorporated by reference into this Permit.

The term "premises" as used in this Permit, and as designated in Exhibit "A" hereto, shall include all structures owned by or under the control of Board within said parcels including all improvements erected by Tenant's predecessors which are made available for Tenant's use whether on or below the surface and such structures as City may construct for Tenant. No other structure shall be considered to be a part of the premises except to the extent that Tenant's maintenance, restoration, and indemnity and insurance obligations shall extend in addition to all buildings or improvements it owns or subject to its control on the premises.

2(b) Premises Subject to Tariff. City nonexclusively assigns and Tenant accepts the premises described above, subject to the terms and conditions provided herein and to the rates, terms and conditions of Port of Los Angeles Tariff No. 4 as it now exists or may be amended or superseded ["Tariff"]. Tenant acknowledges it has received, read and understands the rates, terms and conditions of Tariff and agrees to be contractually bound by these rates, terms and conditions as if these terms were set forth in full herein except as may be modified by this Permit. Tenant understands it is responsible for maintaining a complete and current Tariff and assumes responsibility for doing so.

2(c) Tenant's Rights Nonexclusive. By approving this Permit, City does not grant to Tenant the sole or exclusive right to use the premises. Tenant's right to use the premises shall be preferential to other users thereof. The "preferential" right to use a berth means that if two ships arrive at berth simultaneously, one invited by a preferential user and one invited by a secondary user, the holder of the preferential right may bring its vessel to berth first and unload it so long as such unloading is carried out continuously in accordance with the practice in the trade in Southern California. A right to use a berth "secondarily" means that the secondary user has priority over tertiary and temporary users. If a vessel invited by a preferential user arrives at berth while a vessel invited by the secondary user is being unloaded, the secondary user must immediately vacate the berth provided, however, the preferential and secondary user shall cooperate to permit conclusion of the cargo operations in progress if such operations can be concluded shortly. City has and reserves the right, subject to the consent of Tenant which consent shall not unreasonably be withheld, to grant to other users upon twenty-four (24) hours' telephonic notice the right to use the premises, including the improvements on the premises and any cranes as long as such use by others will not unreasonably interfere with Tenant's use of the premises. It shall not be deemed "unreasonable" for Tenant to refuse a request for secondary use which would require a change in mode of operation by Tenant. Tenant may charge such users for the use of non-Port of Los Angeles cranes, facilities and equipment provided such charges may not, without prior consent of the City, exceed the rates provided in the Tariff for use of City cranes. For the use of non-Port of Los Angeles cranes, Tenant may require such user to use its crane operators. Tenant may also require such user to agree in writing to indemnify Tenant for any liability arising from use of such crane, facilities and equipment or damage to the crane, facilities and equipment caused by such user's negligence. Tenant shall permit other stevedores to serve other users of the premises if another user designated by City so requests. All tariff charges which accrue from such other user's use of the premises except Tenant's cranes shall accrue solely for City's benefit except as expressly provided in Section 3. To assist City in determining the availability of the premises for use by other users, Tenant shall upon request from City provide City a written summary showing vessels scheduled to call at the premises in the next thirty (30) day period, anticipated tonnages and such other information as City needs to determine the availability of the premises. Providing the required information in writing to the Executive Director or any designee shall satisfy this obligation.

As a condition of any secondary assignment of the use of the premises or any portion of the premises to any third-party user pursuant to this subsection, City shall require that such proposed user shall protect, indemnify and hold City and Tenant harmless from claims and legal actions for death of or injury to persons or for damage to property, including property of Tenant, which is caused directly or indirectly by the operations or uses of the premises by such user or assignee, regardless of whether any act, omission or active or passive negligence of City or Tenant, or any of their respective officers, agents or employees contributed thereto.

Tenant may also require such user to agree in writing to pay Tenant for the reasonable value of the service or facilities of Tenant used by such secondary or other user. In the event of any conflict between the provisions of this Permit and the provisions of the Tariff as it presently exists or as it may subsequently be changed, this Permit shall at all times prevail.

2(d) Tenant to Supply Necessary Labor and Equipment. Tenant shall, at its own cost and expense, provide all tackle, gear and labor for the berthing and mooring of its vessels at the berths and shall provide, at its own expense, such appliances and employ such persons as it may require for the handling of goods, wares and merchandise for its use; provided, however, that nothing contained herein shall prevent Tenant from using such appliances as may be installed by City at the berths upon the payment to City of all applicable charges. Secondary users, if any, shall be responsible for their own costs and expenses, including any indemnity obligation owed Tenant.

2(e) Operations to Maximize Use. Tenant agrees to conduct its operations at the premises in a fashion which will enable the use of the premises to be maximized; however, such maximization of use need not require a change in Tenant's mode of operation of the premises.

2(f) Use of Port of Los Angeles Facilities. In consideration of the compensation provisions of this Permit, and unless otherwise agreed in writing by Executive Director, Tenant agrees to move all of the San Pedro Bay cargo it handles for itself and for any of its customers exclusively through the Port of Los Angeles, except to the extent that the Port of Los Angeles cannot physically accommodate the volume of cargo or containers transported by Tenant and its customers. Notwithstanding this requirement, Tenant shall have the right to move cargo or containers controlled by Maersk, Inc. or any of its subsidiaries, which is handled on vessels which are not controlled or operated by Maersk, Inc. or any of its subsidiaries, through any other port so long as Tenant moves at least the same volume of cargo and containers which is not controlled by Maersk, Inc. or any of its subsidiaries through the Port of Los Angeles during the same compensation year.

Tenant may also continue to move its cargo and containers through the Port of Long Beach until December 31, 2003, and may continue to do so until completion and

delivery of Phase II of terminal development [as set forth in Section 6(a)(2)], if Tenant meets the following requirements: For the period between the Occupancy Date [as established in Section 6(b)] and the date by which both the 671-foot wharf extension and the Phase I TSI Buildings [as provided in Section 6(a)(1)] are substantially completed, the minimum annual guarantee ["MAG"] established in Section 3(e)(2) shall apply; if this period is less than a full compensation year, the MAG shall be prorated accordingly. If Tenant continues to move cargo or containers for itself or for any of its customers through the Port of Long Beach after substantial completion of the wharf extension and the Phase I TSI Buildings, until completion and delivery of Phase II of terminal development, Tenant shall then be required to pay, in place of the MAG, TEU charges as established in Section 3(d) on a minimum of 1,300,000 TEUs per compensation year, prorated for any partial year. Tenant's obligation pursuant to this paragraph is illustrated in the attached Exhibit "C-1," which is incorporated herein by reference.

If during the term of this Permit, Maersk, Inc., or its subsidiary acquires a controlling interest in an ocean carrier operating or calling in the Port of Long Beach, then, at the expiration of Tenant's agreement for the use of Port of Long Beach facilities, and provided space sufficient to accommodate the needs of the ocean carrier utilizing the same mode of operation is available in the Port of Los Angeles, Maersk, Inc., agrees to handle such cargo or containers through the Port of Los Angeles.

2(g) Reservations. This Permit and the premises delivered are and shall be at all times subject to the following:

2(g)(1) Utility Rights-of-Way. Rights-of-way for sewers, pipelines, conduits and for telephone, telegraph, light, heat and power lines as may from time to time be determined necessary by Board, including the right to enter upon, above, below or through the surface to construct, maintain, replace, repair, enlarge or otherwise utilize the premises for such purpose, without compensation or abatement of rent, provided the surface shall be restored as much as possible to the condition previously existing and provided further that if any such activity will interfere with Tenant's use of the premises so as to effectively deny Tenant's use of greater than five percent (5%) of the total acreage granted hereunder for a period exceeding thirty (30) days, then Tenant shall be provided a replacement area similar in size to the area Tenant is unable to use. If City is unable to provide a replacement area, compensation shall be reduced in accordance with Section 3 based on the acres the use of which Tenant is denied; such recalculation of charges shall be effective as of the first day of material interference. Tenant is aware the City Department of Water and Power or other utilities providing service to the terminal both periodically and in an emergency need to service or repair facilities on the premises. Tenant agrees to relocate, at its expense, its cargo, chassis and equipment to provide Department of Water and Power or any other utility adequate access for periodic and emergency maintenance. In an emergency, Tenant agrees to complete such

relocation within six (6) hours of receiving notice from City. City represents that, on the effective date of this Permit, the only reservations subject to this subparagraph are as represented on Exhibit "A."

2(g)(2) Streets and Highways. Rights-of-way for streets and other highways and for railroads and other means of transportation which are apparent from a visual inspection of the premises or which shall have been duly established or which are reserved herein. City represents that on the effective date of this Permit the only reservations subject to this subparagraph are as represented on Exhibit "A."

2(g)(3) Prior Exceptions. 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.

2(g)(4) Oil Drilling. The right of City to occupy portions of the premises as may be necessary for drilling purposes and to use and grant others the right to use the same to drill for and produce oil or other hydrocarbon substances therefrom; provided, that such uses do not materially interfere with the operation of Tenant hereunder and is confined to areas mutually agreed to by Tenant and Board and, provided further, that the rental herein designated shall be adjusted proportionately to compensate for the surface areas to be used.

2(h) Inspection. Tenant will have inspected the premises on or before the Occupancy Date [as defined below in Section 6(b)] in contemplation of occupying them for the uses permitted and agrees that:

2(h)(1) Suitability. The premises, including any improvements covered by this Permit, are suitable for Tenant's intended uses. No officer or employee of City has made any representation or warranty with respect to the premises, including improvements, and Tenant has not relied on any such warranty or representation unless the nature and extent of such representation or warranty is described in writing and attached to this Permit.

2(h)(2) Additions and Improvements at Tenant's Expense. Any modification, improvement, or addition to the premises and any equipment installation required by the Fire Department, Department of Building and Safety, Air Quality Management District, Regional Water Quality Control Board, Coast Guard, Environmental Protection Agency, or any other local, regional, state or federal agency in connection with Tenant's operations shall be constructed or installed at Tenant's sole expense, provided that the cost of any such regulatory requirements

imposed during the last five (5) years of this Permit shall be shared equally by City and Tenant.

2(i) Amendment of Provisions. Although this Permit requires the approval of the Council of City to become effective, land and water not exceeding ten percent (10%) of the area granted or 20,000 square feet, whichever is greater, may be permanently added to or deleted from the premises granted herein by mutual agreement of Board and Tenant without further approval of the Council of City subject to the following conditions: (1) so long as such change in area is not temporary within the meaning of Tariff Item 1035 [or its successor], the minimum annual guarantee set forth in Section 3 shall be increased or decreased pro rata to reflect any such addition or deletion; (2) if permanent changes in area 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 area. The Board is authorized to execute amendments to this Permit to effect the foregoing adjustments to area and compensation without further action of the Council. The provisions above shall not limit the Board's right to adjust the size of the premises or compensation in other ways so long as Council approval is obtained.

2(j) Future Expansion of the Premises. Tenant has requested City to consider Tenant's future need for additional acreage reasonably proximate to the premises and operationally suited to the uses described in Section 4, if growth in Tenant's cargo volume demonstrates the need for expansion of the terminal. Tenant may wish to acquire an additional parcel of up to approximately two hundred (200) acres capable of accommodating additional growth with associated backland improvements for expansion of its container yard. As of the date this Permit shall become effective, it is not possible to determine when Tenant's anticipated volume growth may require such additional parcel or to reasonably estimate the number of acres, to determine the scope or level of increase in Tenant's operations, or to identify the location or availability of such additional parcel in excess of the premises granted by this Permit.

Except for uses and environmental impacts considered and fully assessed within the Pier 400 Container Terminal and Transportation Corridor Project, as supplemented, the development of a project plan for Tenant's future expansion of operations and for increasing the area of the premises, including necessary investigation, planning and design, has not commenced. As a result, it is not presently possible to determine whether such increase in the premises area, and the projected expansion in Tenant's uses of the premises will constitute a project which may have any significant effect on the environment within the meaning of the California Environmental Quality Act ["CEQA," California Public Resources Code §21000, et seq.], thereby requiring further environmental assessment prior to such possible expansion of Tenant's facility.

Subject to compliance with the requirements of CEQA and all guidelines promulgated thereunder by the State of California and City, and all other applicable

environmental laws [including, but not limited to, the California Coastal Act (Public Resources Code §30700, et seq.), the National Environmental Policy Act (42 U.S.C. §4321, et seq.), the Clean Water Act (33 U.S.C. §1251, et seq.), and the Endangered Species Act (16 U.S.C. §153, et seq.)], and when additional acreage is requested in writing by Tenant with sufficient specificity as to acres and use, City shall cooperate with Tenant in preparing a project plan sufficient in all necessary respects to allow the environmental consequences of the proposed expansion and uses of such parcel to be assessed. All environmental assessment shall be conducted by City. If City initially determines that the implementation of the proposed project may have any significant impact on the environment, City shall promptly commence and diligently proceed to complete a sufficient environmental assessment of such plan, including, if required, the preparation of an environmental impact report. If all necessary environmental approvals, clearances and permits are obtained by City, City will diligently undertake the implementation of such application for additional premises contingent upon the parties reaching a mutually acceptable amendment to this Permit.

Section 3. Compensation.

From and after the Occupancy Date, as defined in Section 6(b) of this Permit, Tenant shall pay to City compensation and all other charges for the use of the premises as provided in this Section. Except as provided in this Permit, Tenant's obligation to pay all compensation and other charges, rent, and fees required hereunder 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 which Tenant may have against City. Compensation shall be payable as provided in this Section based on City accounting records of verified billed amounts.

3(a) Compensation Defined. "Compensation" is defined as the total aggregate amount Tenant is required to pay City during each compensation year. Compensation includes the following: (i) all Twenty-Foot Equivalent Unit Container Charges [referred to subsequently in this Permit as "TEU charge(s)," including the "minimum annual guarantee (referred to subsequently as the "MAG")," as defined below in subsections (d) and (e) of this Section 3], and (ii) compensation payable by Tenant for use of the Pier 400 Intermodal Rail Facility [referred to subsequently in this Permit as "IRF compensation"], in accordance with subsection (f) of this Section 3, and (iii) applicable wharfage and dockage charges prescribed by Tariff and all Tariff charges payable by Tenant other than wharfage and dockage pursuant to subsection (g) of this Section 3, and (iv) any other charges whatsoever as provided elsewhere in this Permit other than charges specified herein above.

3(b) Compensation Year. As used in this Permit, the term "compensation year" shall mean "calendar year." The first compensation year commences on January 1 of the

calendar year in which the Occupancy Date occurs; provided, that unless the Occupancy Date falls on January 1, the compensation payable for the first partial year of occupancy shall be adjusted in proportion to the expired part of the calendar year.

3(c) Applicability of Tariff No. 4. Except as otherwise provided in this Permit, all rates, terms and conditions of the Tariff No. 4, as it now exists or may be amended or superseded, shall at all times be applicable to this Permit. It is the intent of the parties hereto, however, that Tenant's obligation to pay compensation to City for the use of the premises shall be as prescribed in this Permit. In the event of any conflict between the provisions of this Section 3 and the provisions of the Tariff, this Permit shall at all times prevail. In all matters other than compensation, Tenant shall be and remain subject to the provisions of the Tariff as it exists on the Occupancy Date and as it may subsequently be changed.

3(c)(1) Tariff Adjustments Adopted by City. Applicable Tariff rates payable by Tenant according to the provisions of this Permit are at all times subject to amendment, revision, modification, increase or reduction at the discretion of the Board of Harbor Commissioners with the approval of the City Council, given by adoption of an Ordinance. Any such Tariff change adopted by City shall become effective immediately when such Tariff change becomes final according to the provisions of the City Charter. Such Tariff adjustment(s) shall likewise become applicable immediately as to all Tariff rates and charges payable by Tenant according to the provisions of subsection (g) of this Section 3, and shall apply thereafter unless/until superseded by subsequent Tariff change(s).

3(c)(2) Tariff Adjustment Applicable to TEU Rates, MAG and IRF Compensation. From and after the Occupancy Date, any increase in the Tariff rate for Merchandise Not Otherwise Specified [referred to herein as the "N.O.S. rate"], set forth in Tariff Item 550-[A]001, shall, upon the effective date thereof, be immediately and automatically applicable to readjust the TEU rates, the MAG and the IRF compensation. Any increase in the N.O.S. rate over the previous N.O.S. rate shall be expressed as a percentage; all TEU rates, the MAG and the IRF compensation shall each be increased by the same percentage. City and Tenant shall mutually verify the N.O.S. rate in effect as of the Occupancy Date, to establish the initial N.O.S. rate for purposes of subsequent readjustment of the TEU rates, MAG and IRF compensation.

3(d) Twenty-Foot Equivalent Unit Container ["TEU"] Charges. A single charge referred to as the "TEU charge" shall be paid to City by Tenant for each and every cargo container, loaded or empty, inbound or outbound, for passage onto, over, through or under wharves or wharf premises, or between vessels or overside vessels [to or from barge, lighter or water] when berthed at or adjacent to wharves or wharf premises, or moving by rail or motor carriage into or out of the premises, including the Pier 400 Intermodal Rail

Facility. Such containers shall be converted by measurement of length into "twenty-foot equivalent units ["TEUs"]," or any fraction thereof. On transshipped containers and transshipment merchandise, as defined in Item 515 of the Tariff, the TEU charge shall be assessed once only, on the inbound movement.

The rate to be charged per TEU shall be established according to the total number of TEUs handled by Tenant per acre, per annum, based upon a sliding efficiency scale, as set forth in a document entitled "TEU/Acre Rate Schedule," which is attached to this Permit as Exhibit "B," and which is incorporated herein by reference. For purposes of determining Tenant's "efficiency bracket" in accordance with Exhibit "B," only the total acreage of the "Terminal Area," defined as Parcels Nos. 1, 1A, 1B, and 2, as shown on Exhibit "A," shall be included. The Terminal Area subject to the efficiency scale shall total 444.85 acres upon completion and delivery of Phase II of terminal development. The TEU rates set forth in Exhibit "B" shall be and remain in effect during the first five (5) compensation years of the term of this Permit [referred to herein as "5-Year Period"], provided that such TEU rates shall at all times be subject to increase in accordance with any increase in the N.O.S. rate, pursuant to subsection (c)(2) of this Section 3. TEU charges shall be deemed to be inclusive and in lieu of all wharfage, dockage, storage and demurrage charges otherwise chargeable upon containerized cargo by Tariff. The efficiency brackets set forth in Exhibit "B" shall remain in effect and unchanged during the entire term of this Permit.

TEUs controlled by users of the premises other than Tenant which are handled upon the premises shall be counted in determining Tenant's efficiency bracket; TEUs controlled by Tenant which are not handled upon the premises subject to this Permit shall not be counted in determining Tenant's efficiency bracket.

3(d)(1) Readjustment of TEU Charges. Following the expiration of the first 5-Year Period, the TEU rates shall be readjusted for each successive 5-Year Period of the term of this Permit, as provided below in subsection (h) of this Section 3. Immediately upon completion of such periodic readjustment of the TEU rates, and upon the effective date of any increase in the TEU rates pursuant to subsection (c)(2) of this Section 3, the TEU/Acre Rate Schedule shall be revised to reflect such adjustment, and shall be marked in sequence as Exhibit "B-1," "B-2," etc., and shall be appended to this Permit immediately upon the effective date of such TEU rate adjustment(s). The TEU/Acre Rate Schedule, as revised, shall be incorporated herein by reference and shall supersede the previous exhibit.

3(d)(2) Initial Efficiency Bracket. Not later than sixty (60) days before the scheduled Occupancy Date, City and Tenant shall mutually agree upon Tenant's initial efficiency bracket and corresponding TEU rate according to the TEU/Acre Rate Schedule [Exhibit "B"] and City shall confirm the same by written

notice to Tenant. Tenant's initial efficiency bracket shall be subject to adjustment pursuant to paragraph (3), below.

3(d)(3) Semi-Annual Review of Applicable Efficiency Bracket. The efficiency bracket applicable to Tenant's TEU volume shall be subject to review every six (6) months during the term of this Permit. During the month of June of each compensation year, City and Tenant shall verify the total number of TEUs per acre actually handled by Tenant through or upon the premises during the preceding five (5) month period ending May 31 and shall review Tenant's TEU volume projections for the upcoming half-year. City and Tenant shall mutually determine whether the efficiency bracket in effect at mid-year requires adjustment to reflect Tenant's actual and projected TEU throughput. If Tenant's actual TEU throughput was greater or less than the volume defining the efficiency bracket [as shown on Exhibit "B"] in effect during such expired five (5) months, and/or if Tenant's projected throughput for the upcoming six (6) months commencing July 1 is greater or less than the bracket volume, the bracket shall, upon mutual agreement between City and Tenant, be adjusted for the ensuing six (6) month period, and Tenant shall be charged at the corresponding TEU rate for the balance of the compensation year. If City and Tenant fail to agree upon such adjustment, the efficiency bracket shall remain unchanged for the balance of the compensation year. Within sixty (60) days following the end of each compensation year, City shall review Tenant's total TEU throughput per acre for the year, readjust Tenant's efficiency bracket, if necessary, to reflect Tenant's actual throughput, and prepare an adjusted billing for all TEU charges accrued during the compensation year at the rate corresponding to the correct efficiency bracket. Tenant shall pay any additional amounts due within thirty (30) calendar days of City's issuance of the adjusted billing; Tenant shall be issued a credit for TEU charges paid to City in excess of the adjusted billing, which may be applied to any monies owed to City under this Permit.

The efficiency bracket as adjusted for the expired compensation year shall remain in effect during the ensuing compensation year, subject to semi-annual adjustment as provided in this paragraph (3).

3(d)(4) Increase in TEU Rates During Compensation Year. In the event of an increase in the TEU rates due to an increase in the N.O.S. rate [as provided in subsection (c)(2) of this Section 3] during any compensation year, such increase shall apply only to TEUs handled by Tenant on and after the effective date of the increase. In connection with the annual readjustment of Tenant's efficiency bracket [pursuant to the above paragraph (3) of this subsection (d)], City shall also verify the total number of TEUs handled on the terminal area during the portion of the compensation year prior to the TEU rate increase and the number of TEUs handled on and after the effective date of the rate increase, as illustrated in Exhibit "C," which is attached hereto and incorporated herein by reference.

3(d)(5) Temporary Discount on Empty Containers. For the initial 5-Year Period only, the TEU charge applicable to empty cargo containers, inbound or outbound, shall be discounted as illustrated in Exhibit "D," entitled "Discount on Empties Exceeding 17% of Total Volume," which is attached hereto and incorporated herein by reference. Within sixty (60) days of the end of each compensation year during the first 5-Year Period, City shall verify the percentage of empty containers included in Tenant's total TEU throughput for such year. The number of empty containers in excess of seventeen percent (17%) of Tenant's total throughput ("discounted empties") shall then be excluded from the efficiency bracket applicable during such year. The efficiency bracket applicable to the balance of Tenant's throughput [total TEUs minus the number of discounted empties] shall be determined, and the billing for such balance shall be recalculated at the corresponding TEU rate. The number of discounted empties shall be charged at the rate of Seven Dollars and Seventy Cents (\$7.70) per empty container from the Occupancy Date until the effective date of any change in the rate for empty containers [not exceeding seven (7) meters overall length] set forth in Item 550-[A]031 of the Tariff. City shall prepare an adjusted billing for total TEU charges paid by Tenant during such year, reflecting the combined total of TEU charges plus Tariff charges for the discounted empties. Tenant shall be issued a credit for the difference between the original billing and adjusted billing, which may be applied against any monies payable to City.

3(e) Minimum Annual Guarantee. Commencing on the Occupancy Date, and thereafter at the beginning of each and every compensation year during the term of this Permit, Tenant guarantees to City a minimum annual payment per acre, which is referred to in this Permit as the "minimum annual guarantee" or "MAG." The MAG is the aggregate minimum annual payment of TEU charges per acre, as defined above in subsection (d), which Tenant must make to City each year for the use of the premises. In addition to TEU charges, wharfage and dockage charges paid by Tenant, pursuant to subsection (g)(1) of this Section 3 (below), shall be counted toward the MAG. TEU charges accrued on these premises by users of the premises other than Tenant shall be counted toward Tenant's MAG. No charges accruing upon cargo which is controlled by Tenant but which is not handled upon the premises subject to this Permit shall be counted toward the MAG, nor shall any other charges or other monies payable to City pursuant to this Permit be counted toward the MAG.

3(e)(1) Calculation of the MAG. The MAG shall be calculated on a per acre basis upon the total available acreage of the Terminal Area. As set forth in Section 2(a) and Section 6(a), below, it is assumed that the total Terminal Area at the commencement of this Permit shall be Parcels Nos. 1 and 1B, which total 276.13 acres [\pm 5 acres], subject, however, to the provisions of Section 6(a)(3). Upon the delivery date of the 671-foot wharf extension described at Section 6(a) and 6(a)(1) of this Permit, Parcel No. 1A, consisting of an additional two (2) acres

shall be added to the premises, and upon the delivery date of Phase II of the terminal, in accordance with the provisions of Section 6(a) and 6(a)(2), Parcel No. 2, consisting of an additional 166.72 acres [\pm 5 acres], also subject to the provisions of Section 6(a)(3), shall be added to the premises. Upon the delivery date of each additional parcel, the MAG shall be recalculated based upon the total acreage of the Terminal Area. If the actual Terminal Area on the Occupancy Date is greater or less than 276.13 acres, or if the actual total Terminal Area upon the delivery date of Phase II is greater or less than 444.85 acres, or if at any time during the term of this Permit, area is added to or deleted from the premises, the amount of the MAG shall be adjusted to reflect the variance in actual terminal acreage by increasing or decreasing the MAG at the per acre rate in effect at the time of such addition or reduction of the Terminal Area [prorated for any fraction of an acre], and such adjustment shall be prorated to reflect any period of less than one (1) year during which such variance in acreage is in effect.

3(e)(2) MAG for the First 5-Year Period. For the first 5-Year Period, the MAG shall be One Hundred Twenty-three Thousand Dollars (\$123,000) per acre, based upon the total acreage of the Terminal Area, provided that the per acre amount shall at all times be subject to increase in accordance with any increase in the N.O.S. rate, pursuant to subsection (c)(2) of this Section 3, as illustrated in Exhibit "C."

3(e)(3) Readjustment of the MAG. Following the initial 5-Year Period, the MAG shall be subject to readjustment for each successive 5-Year Period in accordance with the provisions of subsection (h) of this Section 3.

3(e)(4) Full Payment of the MAG. Except as provided below in paragraph (5) of this subsection (e), if Tenant has not generated sufficient TEU charges to pay City the MAG by the end of each compensation year ("MAG deficiency"), Tenant shall within thirty (30) days of the end of each year pay such additional sums as are necessary to assure that City has been paid the MAG. All monies due and unpaid after the thirty (30) days have elapsed shall be subject to a late payment charge at the rate provided in Item 270 of Tariff No. 4, currently two percent (2%) per month, or at the rate provided in any amendment or successor to Tariff No. 4.

3(e)(5) Deferral of Excess MAG Deficiency. First 5-Year Period. For each compensation year of the first 5-Year Period only, the amount Tenant shall be obligated to pay within thirty (30) days of the end of such year to satisfy such MAG deficiency pursuant to paragraph (4), above, shall not exceed One Hundred Eighteen Thousand Dollars (\$118,000) per acre. The amount necessary to assure that City has been paid at least \$118,000 per acre toward the MAG shall be paid within the thirty (30) day period provided by paragraph (4). In any compensation

year during the first 5-Year Period only, Tenant shall have the option to defer payment of the balance of the MAG deficiency [i.e., the difference between the MAG and \$118,000 per acre payable to City for such year pursuant to the provisions of paragraph (4) of this subsection (e)] until the end of the first 5-Year Period. Such deferred amounts shall accrue without interest and shall be subject to offset in accordance with the provisions of paragraph (6) of this subsection (e). The total deferred amount shall be payable in full by Tenant within sixty (60) days of the end of the first 5-Year Period. Exhibit "E," which is attached to this Permit, illustrates the provisions set forth in this paragraph and is incorporated herein by reference for illustration purposes only.

3(e)(6) Offset of Deferred Deficiency in Payment of MAG. During the first 5-Year Period, Tenant shall be entitled to offset the amount of the accumulated deferred MAG deficiency [the amount between the \$118,000 per acre and \$123,000 per acre] with any excess TEU charges in excess of the MAG paid to City in any year within the first 5-Year Period.

3(e)(7) Deficient Payments. If Tenant has been required to make up a deficiency in the MAG as provided above in paragraphs (4) or (5), or if Tenant has received a notice of delinquency from City for failure to pay amounts due to City within thirty (30) calendar days of invoice, City may require Tenant to pay the MAG in monthly installments at the beginning of each month for the balance of the year and for any succeeding year(s) as City may require; provided, that Tenant's obligation to pay monthly installments of the MAG shall cease if Tenant's payment of TEU charges exceed the MAG in any compensation year and all outstanding delinquency has been cured. Each payment shall be in the amount of one-twelfth (1/12) of the MAG or such adjusted amount as is necessary to assure that City will receive full payment of the MAG by the end of the year.

3(e)(8) Increase in MAG During the Year. In the event of an increase in the MAG due to an increase in the N.O.S. rate [as provided in subsection (c)(2) of this Section] during any compensation year, such increase in the MAG shall be calculated as illustrated in Exhibit "C." City shall determine the number of days in the compensation year elapsed prior to the effective date of the increase in the N.O.S. rate and express this number as a fraction of the year [e.g., an increase effective April 30 is expressed as 120/365.] The total terminal acres are multiplied by the original MAG for the year, and the product is multiplied by the elapsed fraction of the year [120/365] to establish the partial amount of the MAG prior to the rate increase. The number of days remaining in the year shall also be expressed as a fraction [e.g., 245/365]; the total terminal acres are multiplied by the increased MAG, and the product is multiplied by the fraction of the remaining portion of the year to establish the partial MAG following the rate increase. The total MAG for the compensation year is the sum of the two partial amounts.

3(f) Pier 400 Intermodal Rail Facility Compensation. For use of the Pier 400 Intermodal Rail Facility, as described in Section 2(a) and shown as Parcel No. 1C on Exhibit "A," Tenant shall pay separate compensation in an amount referred to in this Permit as the "Intermodal Rail Facility compensation (or "IRF compensation")," which shall be payable in twelve (12) equal monthly installments, in advance. Tenant's obligation to pay IRF compensation shall commence upon the Occupancy Date. The amount of IRF compensation payable for each compensation year during the first 5-Year Period shall be Forty-two Thousand Dollars (\$42,000) per acre based upon 39.96 acres, which shall be prorated for any fraction of an acre and for any period of less than a full calendar year. The amount of IRF compensation shall be subject at all times to increase in accordance with any increase in the N.O.S. rate, pursuant to the provisions of subsection (c)(2) of this Section 3, and shall be readjusted for each ensuing 5-Year Period, according to the provisions of subsection (h) of this Section. Tenant shall not be charged any additional compensation for the use of the storage tracks or use of the arrival and departure tracks, within Parcel No. 3, as shown on Exhibit "A."

3(f)(1) Increase in IRF Compensation During the Year. In the event of an increase in the IRF compensation due to an increase in the N.O.S. rate [as provided in subsection (c)(2) of this Section] during any compensation year, such increase in the IRF compensation shall be calculated as illustrated in Exhibit "C." The increase in IRF compensation shall become applicable immediately upon the effective date of the increase of the N.O.S. rate. If such effective date occurs on any date other than the first day of the month, the increase shall be prorated to reflect the elapsed portion of the month prior to the effective date of the N.O.S. rate increase.

3(g) Tariff Charges Payable by Tenant. For the use of the premises, Tenant shall also pay to City Tariff charges as provided herein below.

3(g)(1) Applicable Wharfage and Dockage Charges. Non-containerized cargo, whether or not transported on container vessels, and non-container vessels of Tenant and its invitees shall be subject to wharfage and dockage charges at the rates set forth in the Tariff. During each compensation year of the term of this Permit, Tenant shall pay to City fifty percent (50%) of wharfage charges for all non-containerized cargo and fifty percent (50%) of dockage charges upon non-container vessels accruing at the premises. Such wharfage and dockage charges paid to City shall count toward the MAG, as provided above in subsection (e) of this Section 3.

3(g)(2) Other Tariff Charges Payable by Tenant. Tenant shall collect and remit to City one hundred percent (100%) of all Tariff charges accruing upon the Premises other than charges expressly referenced in this Section 3.

3(h) Readjustment of MAG, TEU Rates and Intermodal Rail Facility Compensation. Following the end of each 5-Year Period during the term of this Permit, the compensation to be paid to City by Tenant, including the MAG, the TEU rates and the IRF compensation, shall be readjusted, provided that in no event shall the MAG, the TEU rates and/or the IRF compensation in effect at the conclusion of the previous 5-Year Period, be reduced. Compensation for the ensuing 5-Year Period, and for any period of less than five (5) years remaining at the end of the term, shall be mutually agreed upon between Tenant and Board at some time not more than twelve (12) months and not less than six (6) months before the beginning of each such period and shall be established by order of Board. In the event that compensation has not been agreed upon by the beginning of the new 5-Year Period, Executive Director shall have the unilateral right, at his discretion, to increase the MAG, the TEU rates and the IRF compensation for the ensuing 5-Year Period, subject to negotiation of the final compensation for such period by the parties, to amounts up to and including one hundred twenty-five percent (125%) of the amount established for the preceding 5-Year Period. If negotiation for the new compensation has not begun nine (9) months prior to the expiration of each 5-Year Period, Tenant shall immediately schedule a date with City to discuss the readjustment of compensation.

If Tenant and Board cannot agree upon the amount of the compensation for the ensuing 5-Year Period, such compensation shall be determined in the following manner:

Three appraisers shall be appointed. One appraiser shall be appointed by Board, one by Tenant, and the third by the two appraisers so appointed. If such compensation has not been mutually agreed upon within the time above prescribed, Board shall give to Tenant a written notice demanding an appraisal of the fair rental value of the premises and naming the person appointed by Board to act as an appraiser on its behalf. Within fifteen (15) days from the service of such notice, Tenant shall appoint an appraiser and notify Board of such appointment. If either party shall not have notified the other in writing of the appointment of its appraiser, the Presiding Judge of the Superior Court of the State of California for the County of Los Angeles shall, upon the request of either party, appoint the appraiser for the party so in default. If the two appraisers so chosen shall be unable to agree upon the third appraiser within ten (10) days after appointment of the second appraiser, the third appraiser shall be appointed by the said Presiding Judge. Any vacancy shall be filled by the party who made the original appointment to the vacant place.

The appraisers shall file their opinions regarding the fair rental value of the premises in writing with Board within sixty (60) days after the appointment of the third appraiser. Such opinions shall take into consideration the uses permitted under this Permit and all of its terms, conditions and restrictions, including, but not limited to, the MAG, the throughput of TEUs per acre, the TEU rates or other comparable efficiency scale, the availability of comparable terminal facilities, and the compensation paid by comparable

terminal operating tenants of the Port of Los Angeles. Such opinions shall also take into consideration all of the factors and data relating to such value of comparable leaseholds under the laws of eminent domain of the State of California. If any appraiser fails to file an opinion within said sixty (60) days, a new appraiser shall be appointed in the manner prescribed above.

Upon the filing of the three opinions, Board shall promptly set a date for, and on said date hold, a public hearing. At such hearing, said opinions and such other evidence of the fair compensation value of the premises as may be presented by Tenant or others shall be received and considered. Based upon such evidence, Board's adopted policy on rate of return and any other relevant factors, Board shall determine the fair compensation value of the premises and shall establish the same by order as the compensation to be paid by Tenant for the 5-Year Period under consideration.

Each party shall pay the costs and expenses of the appraiser appointed by it or on its behalf, together with fifty percent (50%) of the costs and expenses of the third appraiser.

Any monies in excess of the MAG, TEU rates and IRF compensation for the preceding 5-Year Period paid by Tenant, pursuant to any increase in such amounts ordered by Executive Director under the authority of this provision, shall count against the new compensation which shall accrue from the beginning of the new 5-Year Period. If the new compensation is more than the increased amount paid by Tenant as ordered by Executive Director, Tenant shall immediately pay City the difference due. If the new compensation is less than such increased amount ordered by Executive Director and paid by Tenant, Tenant shall be entitled to a credit against future monies owed to City under this Permit. No interest shall accrue on the amount due to City or to Tenant pursuant to this provision, except to the extent Tenant fails to pay any deficiency within thirty (30) days of a billing from City. If interest is due, it shall accrue at the rate provided in Item 270 of the Tariff.

3(i) Incomplete Facilities Credit. It is recognized by and between the parties to this Permit that the City Improvements described below in Section 6 will not be fully completed and delivered to Tenant until the delivery of Phase II, established according to Section 6(a). In consideration of the phased terminal development schedule and incomplete terminal facilities available for use by Tenant during the initial five (5) years of the term of this Permit, Tenant shall, subject to the further provisions below in this subsection 3(i) and Section 7(i), be given a total credit of Fifteen Million Dollars, in the amount of Three Million Dollars (\$3,000,000) per year, against the total compensation payable by Tenant in each of the first five (5) years following the Occupancy Date. Such annual credits shall be applied to Tenant's account in equal monthly installments of Two Hundred Fifty Thousand Dollars (\$250,000), effective the first (1st) day of the month

immediately following the Occupancy Date and each month thereafter for a total of sixty (60) months.

City is to design and construct certain additional improvements identified in Section 6(e) as the "Supplemental Tenant Specific Improvements" ["Supplemental TSIs"]. City's costs for such improvements shall be deducted from the Present Value of the Incomplete Facilities Credit as of the Occupancy Date, as set forth in Section 6(e) [second paragraph] and Section 7(i)(1) and 7(i)(2) of this Permit. Any balance of the Incomplete Facilities Credit not expended by City on the Supplemental TSIs shall be credited to Tenant's account in equal monthly installments beginning on the first day of the month immediately following the Occupancy Date and each month thereafter for a total of sixty (60) months, as provided in Section 7(i)(3).

3(j) Included Office Space. Tenant shall be entitled to the occupancy and use of all office space within the premises at no additional charge.

3(k) Filing of Statements. Tenant agrees to furnish all statements, manifests, electronic data interchange, reports and other supporting documents necessary to determine the total amount of all charges accruing at the premises as provided in this Permit. Tenant shall file with the Executive Director, on forms provided by the Los Angeles Harbor Department, a statement verified by the oath of Tenant, its manager or duly authorized representative, as described in this Section which accrue at the premises for each vessel berthing at the premises. Such statement shall be filed on or before the tenth (10th) day following the departure of each vessel.

3(l) Payment Procedure. City shall invoice Tenant for charges due City as provided by this Permit and Tenant shall remit payment for such charges to City. If this Permit terminates through no fault of Tenant, Tenant shall, on or before thirty (30) days thereafter, with or without notice from City, pay all monies due City. Any compensation due and unpaid shall incur a delinquent charge as set forth in Item 270 [or its successor] of the Tariff, currently two percent (2%) per month.

3(m) Records and Accounts. All books, accounts and other records sufficient to permit Board to calculate the compensation owing and to determine compliance with the provisions of this Permit with respect to Tenant's business transacted at, upon or over the premises shall be available locally, and shall be subject to examination, audit and transcription by Executive Director or any person designated by him. If 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 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. If at any time during the term of this Permit City becomes reasonably concerned about Tenant's ability to carry out its obligations under this Permit, such as Tenant's compensation, maintenance, indemnity or restoration obligations, Tenant shall produce at City's written request its annual audited financial statements, including its balance sheet, income statement and statement of changes in financial position, statement of changes in retained earnings and the Section 10K filing statement required by U.S. security laws. The records of Tenant's parent company shall also be produced if requested by City. Records produced for City are subject to the Public Records Act (California Government Code Sections 6250 et seq., "PRA," hereinafter). If City receives a request for production of such records, City shall advise Tenant of such request. City shall produce such records in response to the requirements of the PRA unless Tenant both notifies City of any objection to production and files a court action to protect such records within the time required by the PRA.

3(n) Disputed Payments. Tenant recognizes that disputes may arise over monies due to the City in accordance with this Permit. Tenant and City shall make a good faith effort to resolve any disputes as expeditiously as possible. Tenant agrees, upon receiving a billing from City which it disputes, to deposit the disputed amount in the form of cash or certificate of deposit in City's name in an escrow account to be mutually agreed upon by the parties within sixty (60) days of the date of billing or to provide a letter of credit or other form of bank guarantee in a form acceptable to City. The deposit shall be held in the escrow account pending resolution of the dispute. Each party shall share the costs of the escrow account on a 50/50 basis. If the dispute is resolved in City's favor, City shall receive the money and all accumulated interest. If the dispute is resolved in Tenant's favor, Tenant shall receive the money and all accumulated interest. Tenant understands that its failure to provide a deposit acceptable to City within sixty (60) days shall be considered a material default of this Permit and City shall be entitled to cancel this Permit upon thirty (30) days' written notice. Failure to provide a deposit shall require Tenant to make all payments in accordance with Item 265 of the Tariff and Tenant shall be removed from the credit list authorized by Item 260 of the Tariff, as amended or superseded.

3(o) Deposits to Secure Compensation Obligations. Upon the written request of the Executive Director, at his sole discretion, Tenant shall provide a cash deposit, certificate of deposit, surety bond, letter of credit, letter of guarantee or other form of security acceptable to the Executive Director in the amount of NONE AT THIS TIME payable to the City of Los Angeles and/or in the name of the City of Los Angeles, unless the parties otherwise agree to guarantee its compensation obligations to City. Any security posted shall be in a form satisfactory to the Executive Director and the City Attorney and subject to the approval of the City Attorney. Tenant agrees to execute any and all documents necessary to create a secured interest in City if the form of the security

provided, in City's opinion, requires such security agreement. City shall have the right to draw upon the security at any time after City has provided Tenant a written notice of delinquency and Tenant has failed to cure the delinquency within thirty (30) calendar days of the date the notice is postmarked or personally delivered to Tenant. If City uses all or any part of the deposit, Tenant shall immediately make another deposit in the form above as directed by City in an amount equal to the amount so used so that at all times during the term of this Permit, said deposit shall be maintained in the sum stated above. If the Executive Director becomes aware of facts which lead him to believe that the financial condition of Tenant is such that Tenant may not be able to meet its compensation obligation or any other obligation under this Permit, the Executive Director may increase the amount of the security deposit, and where no security deposit was initially required, the Executive Director may require such a deposit. Tenant shall provide such security in satisfactory form within thirty (30) calendar days of the date City's notice is postmarked.

3(p) Tenant's Terminal Services Agreements. Copies of Tenant's terminal services agreements with its invitees may, upon request, be viewed by the Executive Director or his designee, which information is to be held in confidence by City so long as and to the extent permitted under California law.

Section 4. Uses.

4(a) Permitted Uses. Tenant shall use the premises for the docking and mooring of vessels owned, operated, or chartered by Tenant or vessels of Tenant's customers and for the assembling, distributing, loading and unloading of goods, wares and merchandise on and from such vessels over, through and upon such premises and from and upon other vessels, as well as office, administrative and maintenance activities necessary thereto and for purposes incidental and related to the operation of a container terminal. Tenant shall not use or permit the premises or any part thereof to be used for any other purpose without the prior written approval of Board, and subject to such restrictions, limitations and conditions as may be imposed by Board.

4(b) Solicitation and Service of Customers. Tenant may solicit and serve customers at the premises, provided Tenant agrees not to solicit and serve any customer which is a tenant of the City at other premises in the Port of Los Angeles or which is regularly served by tenant of the Port of Los Angeles without the prior written approval of Executive Director. If Tenant requests such approval, it shall provide City sufficient information so City may determine whether new business will be generated in the Port or simply relocated within the Port.

4(c) Increased Insurance Rates. Tenant agrees not to use the premises in any manner that will result in the cancellation of any insurance that City or other parties may have on the premises, or on adjacent premises. If Tenant's use does cause cancellation

of City's coverage, Tenant agrees to immediately cease such use upon seven (7) calendar days' written notice from City calculated from the date of postmark or date of delivery of City's letter. 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.

4(d) State Tidelands Grant. This Permit, and the premises granted hereby, 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 (adopted June 8, 1999, effective July 1, 2000) relating to such lands. Tenant agrees not to use the premises in any manner, even in its use for the purposes enumerated herein, which will be inconsistent with such limitations, conditions, restrictions and reservations.

4(e) Load Limit. Tenant shall not bring any container cranes, transtainers or similar cargo handling equipment onto the premises without first: (i) providing to Harbor Engineer a list showing the name, type, weight, and wheel loading of the equipment and the area of the terminal in which it is to be used; and (ii) receiving Harbor Engineer's written permission to use said equipment. Equipment listed on the attached schedule [if any] and other equipment having similar weight and wheel loading characteristics shall be deemed to satisfy the terms of the preceding sentence. No loading in excess of that listed in the Harbor Engineer's permit shall be allowed on any wharf apron, which is that portion of the assigned premises extending inboard from the face of the wharf to the bulkhead wall [the wall separating the land from the water]. No railroad loading shall exceed the amount specified in the Harbor Engineer's permit. No loading in the remainder of the assigned premises shall be such as to damage paving or underground utilities. If City discovers that overloading by Tenant exists, upon receipt of notice thereof from City, Tenant shall immediately correct the condition and shall be responsible for and shall indemnify the City for any damage arising therefrom.

4(f) Clearing of Wharf. If Executive Director requests use of some portion of the premises for a secondary user as provided in Section 2(c), Tenant shall, within twenty-four (24) hours of such request, at its cost [the reasonable cost of which may be charged to the secondary user by Tenant], clear the wharf for the working length of the vessel inboard to the bulkhead wall so that such area shall be available for use in connection with cargo to be loaded or discharged from other appropriately scheduled vessels when necessary to reasonably accommodate the operational needs of secondary, tertiary and other users permitted in accordance with the terms of this Permit and the Tariff.

4(g) Wilmington Truck Route. It is recognized by both parties that Tenant does not directly control the trucks serving the terminal. However, Tenant will make its best effort to notify truck drivers, truck brokers and trucking companies, that trucks serving the

terminal must confine their route to the designated Wilmington Truck Route of Alameda Street and "B" Street; Figueroa Street from "B" Street to "C" Street; and Anaheim Street east of Alameda Street. A copy of the Wilmington Truck Route is attached hereto and marked Exhibit "F," which may be modified from time to time at the sole discretion of the Executive Director with written notice to Tenant.

Section 5. Default and Termination.

5(a) Default and Right to Terminate.

5(a)(1) Upon the neglect, failure or refusal by Tenant to comply with any of the terms or conditions of this Permit, after thirty (30) days' written notice and demand by Executive Director to comply with any such term or condition, Board may, at its option, if such default is continuing, or, in the event such default cannot be cured within such 30-day period, the cure has not been initiated, declare this Permit forfeited. Thereafter, Board may recover possession of the premises as provided by law. However, if there is any default in the payment by Tenant of the compensation or other consideration required by this Permit, Executive Director may give to Tenant a ten (10) calendar day, written notice to pay all sums then due, owing and unpaid. Subject to the provisions of Section 3(n), if such payment is not made within such ten (10) calendar day period, at the election of City, stated in such notice, this Permit and Tenant's rights hereunder are forfeited and City has the rights above set forth.

5(a)(2) Upon any forfeiture of this Permit, Tenant shall immediately surrender all rights in and to the premises and all improvements. Tenant expressly agrees to indemnify City for any loss City may suffer if the Permit is terminated and Tenant fails to vacate the premises. These losses include, but are not limited to, increased costs to City's contractors, if their work is delayed by Tenant's failure to vacate the premises and City's loss of increased revenues resulting from the delay in re-renting the premises at the then current rate established by this Permit. Upon any such forfeiture of this Permit, any and all buildings, structures and improvements of any character whatsoever, erected, installed or made by Tenant or by a predecessor with whom Tenant has been affiliated or has dealt directly under, through, or because of, or pursuant to the terms of this Permit, or any prior Permit, shall immediately ipso facto either become the property of City free and clear of any claim of any kind or nature of Tenant or its successors in interest, and without compensation to Tenant or its successors, or become removable by Board at the sole expense of Tenant, at the option of Board.

5(a)(3) If this Permit is forfeited as set forth above, Board may enforce all of its rights and remedies under this Permit. The damages that City may recover

include the worth at the time of the award of the amount by which the unpaid compensation for the balance of the term of this Permit exceeds the amount of such compensation loss for the same period Tenant proves could have been reasonably avoided. The parties specifically agree the compensation to which City is entitled includes:

5(a)(3)(i) The worth at the time of the award of future guaranteed minimums payable under this Permit from the date of forfeiture to the end of the term of this Permit; and

5(a)(3)(ii) The worth at the time of the award of all compensation pursuant to the provisions of this Permit from the date of forfeiture to the end of the term of this Permit.

For purposes of this provision, the minimum annual guarantee shall be deemed to accrue at the beginning of each compensation year. Tenant specifically recognizes the right of City to collect the damages permitted by Civil Code Section 1951.2 which Tenant acknowledges it has read.

5(a)(4) Any default in Tenant's obligations to make payments to City under the terms of any berth assignment, lease, permit or other agreements, when such default involves the sum of Fifty Thousand Dollars (\$50,000) or more, shall constitute a material default on the part of Tenant with respect to this Permit. At any time Tenant has defaulted in payments due under other agreements, City may give Tenant a thirty (30) day default notice for this Permit as provided above and this Permit may be forfeited if the default in rental payments of other agreements, including, but not limited to, berth assignments, leases and permits, is not cured within this thirty (30) day period.

5(b) Forty-Five Day Nonuse. If Tenant fails or ceases to use the premises or any substantial portion thereof for the purposes and in the manner herein prescribed for a period of more than forty-five (45) consecutive days without the consent of Board, Board may declare this Permit forfeited in accordance with the provisions of subsection (a) of this Section 5. Thereupon, all the right, title and interest of Tenant hereunder shall cease and terminate. However, if cessation of or failure to use as herein prescribed is caused by reason of war, bona fide strikes not caused by Tenant or maritime industry wide strikes or riots, civil commotion, acts of public enemies, earthquake, other natural disaster or action of the elements, or unavailability of utilities to the premises, and Tenant so notifies the Board within ten (10) days from the date said period of cessation or failure to use began, such period of nonuse shall be excluded in computing the forty-five (45) day period set forth herein.

5(c) Termination by Court Decree. If a United States court, state or federal, having jurisdiction, renders a decision which has become final and which will prevent the performance by City of any of its obligations under this Permit, then either party hereto may terminate this Permit by written notice. Thereafter all rights and obligations hereunder, with the exception of any undischarged rights and obligations that accrued prior to the effective date of termination, shall terminate.

5(d) Termination by Destruction of Premises. If all of the major structures owned by or under control of Board are totally destroyed by fire not resulting from Tenant's neglect or fault, or by earthquake, other natural disaster or action of the elements, or are so nearly destroyed as to require rebuilding, then the rent shall be paid to the time of such destruction and this Permit shall thereupon terminate. Neither party hereto shall have any further rights or be under any further obligations on account of this Permit, except that City shall be entitled to receive all rent accrued to the date of destruction. For the purposes hereof, damage or injury to the extent of seventy-five percent (75%) of the replacement value of all of the major structures owned by or under the control of Board shall constitute a total destruction thereof. If during the first twenty (20) years of the term of the Permit such structures are partially destroyed by fire not resulting from Tenant's neglect or fault, earthquake, or other natural disaster or action of the elements, City with reasonable promptness and dispatch shall repair and rebuild the same, providing the same can be repaired and rebuilt within one hundred eighty (180) working days. If such partial destruction occurs after the first twenty (20) years of the Permit, then the repairs or restoration of the premises shall be at the option of City. Tenant shall pay compensation during such period of repair or rebuilding in the proportion that the portion of the premises available to Tenant for occupancy bears to the entire premises. This provision, however, shall not be construed to entitle Tenant to a refund of charges counting toward the minimum annual guarantee which have accrued if these charges, at the end of the year, exceed any prorated minimum. For the purposes hereof, damage or injury that amounts to less than seventy-five percent (75%) of the replacement value of all the major structures owned by or under the control of Board shall be considered as a partial destruction.

5(e) Bankruptcy, Credit Arrangements, Attachments, Tax Liens. The occurrence of any one of more of the following events shall constitute a material default and breach of this Permit by Tenant, provided that such occurrence must have a material negative impact on Tenant's ability to perform its obligations under this Permit.

5(e)(1) The making by Tenant of any general assignment, or general arrangement for the benefit of creditors;

5(e)(2) The filing by or against Tenant of a petition to have Tenant adjudged a bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy unless released within sixty (60) days;

5(e)(3) The appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the premises or of Tenant's interest in this Permit;

5(e)(4) Any attachment where such seizure is not discharged within thirty (30) days; or

5(e)(5) The filing of any tax lien against Tenant not discharged within thirty (30) days.

5(f) Reduction in Minimum Annual Guarantee. Tenant's obligation to pay the minimum annual guarantee, TEU and applicable Tariff charges shall not be reduced, refunded or excused when this Permit is terminated except when this Permit is terminated pursuant to the terms of subsections (c) or (d) of this Section 5 [Termination by Court Decree, Termination by Destruction of the Premises]. If a termination occurs under Section 5(c) or (d), and if the minimum annual guarantee has not been achieved by the end of the year, Tenant shall be liable for only the pro rata portion of the minimum annual guarantee for that period the premises were actually available for use by Tenant.

5(g) City as Agent to Store Property. If Tenant fails or refuses to remove its property from the premises at the expiration or termination of this Permit, and any holdover, Tenant hereby irrevocably appoints City as the agent of Tenant to enter upon the assigned premises and remove any and all persons and/or property whatsoever situated upon the assigned premises and to place all or any portion of said property [except such property as may be forfeited to City] in storage for the account of and at the expense of Tenant; provided, however, this provision shall not prevent City from taking possession and disposing of Tenant's property in anyway permitted by law, and provided, that this provision shall not obligate City to move or dispose of Tenant's property. It is agreed this provision is intended to assure City it may maintain complete control over the premises granted to Tenant and is not to be construed as creating any duties of City to third persons interested in Tenant's personal property.

5(h) Relocation Assistance. It is understood and agreed that nothing contained in this Permit shall create any right in Tenant for relocation assistance or payment from City upon the expiration or termination of this Permit or upon termination of any holdover period. Tenant acknowledges and agrees that it shall not be entitled to any relocation assistance or payment pursuant to the provisions of Title 1, Division 7, Chapter 16, of the Government Code of the State of California [Sections 7260 et seq.] or any other California code or federal code with respect to any relocation of its business or activities upon the expiration or termination of this Permit or upon the termination of any holdover period. In consideration of the level of compensation set under this Permit, Tenant expressly waives any relocation assistance which such statutes or any future statutes may allow.

Section 6. Design and Construction of Terminal Improvements.

6(a) General Description of Pier 400 Facility. The Pier 400 Facility is a 484.81-acre container terminal complex to be constructed in two (2) phases, with full rail, highway and utility access, as described more particularly in Exhibit "G," entitled "Pier 400 Facility Conceptual Design Requirements for Container Terminal" (dated August 7, 2000), together with Attachments 1 through 8 appended thereto, which is attached hereto and incorporated herein by reference. Phase I consists of a 276.13-acre container terminal, including 3,300 feet of wharf along face "A," gate complex and buildings, and a 39.96-acre intermodal yard. An additional 671 feet of wharf, comprising an additional two (2) acres, along face "A" shall be completed and delivered for Tenant's use within approximately four (4) months after the close of Phase I [Phase I-A]. An 1,800-foot turning basin shall be completed in Phase I. Phase II consists of an additional 166.72-acre container terminal area, an additional 1,289 feet of wharf along face "A" and 1,930 feet of wharf along face "B," and additional buildings. The wharf depth at pierhead lines will be -55 feet MLLW.

6(a)(1) Phase I. Phase I shall be completed and delivered to Tenant for use and occupancy pursuant to this Permit on or about April 30, 2002, or within four (4) months thereafter, as provided more specifically below in subsection (b) of this Section 6. During Phase I, City shall complete design and construction of those elements of the "City Improvements," as defined herein below in subsection (c) of this Section 6, which are set forth in section 1.2.1 and 1.2.3 of Exhibit "G." Notwithstanding the foregoing Phase I schedule, completion and delivery of the additional 671-foot wharf referenced above in subsection (a) shall be delivered within approximately four (4) months following the close of Phase I [Phase I-A] and shall not be considered in defining "substantial completion" of the City Improvements pursuant to subsection (p) of this Section 6, nor for purposes of establishing the Occupancy Date pursuant to subsection (b), below. During Phase I, Tenant and City shall complete design and construction of those elements of the "Tenant Specific Improvements," as defined herein below in subsection (d), which are itemized in Attachment 7(a) to Exhibit "G," a list entitled "Pier 400 Container Terminal - Tenant Specific Improvements (dated July 11, 2000)." Attachment 7(a) to Exhibit "G" is referred to hereinafter as Exhibit "G-7(a)."

6(a)(2) Phase II. Phase II shall be completed and delivered to Tenant for its use and occupancy on or about twenty-four (24) months after completion of Phase I, as provided more specifically below in subsection (b) of this Section 6. During Phase II, City shall complete design and construction of those elements of the City Improvements which are set forth in section 1.2.2 of Exhibit "G." During Phase II, Tenant and City shall complete design and construction of those elements of the Tenant Specific Improvements which are itemized in Attachment 7(b) to Exhibit "G;" Attachment 7(b) to Exhibit "G" is referred to hereinafter as Exhibit "G-7(b)."

6(a)(3) 20-Acre Acceleration. To accommodate Tenant's design requirements, Tenant may, within thirty (30) days of the effective date of this Permit, present a written request to Executive Director to reschedule development of an area within the premises not to exceed twenty (20) acres, which shall be specified in such request, for construction of the Tenant Specific Improvements within Phase I, rather than in Phase II, at variance with the general schedule set forth above in paragraphs 6(a)(1) and 6(a)(2). Approval of such request shall be at Executive Director's sole discretion. [Such rescheduling of the development of the parcel will not affect the final terminal size of 484.81 acres at completion of Phase II.]

6(b) Occupancy Date. The Occupancy Date shall be the earlier of either: (i) the first (1st) day of the month following the date of "substantial completion," as such term is defined below at subsection (p) of this Section 6, of all City Improvements and Supplemental Tenant Specific Improvements [as defined below in subsections 6(c) and 6(e), respectively], which are hereby required to be completed and delivered during Phase I, or (ii) two (2) weeks prior to Tenant's first vessel arrival [other than for terminal testing purposes]. In the event, however, that all Tenant Specific Improvements constructed by Tenant are not substantially completed by the Occupancy Date, the Occupancy Date shall be extended in accordance with the provisions of subsection (q)(1) of this Section 6. Phase II shall be completed and delivered to Tenant for use and occupancy on the first day of the month following substantial completion of all Phase II City Improvements and Phase II Supplemental Tenant Specific Improvements.

6(c) City Improvements. City shall design and construct the following improvements for use by Tenant: (i) transportation corridor, as described in section 1.1 of Exhibit "G;" (ii) container yard, as described in sections 1.4 through 1.4.10 of Exhibit "G;" (iii) intermodal yard, as described in sections 1.5 through 1.5.6 of Exhibit "G;" (iv) wharves, as described in sections 1.6 through 1.6.9 of Exhibit "G;" and (v) infrastructure, as described in section 1.7 of Exhibit "G" [collectively referred to herein as "City Improvements"]. All City Improvements shall conform in all respects to applicable federal, state and local statutes, ordinances, rules and regulations, and shall meet prevailing standards of quality of design and construction applicable to marine terminals. The City Improvements shall be designed and constructed substantially in accordance with the general specifications set forth in Exhibit "G." City at all times reserves to itself the sole right to select consultants and contractors, to award contracts for the design and construction of the City Improvements, the right to direct, supervise and approve all design and construction work required by this Permit, and the right to administer all contracts awarded for such purposes.

6(d) Tenant Specific Improvements. Tenant shall design and construct the gate complex and all buildings, as described in section 1.3 of Exhibit "G," collectively referred to herein as the "Tenant Specific Improvements-Buildings," or "TSI Buildings." [The Tenant

Specific Improvements are further itemized in Exhibits "G-7(a)" and "G-7(b)," referred to collectively hereinafter as Exhibit "G-7." Although reefer receptacles are a Tenant Specific Improvement as provided at part I of Exhibit "G-7," City, not Tenant, shall be solely responsible for the installation of all reefer receptacles in Phases I and II. All other elements of the Tenant Specific Improvements, which shall be designed and constructed by Tenant, are listed at part II of Exhibit "G-7," and are referred to herein as the "TSI Buildings." All Tenant Specific Improvements shall conform in all respects to applicable federal, state and local statutes, ordinances, rules and regulations, and shall meet all standards and requirements applicable to marine terminals set forth in the "Pier 400 Quality Standards for the Buildings and Gate Facilities [dated July 11, 2000]," which is attached to this Permit as Exhibit "H" and is incorporated herein by reference. Subject to the requirements set forth below in this subsection (d), and as otherwise provided in this Permit, Tenant shall have the right to select consultants and contractors, to award contracts for the design and construction of the TSI Buildings, the right to control, direct and supervise all design and construction work required for the TSI Buildings, and the right to administer all contracts awarded for such purposes.

6(d)(1) Resolution of Urgent Necessity and Ordinance No. 173223. Tenant agrees to be bound by and shall comply in all respects with Ordinance No. 173223, and affirms all recitals of fact set forth therein and in Resolution No. 5862 of the Board of Harbor Commissioners, copies of which are appended hereto as Exhibit "I" and "J," respectively, and are incorporated herein by reference.

6(d)(2) Mandatory Contract Requirements. Tenant agrees to be bound by and shall comply with all requirements mandated by the Charter of the City of Los Angeles and implementing City ordinances, rules and regulations which are applicable to contracts awarded by the City. Such requirements are set forth in Exhibit "K," entitled "City of Los Angeles Contract Requirements," which is attached hereto and incorporated herein by reference. Exhibit "K" refers to provisions of the City Charter in effect prior to July 1, 2000, the effective date of the new City Charter. Pursuant to the new Charter, implementing ordinances applicable to contracts awarded by the City are currently in process of adoption. Tenant recognizes and agrees that the obligation established by this subsection likewise extends to all contract requirements implemented by City under the new Charter after July 1, 2000. Accordingly, Exhibit "K" shall be subject to revision and supplementation by City after the effective date of this Permit.

6(e) Supplemental Tenant Specific Improvements. City shall design and construct certain additional terminal improvements, referred to herein as the "Supplemental Tenant Specific Improvements" or "Supplemental TSIs." Attachment 7(c) to Exhibit "G" [referred to hereinafter as Exhibit "G-7(c)"] itemizes each of the Supplemental TSIs for completion either in Phase I or Phase II, as indicated therein, together with a cost estimate for each item which has been mutually calculated and agreed upon between Tenant and City.

Supplemental TSIs shall be designed and constructed by City in conformance with all standards and procedures applicable to the City Improvements as set forth in this Section 6. City and Tenant agree that the total costs to be expended by City for the design and construction of the Supplemental TSIs shall not exceed Seven Million Four Hundred Thousand Dollars (\$7,400,000). City's costs for the Supplemental TSIs shall be recovered from the Present Value of the Incomplete Facilities Credit authorized by Section 3(i), as provided in Section 7(i).

The "Present Value" of the \$15 Million Incomplete Facilities Credit is the sum of \$12,846,380, as set forth in Exhibit "E-1," which is attached hereto and incorporated herein by reference. The Present Value amount is the equivalent of \$15 Million adjusted for the time value of money. It is derived by discounting the series of \$250,000 monthly credits authorized by Section 3(i) for a total of sixty (60) months, effective on the first day of the month following the Occupancy Date, at a discount factor of 6.5% per annum. This discount factor represents the Port of Los Angeles' current estimated cost of capital.

6(f) City Approval of Contracts Awarded by Tenant. Pursuant to the requirements of the City Charter, all contracts awarded by Tenant pursuant to this Permit shall be submitted in advance to City for review and approval as to form by the City Attorney. The City Attorney shall determine whether such contracts comply with the provisions of this Permit, including, but not limited to, the requirements set forth in subsections (d)(1) and (d)(2) of this Section 6. Upon such determination, the City Attorney shall promptly, within ten (10) calendar days, give written approval to such contracts. Such approval by the City Attorney shall not constitute any determination, representation, finding or opinion as to the conformity of such contracts with applicable federal, state, and local statutes, ordinances, rules and regulations, which shall at all times remain the responsibility of Tenant. Pursuant to the provisions of Ordinance No. 173223, such contracts shall then, prior to award, be submitted to the Board of Harbor Commissioners for its approval, subject to such findings and determinations by the Board as are required thereunder. No contract shall be binding upon the City unless approved in advance by the City Attorney and the Board of Harbor Commissioners as provided herein.

6(g) Indemnification of City and Tenant for Design Defects. In accordance with the provisions of California Civil Code § 2782.5, City and Tenant agree that each of them, as the awarding party, shall require as a condition of every contract awarded for the design of the City Improvements and the Tenant Specific Improvements, respectively, that the design consultant or contractor shall indemnify, defend and hold harmless both the awarding party and the other party, as the express third party beneficiary to the contract, from any and all liability, claims, demands, costs, damages, actions, proceedings, judgments, and losses of any kind and nature whatsoever arising from any "design defect," as such term is defined in Civil Code § 2784, provided, however, that the obligation of such consultant or contractor to indemnify City and Tenant as set forth above shall not extend

to liability arising from the active negligence, sole negligence or willful misconduct of City and/or Tenant.

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

6(i) Insurance Requirements. In contracts awarded for the design and construction of the City Improvements and the Tenant Improvements, City and Tenant shall require their respective consultants and contractors to obtain and maintain the insurance coverages specified in the attached Exhibit "L," which is incorporated herein by reference. City and Tenant shall require such consultants and contractors to provide proof of such insurance within thirty (30) days of award of their respective contracts, for approval of the City Attorney within ten (10) calendar days after submittal. Approval of such insurance shall be a condition precedent to the rights of consultants and contractors to receive payment for work performed. No notice to proceed shall be given and no request for payment will be processed until proof of the required insurance has been received and approved.

6(j) Design of City Improvements. City shall commence design of the City Improvements within thirty (30) calendar days of the effective date of this Permit and shall proceed diligently to completion of design within one hundred eighty (180) calendar days thereafter. City reserves to itself the right of final approval of the designs for all City Improvements; however, City agrees to cooperate and consult with Tenant at all times during the design of the City Improvements. City shall promptly provide to Tenant a complete copy of all design work for each element of the City Improvements submitted to City at each stage of partial and final design as required of City's design consultants. Tenant shall have a period not to exceed fourteen (14) calendar days to review such design work and to provide verbal and written comments thereon to City. Tenant may request reasonable changes, alterations, modifications, additions, and deletions [collectively referred to as "changes"] in the designs for the City Improvements, provided that both parties shall exercise their best efforts to resolve any disagreement as to the necessity and/or desirability of such proposed changes. City agrees to consider Tenant's

comments, suggestions and proposed changes in good faith. If the parties are unable in good faith to resolve any differences with respect to any changes to the City Improvements proposed by Tenant, the decision of City shall be final. For purposes of this provision, City's approval or denial of any Tenant-requested change shall be given by the Executive Director.

6(j)(1) Tenant's Approval of City's Conceptual Designs. Upon completion of the conceptual design for each element of the City Improvements, City shall submit such design to Tenant for review and comment, as provided above. If the conceptual design is acceptable to Tenant, Tenant shall give its written, dated approval within fourteen (14) calendar days after submittal by City. If Tenant shall fail or refuse to give its approval and fail or refuse to provide City with specific reasons for withholding approval of conceptual designs within the said fourteen (14) calendar day period, City shall have the right, in its sole discretion, to proceed toward final designs without approval by Tenant.

6(j)(2) Final Approval of City Designs. Upon completion of each stage of partial and final design and construction documents for all City Improvements, City shall submit to Tenant a complete set of all drawings, plans and specifications. Tenant shall have a period not to exceed fourteen (14) calendar days for final review, comment and written approval thereof. Tenant's approval shall not constitute any warranty or representation as to the completeness, accuracy, quality or conformity of such plans to applicable code requirements, which shall at all times remain the responsibility of City. If Tenant shall fail or refuse to give timely approval of such final designs and construction documents, City shall have the right to proceed with issuance of notice inviting bids for the construction of the City Improvements without such approval.

6(k) Construction of City Improvements. City shall issue notice advertising plans and specifications for the award of contract(s) for the construction of all City Improvements by competitive bidding in accordance with the requirements of the City Charter, reserving to itself all rights set forth therein. Tenant is informed by City and recognizes that the Charter contains certain express requirements which must be met by bidders to qualify for an award of contract by City, and that City at all times reserves to itself the right to reject any and all bids. City reserves total control over the award of contracts for the construction of the City Improvements and the supervision of contractors' work. During construction of the City Improvements, Tenant shall give no orders to any contractors constructing City Improvements, and agrees to coordinate and cooperate fully with City's contractors in the performance of the work. City shall use its best efforts to ensure that the work performed by City's contractors shall not unreasonably interfere with any concurrent work performed by contractors engaged in the construction of the Tenant Specific Improvements.

6(l) Design of Tenant Specific Improvements-Buildings. In order to expeditiously complete construction of the TSI Buildings, Tenant represents that it expects to award contracts pursuant to either a design-build or a design-bid-build project delivery system pursuant to evaluations of competitive sealed bid proposals permitting negotiation of the terms of the proposed contracts, in accordance with the provisions of Ordinance No. 173223, Exhibit "I." Tenant agrees that, subject to Tenant's rights to select consultants and contractors and to award contracts for the design and construction of the TSI Buildings as provided above in subsection (d), Executive Director or his designee shall be entitled to participate in all stages of evaluation of proposals and bids submitted to Tenant. Tenant shall provide to City copies of all statements of qualification, and all documents submitted in connection with such proposals and bids. City shall have the right to attend and participate in all meetings and discussions concerning the selection of consultants and contractors by Tenant and the award of contracts for the design and construction of the TSI Buildings, provided that the right to select such consultants and contractors shall remain with Tenant, subject to approval of Board.

Tenant shall commence design of the TSI Buildings within thirty (30) calendar days of the effective date of this Permit and shall proceed diligently to completion of design and construction by the Occupancy Date, defined above at subsection (b) of this Section 6. Tenant agrees to cooperate and consult with City at all times during the design of the TSI Buildings. Tenant shall promptly provide to City a complete copy of all design work for each element of the TSI Buildings submitted to Tenant at each stage of partial and final design as required of Tenant's design consultants. City shall have a period not to exceed fourteen (14) calendar days to review such design work and to provide verbal and written comments thereon to Tenant. City may request reasonable changes in the designs for the TSI Buildings, provided that both parties shall exercise their best efforts to resolve any disagreement as to the necessity and/or desirability of such proposed changes. Tenant agrees to consider City's comments, suggestions and proposed changes in good faith. If the parties are unable in good faith to resolve any differences with respect to changes to the TSI Buildings proposed by City, the decision of Tenant shall be final except when, in City's sole discretion, the proposed change is necessary to achieve compliance with the requirements of City's Quality Standards, Exhibit "H." For purposes of this provision, Tenant's approval or denial of any City-requested change shall be given by the Vice President of Maersk Pacific, Ltd.

6(l)(1) City's Approval of Tenant's Conceptual Designs. Upon completion of the conceptual design for each element of the TSI Buildings, Tenant shall submit such design to City for review and comment, as provided above. If such conceptual design is acceptable to City, City shall give its approval in writing and dated within fourteen (14) calendar days following submittal. City agrees that its approvals of such conceptual designs shall not unreasonably be withheld or delayed.

6(l)(2) Final Approval of Tenant Designs. Following City's approval of Tenant's conceptual designs, Tenant shall continue to provide to City copies of all further design and construction documents, and copies of all schedules and plans for the sequence of the work. City shall have the right to comment and propose reasonable changes and modifications, as provided above in this subsection. As final design and construction documents are completed for each element of the TSI Buildings, Tenant shall submit to City a complete set of all drawings, plans and specifications. City shall have a period not to exceed fourteen (14) calendar days for final review, comment and written approval thereof, which shall be given if such final design documents comply with the requirements of City's Quality Standards, Exhibit "H." City's approval shall not constitute any warranty or representation as to the completeness, accuracy, or conformity of such plans to applicable code requirements, which shall at all times remain the responsibility of Tenant.

6(m) Construction of Tenant Specific Improvements-Buildings. Subject to the requirements set forth in subsections (d), (f) and (l) of this Section 6, Tenant shall have control over the award of contracts for the construction of the TSI Buildings and the supervision of contractors' work. During construction of the TSI Buildings, City shall give no orders to any contractors constructing the same, and agrees to coordinate and cooperate fully with Tenant's contractors in the performance of the work. Tenant shall use its best efforts to ensure that the work performed by Tenant's contractors shall not unreasonably interfere with any concurrent work performed by contractors engaged in the construction of the City Improvements. Prior to any material alteration or change in any installation or construction made by Tenant, Tenant shall submit the plans and specifications therefor to the Harbor Engineer for approval, and the work shall conform to the plans and specifications as submitted. The approval of Harbor Engineer, given as provided in this subsection within not more than five (5) business days, shall not constitute a representation or warranty as to such conformity. Throughout the course of construction, Tenant shall continue to provide City copies of all design revisions, modifications to the specifications and other construction documents, shop drawings, and submittals promptly upon receipt by Tenant. Tenant shall not allow or permit to be enforced against the premises or any TSI Building thereon any mechanics', materialmen's, suppliers', contractors' or subcontractors' liens for labor or material arising from construction of the TSI Buildings and shall hold City harmless with respect thereto pursuant to the provisions of Section 10 of this Permit.

6(m)(1) Change Orders. Tenant shall promptly notify City of any and all events and conditions arising during construction of the TSI Buildings which Tenant and/or Tenant's contractors believe may justify a change order affecting the costs of construction or the time for completion of any element of the TSI Buildings. Copies of any and all contractor requests for change orders shall promptly be provided to City, and shall include detailed information as to the reason for the

request, including the circumstances underlying the proposed change, the specific provision of the subject contract which would authorize such change, all supporting data and documents supporting the request for the change, detailed estimates and supporting data and documentation supporting the estimated costs or time impacts, and all known and anticipated impacts, direct and indirect, which may be incurred as a result of the event or condition giving rise to the proposed change. No work outside the scope of the subject contracts awarded by Tenant shall in any event be performed or authorized by Tenant except by written change order issued pursuant to the terms of such contracts. Tenant expressly recognizes that the issuance of any change order shall not in any event increase the maximum overall costs of the TSI Buildings reimbursable to Tenant under the provisions of Section 7(a) and (d) of this Permit.

6(m)(2) Tenant-Contractor Disputes. Tenant shall promptly notify City in writing of the facts and circumstances involved in any unresolved dispute which may arise between Tenant and any of its consultants and/or contractors with respect to the performance of the work required for construction of the TSI Buildings under contracts awarded by Tenant. Any dispute between Tenant and its consultants and/or contractors shall at all times remain the sole liability and responsibility of Tenant. Tenant expressly agrees that City shall be entitled to defense and indemnification against any claims, actions, liabilities and responsibilities arising from any disputes between Tenant and its consultants and/or contractors, pursuant to the provisions of Section 10 of this Permit.

6(n) Construction Schedules. City and Tenant shall at all times during the construction of the City Improvements and the Tenant Specific Improvements provide to each other all preliminary and revised construction schedules promptly upon submittal to each party by its respective contractors.

6(o) Construction Coordination, Inspection and Progress Meetings. City and Tenant mutually agree that each shall have the right to review all construction schedules, to attend all construction progress meetings, to be informed of coordination concerns, and to participate in all construction decisions which may impact final quality and timely completion of all terminal improvements. City shall be entitled to assign one or more on-site construction inspectors to perform inspection and monitor quality and progress of construction of all TSI Buildings.

6(p) Substantial Completion Defined. The term "substantial completion" as used in this Permit shall mean that stage of nearly complete construction of all the City Improvements [and the installation of the number of reefer receptacles as determined by Tenant] and all Supplemental TSIs constructed by City, or all the Tenant Specific Improvements-Buildings, as described in this Section 6 and Exhibit "G," in accordance with the plans and specifications, which permits occupancy and use of such improvements for

intended purposes by Tenant without material interference with Tenant's operations by reason of, and without substantial economic penalty due to, unfinished work or construction [minor deficiency items commonly referred to as "punch list" items need not be completed so long as completion does not materially interfere with Tenant's use of the premises]. With respect to each element of the TSI Buildings requiring a certificate of occupancy, "substantial completion" shall be established upon issuance of such certificate. The Harbor Engineer shall issue written notice to Tenant upon substantial completion of the City Improvements and the Supplemental TSIs. Tenant shall issue written notice to City upon substantial completion of the TSI Buildings.

6(q) Extension of Occupancy Date. The Occupancy Date, as defined above in subsection (b) of this Section 6, shall be extended to the extent that delay in substantial completion of the City Improvements and the Supplemental TSIs, which are required to be completed and delivered in Phase I, results from any of the following causes which impacts the critical path of design or construction: (i) unforeseen circumstances arising during design or during construction, which are beyond City's control and are not caused by the fault of City, including failure to receive a responsive and acceptable bid for the award of any contract for design or construction services, which could not be avoided or mitigated by the exercise of all reasonable precautions, efforts and measures by City; (ii) any rebidding required by City Charter; (iii) events of force majeure, including civil commotion, war or warlike operations, strikes or other labor disputes, acts of public enemies, fire, explosion, earthquake or other natural disaster or action of the elements, or acts of God; (iv) prevention or interference with construction caused by failure of timely issuance of necessary governmental permits, including federal, state, county, city, and regional permits, for reasons other than fault of City; (v) prevention, interference or impairment resulting from any valid order, decision, decree or enactment issued by any governmental authority, federal, state, county, city, or regional, and including any federal or state court, of competent jurisdiction; and (vi) any failure by Tenant timely to provide design criteria and requirements or other information necessary to the completion of final design or construction by City as requested in writing by Harbor Engineer.

6(q)(1) In the event that all TSI Buildings are not substantially completed by Tenant as of the Occupancy Date, the Occupancy Date shall not be deemed to have occurred until the earlier of (i) substantial completion of the TSI Buildings required to be completed and delivered in Phase I by Tenant, or (ii) April 30, 2002, or within four (4) months thereafter. The time required under this paragraph for substantial completion of the Phase I TSI Buildings shall be extended to the extent that delay in substantial completion thereof results from any of the following causes which impacts the critical path of design or construction: (i) unforeseen circumstances arising during design or during construction, which are beyond Tenant's control and are not caused by the fault of Tenant, including failure to receive a responsive and acceptable bid for the award of any contract for design or construction services, which could not be avoided or mitigated by the exercise

of all reasonable precautions, efforts and measures by Tenant; (ii) any rebidding required by City Charter; (iii) events of force majeure, including civil commotion, war or warlike operations, strikes or other labor disputes, acts of public enemies, fire, explosion, earthquake or other natural disaster or action of the elements, or acts of God; (iv) prevention or interference with construction caused by failure of timely issuance of necessary governmental permits, including federal, state, county, city, and regional permits, for reason other than fault of Tenant; (v) prevention, interference or impairment resulting from any valid order, decision, decree or enactment issued by any governmental authority, federal, state, county, city or regional, and including any federal or state court, of competent jurisdiction; and (vi) any failure by City timely to provide timely review and approval of drawings and contract documents.

6(q)(2) City and Tenant shall at all times use their best efforts to avoid and cure any delay. Upon the occurrence of any of the events listed herein which will result in delay of substantial completion of the Phase I City Improvements, Supplemental TSIs or the TSI Buildings, the parties shall mutually determine the amount of time by which the terminal Occupancy Date shall be extended, and, if agreement is reached, the period of extension shall be documented in writing with copies to both parties.

6(r) Permits. Tenant shall obtain all permits necessary for construction of the TSI Buildings undertaken by Tenant and shall require by contract that its construction contractors and subcontractors comply with all applicable federal, state, regional, and local statutes, ordinances, rules and regulations. Tenant's costs for such permits shall be reimbursable by City pursuant to the provisions of Section 7 of this Permit.

6(s) Notices. Tenant shall give written notice to Harbor Engineer, in advance, of the date it will commence any construction. Immediately upon the completion of performance of contract(s) for the construction, Tenant shall notify Harbor Engineer of the date of completion and shall, within one hundred eighty (180) days thereafter, file with Harbor Engineer, in a form acceptable to Harbor Engineer, four (4) complete sets of "as built" plans for each element of the TSI Buildings constructed by Tenant and a statement, verified by the oath of Tenant's duly authorized representative setting forth the cost of all labor and materials used.

6(t) Responsibility for Loss During Construction of Tenant Specific Improvements-Buildings. During the progress of construction of the TSI Buildings and until final acceptance by Board as provided below in subsection (w), Tenant shall be responsible for the care and protection of such improvements and shall take every necessary precaution against damage or injury to any part thereof by the action of the elements or from any other cause whatsoever arising from the performance or non-performance of the work. Tenant shall be responsible, at its expense, without cost to or reimbursement by City, for

rebuilding, repairing, restoration and making good all injuries or damages to any portion of the work, from any and all causes, before its completion and final acceptance by City, and shall deliver the TSI Buildings complete in accordance with the plans and specifications.

6(u) Inspection of Premises. As each of the City Improvements, the Supplemental TSIs and the Tenant Specific Improvements [including the installation of all required reefer receptacles by City] is substantially completed, City and Tenant shall jointly conduct an inspection of such improvements. City and Tenant shall promptly notify the other party in writing of any construction defects observed and shall continue to notify each other of any construction defects discovered thereafter for a period of one (1) year. For a period of one (1) year, City and Tenant shall timely correct or cause its contractors to correct any defects in the respective improvements with respect to workmanship or materials in the engineering, design and construction of the improvements. All warranties for materials and work shall be assigned to and for the benefit of City.

6(v) Acceptance of the City Improvements by Tenant. After construction of each of the City Improvements and the Supplemental TSIs is substantially complete and all required reefer receptacles are installed, and Tenant has had sufficient opportunity to inspect such improvements, Tenant agrees to accept delivery of the City Improvements, Supplemental TSIs and reefers for its use and occupancy pursuant to the provisions of this Permit, provided that construction substantially conforms with final design and construction documents previously approved by Tenant. Acceptance by Tenant shall not be deemed to waive any right of Tenant or City against any designer or contractor for failure to comply with the requirements of their contracts, for negligence or for latent defects in construction.

6(w) Acceptance of the Tenant Specific Improvements-Buildings by City. After the construction of each of the TSI Buildings has been completed and City has had sufficient time to inspect the same, Tenant shall provide to City the sworn affidavit of completion of Tenant's contractor, to the effect that "to the best of contractor's knowledge and belief, the work specified in the construction documents and in the contract has been completed in strict accordance with the drawings and specifications therefor; that no lawful debts for labor or materials are outstanding, and that no federal excise tax has been included in the contract price; that all requests for funds for undisputed work under the contract, including changes in the work, under all billings of whatsoever nature are accurate, complete and final and that no additional compensation over and above the final payment will be requested or is due under the contract or under any adjustment thereto for undisputed work; and that upon receipt of final payment, the contractor and subcontractors acknowledge that Tenant and the City of Los Angeles, its Board of Harbor Commissioners and City's officers, employees and agents will thereby be released from any and all claims or liability for additional sums on account of undisputed work performed under the contract." Disputed contract claims in stated amounts may be excluded by the contractor from operation of the release. Upon receipt of Tenant's contractor's affidavit of completion,

the Harbor Engineer will determine the satisfactory completion of the work and prepare the final itemization of expended costs, including all changes in the work, for acceptance by the Board of Harbor Commissioners.

6(x) Ownership. All City Improvements, reefer receptacles, Tenant Specific Improvements and Supplemental TSIs upon the premises shall be and remain the property of City. Tenant Specific Improvements constructed by Tenant [i.e., the TSI Buildings] shall be the property of City from and after acceptance of the same by Board. Trade fixtures placed upon the premises by Tenant shall be and remain the property of Tenant and shall be removed from the premises by Tenant at its sole cost after termination of this Permit.

6(y) Alteration of City Improvements by Tenant. Following completion of Phases I and II of terminal development, Tenant shall not install, construct or alter any works, structures or other improvements upon the premises, including a change in the grade thereof, without first submitting to Harbor Engineer a complete set of drawings, plans, and specifications and obtaining his/her approval. Harbor Engineer shall have the right to order changes in said drawings, plans and specifications and Tenant shall make such changes at its expense.

Section 7. Costs of Terminal Improvements.

7(a) Costs of City Improvements and Tenant Specific Improvements Paid by City. City shall pay all costs for the design and construction of the City Improvements and for the reefer receptacles, and shall reimburse Tenant for costs for the design and construction of the Tenant Specific Improvements constructed by Tenant [i.e., the TSI Buildings] as provided in this Section, provided that the total amount payable by City for the Tenant Specific improvements, including the reefer receptacles, shall not exceed a maximum of Eighty-seven Million Dollars (\$87,000,000), as detailed more specifically in Exhibits "G-7(a)" and "G-7(b)."

7(b) Costs of Supplemental Tenant Specific Improvements. City shall pay all costs for the design and construction of the Supplemental Tenant Specific Improvements, provided that the maximum amount payable by City shall not exceed Seven Million Four Hundred Thousand Dollars (\$7,400,000). City and Tenant have mutually calculated and agreed upon the cost for each item of the Supplemental TSIs, as set forth in Exhibit "G-7(c)." The parties specifically recognize that the actual cost to City for construction of each item may vary from the costs established in Exhibit "G-7(c)." It is agreed between City and Tenant that, regardless of whether the actual cost to City for each item of the Supplemental TSIs shall be either more or less than the established costs, the amount to be recovered by City for each item shall be the amount set forth in Exhibit "G-7(c)." City shall recover costs expended on the Supplemental TSIs as provided below in subsection (i) of this Section 7.

7(c) Costs Defined. "Costs" for the design and construction of the terminal improvements shall include the total amounts City or Tenant shall be required to pay its own forces, all consultants and contractors [including subconsultants, subcontractors and suppliers] to design, plan, permit, prepare the land and construct the City Improvements, reefer receptacles, TSI Buildings, Supplemental TSIs and any change in such improvements, including, but not limited to, bidding costs, permits and other fees, taxes, duties, equipment, materials, labor, insurance and bond premiums, change order costs and adjustments, inspection and construction management, as determined at the time the Board accepts such construction as complete.

7(d) City's Costs for Tenant Specific Improvements. City and Tenant have mutually determined and agreed upon the projected total cost of each element of the Tenant Specific Improvements, as set forth in Exhibit "G-7." City shall provide, install and pay for reefer receptacles as described in Exhibit "G-7" in a quantity not to exceed 1,800 [up to 1,400 in Phase I and additional 400 in Phase II] as determined by Tenant. All other elements of the Tenant Specific Improvements listed at part II of Exhibit "G-7," i.e., the "TSI Buildings," shall be designed and constructed by Tenant in accordance with the provisions of Section 6 of this Permit. For each element of the listed TSI Buildings, City shall reimburse to Tenant its actual total costs incurred and paid [as evidenced by supporting records and invoices and approved by City in accordance with subsection (h) of this Section 7] in an amount not to exceed the amount corresponding to each element of the TSI Buildings as listed, provided that each element as built shall conform to the applicable size or unit quantity set forth in Exhibit "G-7." The amount payable by City for each element of the TSI Buildings shall be reduced in direct proportion to any reduction in size or unit quantity, provided that the amount of such reduction may, with Executive Director's prior written approval in accordance with the provisions of subsection (e) of this Section 7, be reallocated to the maximum cost allowable for any other element of the Tenant Specific Improvements, or to any element of the Supplemental TSIs or to any element of the City Improvements, or to any other improvement(s) constructed upon the premises prior to completion of Phase II of terminal development [including, without limitation, additional scales, communications systems cables, reefer racks, radio frequency network and telephone switches]. Costs allowable for any element of the TSI Buildings deleted by Tenant may also, with Executive Director's written approval as set forth in subsection (e), be reallocated to the maximum cost allowable for any other element of the TSI Buildings listed in Exhibit "G-7," or to any element of the City Improvements, or to any element of the Supplemental TSIs, or to any other improvement(s) constructed upon the premises prior to completion of Phase II.

7(e) Reallocation of TSI Buildings and TSI Reefer Receptacles Costs. The projected total cost of each element of the TSI Buildings, and the total amount of the costs to City for all TSI Buildings, is based upon Tenant's representation and City's expectation that each element shall be constructed in conformance with the quality standards set forth in Exhibit "H" and the conceptual design requirements set forth in Exhibit "G," in the sizes

and quantities set forth in Exhibits "G" and "G-7." In the development of Tenant's final designs for the TSI Buildings, City recognizes and agrees that Tenant may determine to modify certain proportions and designs of the various elements without compromise to the quality standards required by this Permit. Any cost reduction resulting from the downsizing of the overall square footage of any TSI Building, or from a decrease in the planned quantity of any element of the TSI Buildings, or from a design modification resulting in a cost decrease which does not undermine the quality standards required by Exhibit "H," or from the deletion of any element of the TSI Buildings, may be reallocated to the cost of any other element of the TSI Buildings, or to any element of the City Improvements, or to any element of the Supplemental TSIs, or to any other improvement constructed on the premises prior to completion of Phase II, with Executive Director's prior written approval, which shall not unreasonably be withheld. Such reallocations of cost decreases for the TSI Buildings to any other element of the TSI Buildings, or to any element of the City Improvements, or to any element of the Supplemental TSIs, or to any other improvement constructed on the premises prior to completion of Phase II, as permitted under this subsection (e), are referred to hereinafter as "Permitted Cost Reallocations." Exhibit "M," entitled "Maersk Construction Credit and Reallocation of TSI Costs," which is attached hereto and incorporated herein by reference, illustrates the provisions of this subsection 7(e).

To obtain Executive Director's approval, Tenant shall provide to Harbor Engineer the revised designs for each element to be modified, together with a sufficient explanation of Tenant's reasons for the proposed modifications and detailed cost estimates and comparisons. Tenant agrees to provide all additional information reasonably requested by Harbor Engineer to evaluate the effect of the proposed modification on the overall quality of the project and efficiency of the terminal design. Unless Executive Director shall determine that the proposed reduction or deletion of the element shall have a negative impact on terminal operations or on the quality criteria set forth in Exhibit "H," Tenant shall be allowed to apply the cost reduction to increase the maximum reimbursable cost of any Permitted Cost Reallocation. Except as provided in this subsection, any reduction in costs for the TSI Buildings from the maximum allowable costs set forth in Exhibit "G-7" which are not expended by Tenant on a Permitted Cost Reallocation shall be retained by City.

Tenant shall also be allowed to reallocate to the cost of any Permitted Cost Reallocation: (i) the total unit costs for any reefer receptacles deleted from the quantities set forth in Exhibit "G-7;" and (ii) the amount of any cost reduction in City's unit price, as set forth in Exhibit "G-7;" for reefer receptacles provided by City. Any cost savings resulting from Tenant's request to reduce the number of reefer receptacles provided by City, and any cost reduction for reefer receptacles installed by City, which are not reallocated and expended by Tenant as provided in this subsection (e), shall be retained by City.

As additional upgrades in the construction of the City Improvements, City agrees to (i) pave the areas between all rail car storage tracks within the intermodal yard,

described at section 1.5.1 of Exhibit "G," with a continuous paved access roadway between the paved working yard and storage yard, and (ii) modify the railroad bridge across the gap to accommodate the additional asphalt concrete and ballast mass, provided, that Tenant shall first apply any reallocable cost reductions in City's unit price for installed reefer receptacles to the costs for such paving and bridge modification, up to fifty percent (50%) of such costs, before reefer receptacle cost reductions may be applied to any other Permitted Cost Reallocation.

7(f) Credit for Cost Savings. Following completion of construction of all Tenant Specific Improvements and acceptance of completion of such construction in accordance with the terms of all contracts awarded by Tenant, and following acceptance by the Board of the construction of all Tenant Specific Improvements as complete, City shall verify the final total costs for (i) construction of the Tenant Specific Improvements constructed by Tenant [i.e., the TSI Buildings] and (ii) costs reallocated and expended upon all Permitted Cost Reallocations. If such total costs are less than the sum of \$69,860,000 (the "Total Reimbursable TSI Costs"), Tenant shall be given a credit in the amount of the cost savings to City, as illustrated in Exhibit "M." Such credit shall be applied to amounts payable to City pursuant to the provisions of Section 3 of this Permit, in equal installments over any 5-Year Period as directed by Tenant, or may, at Tenant's option, be applied to the costs of the Supplemental TSIs recoverable from Tenant under subsection (i) of this Section 7, or be reserved for application to Tenant's share of the cost of any additional improvement constructed on the premises after completion of Phase II, in accordance with subsection (j) of this Section 7, below.

7(g) Excess Costs for Tenant Specific Improvements-Buildings. Any and all costs incurred by Tenant for the design and construction of the TSI Buildings in excess of the Total Reimbursable TSI Costs, determined according to subsection (f) of this Section 7, shall be the sole responsibility of Tenant.

7(h) Reimbursement Procedure for Costs of Tenant Specific Improvements-Buildings. Tenant shall be reimbursed for costs expended in the design and construction of the TSI Buildings on a monthly basis. Tenant shall submit to City an itemized, signed, statement setting forth the total amount due and specifying the following information: (i) the name of each consultant or contractor providing the services and work for which payment has been made; (ii) identification of the contract pursuant to which the services and work were performed; (iii) the element of the TSI Buildings for which the cost was incurred; (iv) an estimate of the percentage of completion of the TSI Buildings element for which the cost was incurred; (v) the amount paid to the consultant or contractor for which reimbursement is requested; and (vi) the cumulative amount paid to such consultant or contractor to date. Copies of all invoices and statements submitted to Tenant by each consultant and contractor for which reimbursement is requested each month shall be submitted together with Tenant's statement. Tenant's statement shall include Tenant's

Business Tax Registration Certificate Number (BTRC) and Tenant's Taxpayer Identification Number (TIN), and shall also include the following certification:

"I certify under penalty of perjury to the best of my knowledge that the above statement and request for reimbursement is true and correct and according to the terms of Permit No. 827, that payment has been made for the services provided and that payment or reimbursement by the City of Los Angeles has not been received."

Tenant shall require that each of its consultants and contractors shall similarly include upon every invoice or statement submitted to Tenant for payment the consultant's or contractor's BTRC and TIN, and shall include the following signed certification:

"I certify under penalty of perjury to the best of my knowledge that this invoice is true and correct according to the terms of Contract No. ____ and that payment has not been received. I further certify under penalty of perjury that I have complied with the provisions of the City's Living Wage Ordinance [if so required by the terms of the said contract]."

City shall pay reimbursable amounts to Tenant within fifteen (15) business days of receipt of the above required information.

7(i) Recovery of City's Costs for Supplemental Tenant Specific Improvements.
City shall recover its costs for the Supplemental TSIs as follows:

7(i)(1) Tenant may apply any reallocable cost reductions available under subsection (e) of this Section 7, which have not been applied to any other Permitted Cost Reallocation, and any credit for cost savings available under Section 7(f), which have not been applied to the costs of any other terminal improvements, to the total costs established in Exhibit "G-7(c)" for the Supplemental TSIs constructed by City; the costs recoverable by City shall be reduced by the amounts reallocated or applied by Tenant.

7(i)(2) An amount equal to the total costs for the Supplemental TSIs constructed by City as itemized on Exhibit "G-7(c)," less any amounts applied under paragraph 7(i)(1), shall be deducted from the Present Value, as of the Occupancy Date, of the Incomplete Facilities Credit authorized by Section 3(i) of this Permit.

7(i)(3) After deducting the amount of City's total costs for the Supplemental TSIs, the balance of the Present Value, as of the Occupancy Date, of the Incomplete Facilities Credit shall be applied to Tenant's account in sixty (60) equal monthly installments, adjusted according to the "Present Value Formula," illustrated in Exhibit "E-1."

7(j) Costs of Improvements After Completion of Phase II. If Tenant's cargo volume demonstrates the need for additional improvements to the terminal after completion of construction of all City Improvements and Tenant Specific Improvements through delivery of Phase II, City and Tenant shall share the costs of any such additional improvements on an equal basis, upon terms and conditions to be agreed upon in writing, subject to City's prior determination that such additional improvements as proposed by Tenant are necessary for the promotion and accommodation of additional cargo throughput. This cost-sharing provision shall not apply to the construction of any element of the Tenant Specific Improvements listed on Exhibit "G-7."

Section 8. Delivery and Installation of Cranes.

8(a) Tenant-Provided Cranes. Not later than the Occupancy Date as defined above in Section 6(b), Tenant shall have purchased and installed on the premises not fewer than ten (10) one hundred (100) feet gauge post-Panamax container cranes, and shall maintain such cranes in use on the premises in good operational condition at all times during the term of this Permit. Tenant shall obtain a Harbor Engineer's permit for and prior to the onloading of all container cranes, transtainers and similar equipment onto and across the wharves.

8(b) Purchase and Sale Options re Tenant-Owned Container Cranes. Tenant shall have the option of whether or not to offer to sell to City any number of the container cranes owned by Tenant on the premises, but City shall have no obligation to purchase such container crane(s) from Tenant. Tenant shall notify City whether or not it wishes to sell such crane(s) to City by written notice delivered to and received by City not later than thirty (30) months prior to the expiration of the term of this Permit [including any extension thereof under Section 1(c)]. If Tenant wishes to sell such crane(s) to City, Tenant shall specify in its written notice which crane(s) are available for purchase by City. City's option shall be exercisable by delivering to Tenant written notice specifying which container crane(s) offered by Tenant City intends to purchase; such notice shall be delivered to Tenant by City not later than six (6) months after notice is given by Tenant.

If the option to purchase any Tenant owned cranes is exercised by City, the selling price of such crane(s) shall be at fair market value. Fair market value shall be determined prospectively as of the time the term hereof is scheduled to expire. City and Tenant shall attempt in good faith to agree upon the fair market value of each crane to be purchased by City. Failing to reach such agreement, the parties shall promptly jointly appoint a qualified independent appraiser to determine the fair market value of such crane(s). If the parties are unable to agree upon such joint appointment, each shall designate an independent appraiser, and their respective appraisers together shall appoint a third. The failure of either party to appoint an independent appraiser within thirty (30) days of the appointment of an appraiser by the other party shall be deemed a joint

appointment of the appraiser appointed by the other. The appraisal provided by a jointly appointed appraiser, or of two (2) or more of a panel of three (3) appraisers shall be binding and conclusive; provided, that if a majority of a panel do not agree, the appraisal which is neither highest nor lowest shall be binding and conclusive. Appraisers shall be jointly instructed to render their appraisals not later than thirty (30) days prior to the expiration of this Permit. Title shall pass to City and payment of the purchase price shall be concurrent with the expiration of this Permit unless otherwise agreed between City and Tenant. Expenses of appraisal shall be shared equally by the parties.

Section 9. Maintenance and Restoration.

9(a) Maintenance. The maintenance obligations of the parties are as follows:

9(a)(1) Maintenance Performed by City at City's Expense (Except as Noted). Except as provided in subsections (a)(3), (a)(4), (a)(7) and (a)(8), City will maintain at its expense the roofs and exteriors of all buildings owned by City and the structural integrity of wharf structures as defined below and buildings owned by City. The "wharf structure" for purposes of this subsection means the beams, girders, subsurface support slabs, bulkheads and prestressed concrete piling, pile caps, timber bullrails and mooring bollards [except as noted below], and any and all mooring dolphins. The wharf structure does not include the paving or the fendering system. City will maintain and repair at its expense all sanitary sewer gravity system, force mains and lift stations, backflow devices and potable water systems, fire protection sprinkler systems, fire hydrant systems, standpipe systems, fire alarm systems, and other fire protective or extinguishing systems or appliances [portable fire extinguishers and hoses excluded] which have been or may be installed in buildings or structures City owns on the premises. City shall also perform at its expense all electrical substation and switchgear preventive maintenance. City shall conduct underwharf inspections annually, and periodic inspections of those portions of the premises for which City has responsibility for maintenance and repair in accordance with Exhibit "N," entitled "Marine Terminal Maintenance Provisions," attached hereto and incorporated herein by reference.

9(a)(2) Maintenance Performed by City at Tenant's Expense. Subject to the provisions of subsections (a)(3), (a)(4), (a)(7) and (a)(8) of this Section 9, City shall maintain and repair at Tenant's expense the fender system along the wharves, [in accordance with City's wharf damage procedures, a copy of which will be provided to Tenant upon its request], so long as City forces are available. If, however, Tenant fails to pay City in accordance with City's wharf damage procedure [which contains depreciation criteria favorable to Tenant], then City reserves the right to collect the actual cost of repair based on actual depreciation factors as established by City.

9(a)(3) Maintenance Performed by Tenant at Its Expense. Tenant shall be responsible for performing and paying for all maintenance and repairs not expressly covered above. Tenant shall be responsible at its expense for inspecting and assuring that all necessary portable fire extinguishers are present on the premises and maintained in an operable condition. Notwithstanding subsection (a) paragraph (1) above, all modifications or repairs to the electrical, plumbing or mechanical systems resulting from "call outs" [Tenant-requested repairs requested on weekend, holidays or other than 7:45-4:15 Monday-Friday or such other times as City adopts as its maintenance force work hours] are at Tenant's expense. Tenant shall also be responsible at its expense for inspecting the premises and keeping the premises, [including, but not limited to, all paving (exclusive of pavement failures), landscaping, irrigation systems, fencing, signage, and striping (if any) and relamping] and all works, structures and improvements thereof, whether a part of the premises or placed by Tenant, in a safe, clean, sanitary and sightly condition. All maintenance performed by Tenant shall assure the premises are maintained in a first-class operating condition and in conformance with all applicable federal, state, regional, municipal, and other laws and regulations. The appearance, safety and operational capability of the premises shall be maintained to the reasonable satisfaction of the Executive Director. Tenant shall make all reasonable efforts necessary to immediately discover any defects in all paving, buildings, structures, and improvements on the premises without request from City. Tenant shall also completely maintain at its expense all buildings, structures, improvements, and paving it erects, owns, or installs. All modifications and repairs which Tenant makes to City-owned or Tenant-owned buildings, structures, improvements, and paving require a Harbor Department Engineering permit. Sample permits are available upon request from the Harbor Engineer. Tenant agrees to strictly comply with all the terms and conditions of the Harbor Engineer's permit. Tenant shall maintain in its offices at the premises at all times the Harbor Engineer's permit allowing the work performed and proof that the work has been performed in accordance with all terms and conditions of the permit. Modifications and repairs shall be made in a first-class manner using materials of a kind and quality comparable to the items being replaced [in-kind replacement shall be utilized if material still manufactured]. Tenant is obligated at its expense to take both such preventive and remedial maintenance actions as are reasonably necessary to assure that premises are at all times safe and suitable for use regardless of whether Tenant is itself actively using all of the premises. Tenant shall provide notice to the Director of Port Construction and Maintenance five (5) calendar days before any paving work is performed; provided, however, Tenant shall immediately repair any condition creating a risk of harm to any user of the premises. All materials used and quality of workmanship shall be satisfactory to the Harbor Engineer. "Pavement failure" is defined as pavement deterioration impacting safe, efficient and flexible operations within the terminal. Pavement repairs, if any, will be coordinated with Tenant to minimize impacts to Tenant's operations.

9(a)(4) Tenant's Responsibility for Damage to City-Owned Structures. Notwithstanding the foregoing, if damage to the wharf structure or any other building, structure, improvement or surface area is caused by the acts or failure to act of Tenant, its officers, agents, employees or its invitees [including, but not limited to, customers of Tenant and contractors retained by Tenant to perform work on the premises (hereafter collectively "invitees")], Tenant shall be responsible for all costs, direct or indirect, associated with repairing the damage and Tenant shall have the option of performing the work itself or requesting City to make the repair. If City makes the repairs, Tenant agrees to reimburse City for the City's cost of repair. All damage shall be presumed to be the responsibility of Tenant and Tenant agrees to be responsible for such damage unless Tenant can demonstrate to the satisfaction of City that someone other than its officers, agents, employees, or invitees caused the damage. Tenant agrees to reimburse City for the cost of repair to City's wharf for any damage to the wharf resulting from a collision between a vessel and the wharf while docking or undocking unless Tenant demonstrates that such damage was caused by the sole active negligence of City or demonstrates that such damage was caused by an invitee of some other tenant to which the premises are also assigned. The sufficiency of proof presented by Tenant to City shall be determined by City in its sole judgment.

9(a)(5) City's Option to Perform Work at Tenant's Expense. If Tenant fails to repair, maintain and keep the premises and improvements as above required, Executive Director may give thirty (30) days' written notice to Tenant to correct such default, except that no notice shall be required where, in the opinion of Executive Director, the failure creates a hazard to persons or property. If Tenant fails to cure such default within the time specified in such notice, or if Executive Director determines that a hazard to persons or property exists due to such failure, Executive Director may, but is not required to, enter upon the premises and cause such repair or maintenance to be made, and the costs thereof, including labor, materials, equipment, and administrative overhead, to be charged against Tenant. Such charges shall be due and payable with the next rent payment. During all such times, the duty shall be on Tenant to assure the premises are safe and Tenant shall erect barricades and warning signs to assure workers and the public are protected from any unsafe condition.

9(a)(6) Inspection of Premises and Tenant Repairs. Tenant shall be responsible for inspecting the premises [including all paving, structures, buildings, and improvements] and at all times maintaining the premises in a safe condition. Executive Director and/or his representatives shall have the right to enter upon the premises and improvements constructed by Tenant at all reasonable times for the purpose of determining compliance with the terms and conditions of this Permit or for any other purpose incidental to the rights of City. This right of inspection imposes no obligation upon City to make inspections nor liability for failure to make such

inspections. By reserving the right of inspection, City assumes no responsibility or liability for loss or damages to the property of Tenant or property under the control of Tenant, whether caused by fire, water or other causes. City assumes no responsibility for any shortages of cargo handled by Tenant. If City requests drawings and/or specifications showing the location and nature of repairs to be made or previously made by Tenant [including by its invitees], Tenant agrees to provide to City the material requested in writing within ten (10) calendar days of request by City.

9(a)(7) City's Access to Maintain and Repair Premises. If City deems it necessary to maintain or repair the premises, Tenant shall cooperate fully with City to assure that the work can be performed timely and during City's normal working hours. If City is required to perform any work which would otherwise be at City's expense outside its normal working hours, Tenant shall pay the difference in City's costs for performing the work outside its regular hours, unless such work is deemed by the City to be an emergency, in which case City shall bear all costs. If such work would ordinarily be at Tenant's cost, the entire cost of such work shall be at Tenant's expense.

9(a)(8) Maintenance/Repair Obligations Dependent on Indemnity/Insurance Provisions. City's agreement to perform certain maintenance and repairs and to pay for certain repairs is expressly conditioned on the indemnity and insurance provisions of this Permit remaining in force and effect. If Tenant fails to comply with the indemnity and insurance provisions or if these provisions are ever deemed not applicable, then Tenant shall be obligated to perform and pay for all maintenance and repairs to the premises without exception at its own expense. Tenant shall perform such maintenance and repairs only after it has secured the Harbor Engineer's general permit. Such work shall be deemed completed only when all terms of the permit have been satisfied. If City inspects any work performed by Tenant and finds it unsatisfactory, Tenant shall be obligated to correct the work to City's satisfaction at Tenant's expense.

9(a)(9) Definition of City's Actual Costs. Whenever this Section requires Tenant to reimburse City for the City's cost of maintenance, the City's cost of maintenance is agreed to include all direct and indirect costs which City incurs, whether with its own forces or with an independent contractor. These costs include salary and all other costs City incurs from its employees ["salary burden"], all material and equipment costs, including an administrative equipment handling charge, and also a general administrative overhead cost [administrative and shop overhead costs] consistent with City's billing practice to its other tenants.

9(a)(10) Exhibit Listing More Common Maintenance Items. Attached as Exhibit "N" is a detailed description of items which is intended to describe the more

common maintenance work which may be necessary at the premises. Not all items listed will be present at all premises within the Port. Costs and responsibilities shall be apportioned as set forth in this exhibit except as may otherwise be required by the provisions above.

9(a)(11) Maintenance by City. All maintenance performed by City shall conform in all respects to the applicable federal, state, regional, and local laws, statutes, ordinances, rules and regulations.

9(b) Restoration and Surrender of Premises.

9(b)(1) Restoration. On or before expiration of the term of this Permit, or any sooner termination thereof other than by forfeiture pursuant to subsections (a) and (b) of Section 5 of this Permit, Tenant shall remove, at its sole cost and expense, all works, structures, improvements and pipelines of any kind, including paving, [collectively referred to as "structures"], placed on the premises by Tenant. If the premises, at the time of Tenant's occupancy, 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. Tenant shall leave the premises including all structures constructed, owned or controlled by Tenant free from hazardous substance and hazardous waste contamination, including hazardous liquid bulk products and petroleum products, [hereinafter collectively referred to in this Permit as "hazardous material"], as those terms are defined under any federal, state, local law or ordinance [hereinafter sometimes collectively referred to in this Permit as "Law"], and leave the surface of the ground in a clean, level, graded and compacted condition with no excavations or holes resulting from structures removed. Upon the expiration of the term of this Permit or any sooner termination thereof, other than by forfeiture pursuant to subsections (a) and (b) of Section 5 of this Permit, Tenant shall quit and surrender possession of the premises to Board leaving all City improvements in at least as good and usable a condition, reasonably acceptable to Executive Director, as the same were in at the time of the first occupation thereof by Tenant under this or any prior Permit, lease or permit, ordinary wear and tear excepted. However, the exception for wear and tear shall not entitle Tenant to 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 occupancy of the premises, Tenant agrees to be responsible for restoring the premises to the upgraded condition. Tenant agrees to remove all debris and sunken hulks from channels, slips and water areas within or fronting upon premises. Tenant expressly waives the benefits of the "Wreck Act" (March 3, 1899) 33 U.S.C. Section 401 et seq. and the Limitation of Liability Acts (March 3, 1851, c. 43, 9 Stat. 635) (June 26, 1884, c. 121, Sec. 18, 23 Stat. 57) 46 U.S.C. 189 (Feb. 13, 1893, c. 105, 27 Stat. 445) 46 U.S.C. Sec. 190-196 and any

amendments to these Acts, if it is entitled to claim the benefits of such acts. If City terminates this Permit pursuant to subsection (a) or (b) of Section 5, Tenant is also obligated to restore the premises as provided above or to pay the cost of restoration if City chooses to perform the work. Tenant shall have no responsibility for the removal and clean-up of oil or other hydrocarbon substances on the premises arising from any oil drilling operations conducted by City pursuant to Section 2(g)(4) of this Permit.

9(b)(2) Rent During Restoration. Tenant understands and agrees it is responsible for complete restoration of the premises including the clean up of any hazardous material contamination on or arising from the premises before the expiration or earlier termination of this Permit pursuant to subsection (a) or (b) of Section 5. If, for any reason, such restoration is not completed before such expiration, then Tenant is obligated to pay City compensation during such restoration as determined by the fair market value of the land as if there was not any such contamination and the Harbor Department's then established rate of return. However, the new rent shall not be less than provided in Section 3.

9(c) Hazardous Material.

9(c)(1) Representation by City. City represents and Tenant agrees that on the effective date of this Permit the premises is in full compliance with all applicable hazardous material rules and regulations and is free and clear of all hazardous materials. If, at any time during the term of this Permit, any material present on the premises as of the effective date is reclassified as a hazardous material subject to regulation under any federal, state or local law, ordinance rule or regulation, Tenant shall have no responsibility to City for such pre-existing material pursuant to the provisions of this Section 9(c).

9(c)(2) Use of Hazardous Material. Tenant may not handle, use, store, transport, transfer, receive or dispose of, or allow to remain on the premises [hereinafter sometimes collectively referred to as "handle"], any substance classified as hazardous material in such quantities as would require the reporting of such activity to any person or agency having jurisdiction thereof without first receiving written permission of the City. Tenant may handle and temporarily store hazardous materials in the course of normal operations in connection with common carriage by water in interstate and foreign commerce, subject to regulations contained in 33 CFR Part 126 [or its successor] and the conditions of this Section 9. If Tenant has handled material on the premises classified by law as hazardous material [Tenant's attention is particularly called to the Resource Conservation and Recovery Act of 1967 ("RCRA"), 42 U.S.C. Sec. 6901 et seq.; the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), as amended by the Superfund Amendments and Reauthorization Act of 1986

("SARA"), 42 U.S.C. Sec. 9601, et seq.; the Clean Water Act, 33 U.S.C. Sec. 1251 et seq.; the Clean Air Act, 42 U.S.C. Sec. 7901 et seq.; California Health & Safety Code Sec. 25100 et seq., Sec. 25300 et seq. and Sec. 28740 et seq.; California Water Code Sec. 13000 et seq.; California Administrative Code, Title 22, Division 4, Chapter 30, Article 4; Title 49 CFR 172.101; Title 40 CFR Part 302 and any amendments to these provisions or successor provisions] and such material has contaminated or threatens to contaminate the premises or adjacent premises [including structures, harbor waters, soil or groundwater], Tenant, to the extent obligated by law and to the extent necessary to satisfy City, shall at its own expense perform soil and groundwater tests to determine the extent of such contamination, and shall immediately remediate any such material from the premises. If in the determination of the Executive Director such hazardous material cannot be remediated on site to the satisfaction of City, Tenant shall remove and properly dispose of all contaminated soil, material or groundwater and replace such soil or material with clean soil or material suitable to City.

If during Tenant's occupancy hazardous materials are discovered on the premises or such materials have migrated to or threaten to contaminate adjacent premises [including structures, harbor waters, soil or groundwater], Tenant shall immediately notify the City and Tenant at its sole expense shall perform such soil and groundwater testing as required by law and as City deems necessary and take immediate steps to remediate the premises to the satisfaction of City.

If Tenant disposes of any soil, material or groundwater contaminated with hazardous material, 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 shall not appear on any manifest document as a generator of such material.

Any tests required of Tenant by this Section shall be performed by a State of California Department of Health Services certified testing laboratory satisfactory to City. 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, test results, and data gathered. As used in this Section 9, the term "Tenant" includes agents, employees, contractors, subcontractors, and/or invitees of the Tenant.

If contamination should be found on the premises which is demonstrated by Tenant to the satisfaction of City at Tenant's sole cost and expense to have resulted from any cause other than Tenant's operations, Tenant shall have no responsibility to City for the removal or remediation of such contamination, provided, however,

that if Tenant's operations contributed or added to such contamination resulting from causes other than Tenant's operations, Tenant shall be liable to City to the extent of the incremental contamination by Tenant.

9(c)(3) Site Characterization. Within sixty (60) days of written notice by the Executive Director, Tenant shall at its expense prepare and submit to City for its approval a complete site characterization plan to enable a determination of the extent of soil and groundwater contamination at the premises. The plan shall include a detailed program for sampling and chemical analysis of the soil and groundwater and shall be in conformance with all applicable federal, state, and local laws, regulations and guidelines. Provided Tenant has delivered to City a complete site characterization plan, City shall use its best efforts to expeditiously approve or disapprove the plan. Tenant shall provide additional information upon request of City if City deems the plan inadequate. Upon notice of approval of the complete site characterization plan, Tenant shall forthwith commence investigation and testing of soil and groundwater in accordance with the plan, and shall provide to City the results of such investigation and tests as they become available; but in any event, the investigation and tests shall be completed and the results submitted to City within forty-five (45) days of notice of approval of the plan by City. If such site characterization plan demonstrates to the satisfaction of Executive Director that no contamination for which Tenant has remediation responsibility under the provisions of this Permit is present on the Premises, then Tenant shall be given a credit in the amount of the cost of such site characterization plan. Such credit may thereafter be applied by Tenant to any future amount payable to City by Tenant pursuant to this Permit.

9(c)(4) Site Remediation. Upon written notice by the Executive Director, Tenant shall at its expense prepare and submit to City for its approval a feasible remediation action plan [including soil, harbor waters and groundwater remediation] for removal and monitoring of hazardous material contamination discovered during site characterization and contamination which may occur after Tenant has received City's approval of Tenant's site characterization plan. The plan shall include a discussion of remedial action alternatives for restoration of the premises and a timetable for each phase of restoration. The remedial action plan shall be in conformance with all applicable federal, state, and local laws, regulations and guidelines. Provided Tenant has delivered to City a complete site remediation action plan, City shall use its best efforts to approve or disapprove the plan in a timely manner. Tenant shall provide additional information upon request of City if City deems the plan inadequate. Tenant shall submit to City its remediation action plan for review no later than sixty (60) days after receiving City's written notice to prepare same. Upon approval of the site remediation action plan by City, Tenant at its sole expense, to the satisfaction of City, and in accordance with all applicable laws, shall take immediate steps to remediate all contamination and perform such

soil and groundwater testing as City deems necessary to assure the premises are free from contamination.

9(c)(5) Annual Disclosure. Upon sixty (60) days' written request by Executive Director, Tenant shall submit to City the names and amounts of all hazardous materials, or any combination thereof, which were stored, used or disposed of on the premises during the previous year, or which Tenant intends to store, use or dispose of on the premises in the future.

9(c)(6) Tanks. If Tenant constructs or installs any storage tanks on the premises, Tenant at its expense shall submit to City, within sixty (60) days of Executive Director's written request, an inventory of all storage tanks located on the premises, indicating the number of tanks, type [atmospheric, etc.], contents, capacity, use, location and the date each tank was last tested for structural integrity and leaks. Tenant shall also at its sole expense, when required by law or when deemed necessary by the Executive Director or his designee, test all storage tanks located on the premises for structural integrity and leaks. Upon written request, Tenant shall make available to City the results of all such tests. Testing required herein shall be to the satisfaction of City and in conformance with applicable federal, state or local laws, rules, regulations or ordinances as these provisions presently exist, or as they may be amended or enacted. If during Tenant's occupancy of the premises a tank or the pipelines servicing a tank containing hazardous material are discovered to be leaking, Tenant shall immediately notify the City and take all steps necessary to repair the tank and/or pipelines and clean up the contaminated area to the satisfaction of City and in accordance with this Permit and all applicable law.

9(d) Services and Utilities. 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.

9(e) Inspection of Premises. Executive Director and his duly authorized representatives shall have the right to enter upon the premises and improvements constructed by Tenant at any and all reasonable times during the term of this Permit for the purpose of determining compliance with its terms and conditions or for any other purpose incidental to the rights of City. The right of inspection reserved hereunder shall impose no obligation upon City to make inspections to ascertain the condition of the premises, and shall impose no liability upon City for failure to make such inspections. By reserving the right of inspection, City assumes no responsibility or liability for loss or damage to the property of Tenant or property under the control of Tenant, whether caused by fire, water or other causes. Nor does it assume responsibility for any shortages of cargo handled by Tenant at the premises.

9(f) Signs. Tenant shall not erect or display, or permit to be erected or displayed, on the premises, or upon works, structures and improvements made by Tenant, any advertising matter of any kind, including signs, without first obtaining the written consent of Executive Director. Tenant shall post, erect and maintain on the premises such signs as Executive Director may reasonably direct.

Section 10. Indemnity and Insurance.

10(a) Indemnity. Except as may arise from the sole negligence or wilful misconduct of City, Tenant shall at all times relieve, indemnify, protect, defend 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 expenses incurred in defending against legal actions, 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:

- 10(a)(1) 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;

10(a)(2) 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;

10(a)(3) Any act, omission or negligence of Tenant, its officers, agents, employees, sublessees, licensees or invitees, regardless of whether any act, omission or active or passive negligence of City, its officers, agents or employees contributed thereto;

10(a)(4) Any failure of Tenant, its officers, agents or employees to comply with any of the terms or conditions of this Permit or any applicable federal, state, regional, or municipal law, ordinance, rule or regulation; or

10(a)(5) The conditions, operations, uses, occupations, acts, omissions or negligence referred to in subdivisions (1), (2), (3) and (4) of this subsection (a), 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 recoverable under California law, suffered by City and the Harbor Department, including, but not limited to: damage to or loss of City property to the extent not insured by City's property insurance coverage, injury to city employees, and loss of City revenue, caused by or arising out of the conditions, operations, uses, occupations, acts, omissions or negligence referred to in subdivisions (1), (2), (3) (4) and (5) of this subsection (a). The term "persons" as used in this subsection (a) 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 which arise during or after the Permit term as a result of contamination of the premises by hazardous materials for which Tenant is responsible pursuant to Section 9 of this Permit. 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 hazardous material present in the soil or groundwater on or under the premises. The foregoing indemnity shall survive the expiration or earlier termination of this Permit.

Tenant shall have no obligation to indemnify, defend and otherwise hold City harmless under the provisions of Section 10(a) for damage to property or for death or injury to persons which is caused by the active negligence, sole negligence or willful misconduct of City arising in connection with the construction of the City Improvements or the Supplemental Tenant Specific Improvements in accordance with Section 6 of this Permit. This provision shall remain in effect after completion of construction by City.

10(b) Liability for Damages to Premises Caused by Third Parties. City's grant of the premises to Tenant imposes the obligation on Tenant to maintain the necessary security on the premises to assure they are not used by anyone not having the permission of Tenant or City. Tenant is liable for all damages to the premises caused by its invitees. It is also responsible for damage caused by non-invitee third parties, unless Tenant, within a reasonable period after said damages occur, secures and furnishes the City with information and evidence satisfactory to the City fixing liability on some responsible person other than Tenant, its invitees, licensees, sublessees or contractors and subcontractors. Damages at the facility are conclusively presumed to be caused by the Tenant unless Tenant demonstrates to the satisfaction of the City that said damages were caused by a third party unconnected to Tenant's operations. If Tenant demonstrates to the satisfaction of the City that said damages were caused by such other person, Tenant shall not be responsible for the cost of repairing the damage but shall be responsible for assuring the premises are kept in a safe condition until repaired.

Tenant shall have no obligation to indemnify, defend and otherwise hold City harmless under the provisions of Section 10(a) for damage to property or for death or injury to persons which is caused directly or indirectly by any act, omission or negligence in the

operations or uses of the premises by any third-party user or assignee of City, pursuant to Section 2(c) of this Permit, provided that Tenant shall demonstrate to the satisfaction of City that such damage or injury was caused by such third-party assignee of City.

10(c) 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:

10(c)(1) Public Liability and Property Damage. Broad form comprehensive public liability and property damage insurance [including automobile and contractual liability assumed coverages] written by an insurance company authorized to do business in the State of 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 Five Million Dollars (\$5,000,000) combined single limit for injury or death or property damage arising out of each accident or occurrence. If the submitted policy provides for an aggregate limit, such limit shall not be less than Five Million Dollars (\$5,000,000) except as otherwise may be acceptable to Executive Director. Said limits shall be without deduction, provided that Executive Director may permit a deductible amount in those cases where, in his judgment, such a deductible is justified. The insurance provided shall contain a severability of interest clause. In all cases, regardless of any deductible, said insurance shall contain a defense of suits provision. If Tenant operates watercraft or incurs other marine liability exposure, liability coverage for such watercraft and marine exposure must be provided as above. All submitted policies, unless otherwise provided, shall, in addition, provide the following coverage either in the original policy or by endorsement substantially as follows:

"10(c)(1)(i) Notwithstanding any inconsistent statement in the policy to which this endorsement is attached, or in any endorsement or certificate now or hereafter attached hereto, it is agreed that the City of Los Angeles, its Harbor Department, the City's and Department's officers, agents and employees, are additional insureds hereunder, and that coverage is provided for all operations, uses, occupations, acts and activities of the insured under Permit No. 827, 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, and regardless of whether liability is attributable to the insured or a combination of the insured and the additional insured;

"10(c)(1)(ii) The policy to which this endorsement is attached shall not be cancelled, reduced in coverage or nonrenewed until after the Board and the City Attorney of City have each been given thirty (30) days' prior written notice by certified mail addressed to P.O. Box 151, San Pedro, California 90733-0151;

"10(c)(1)(iii) The coverage provided by the policy to which this endorsement is attached is primary coverage [or excess of primary coverage when an excess policy is also submitted] and any other insurance carried by City is excess of this insurance and shall not contribute to it;

"10(c)(1)(iv) If one of the insureds incurs liability to any other of the insureds, this policy shall provide protection for each insured against whom claim is or may be made, including claims by other insureds in the same manner as if separate policies had been issued to each insured. Nothing contained herein shall operate to increase the company's limit of liability.

"10(c)(1)(v) Notice of occurrences or claims under the policy shall be made to [Tenant's insurance carrier is to provide this information]."

10(c)(2) Fire Legal Liability. 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 One Hundred Thousand Dollars (\$100,000), covering legal liability of Tenant for damage or destruction by fire or explosion to the works, structures 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 Board. Such policy may provide for waiver of subrogation in favor of Tenant so long as permitted by Board's fire insurance policy. Neither City nor Board should be named as additional insureds in such policy; however, the same cancellation notice as required for the public liability policy above described must be included.

10(c)(3) Fire and Extended Coverage Insurance. Tenant shall secure, and shall maintain at all times during the life of this Permit, fire and extended coverage insurance covering ninety percent (90%) of the replacement value of the works, structures and improvements erected by Tenant on the premises, with such provision in the policies issued to cover the same, or in riders attached thereto, as will provide for all losses over Twenty-five Thousand Dollars (\$25,000) to be payable to Board to be held in trust for reconstruction. Such policies shall provide that Tenant's insurance carrier waive any right of subrogation against the City if it is contended that the City caused or contributed to any loss. In the event of loss or damage by fire to any of such structures or improvements, Tenant shall undertake replacement or reconditioning of such structures within ninety (90) days following any such loss. In the event Tenant shall undertake such replacement or reconditioning within said period of ninety (90) days, such proceeds shall be released by Board to Tenant as payments are required for said purpose. Upon the completion of such replacement or reconditioning to the satisfaction of Executive Director, any balance thereof remaining shall be paid to said Tenant forthwith. In the

event Tenant fails to undertake such replacement or reconditioning within said period of ninety (90) days, such proceeds shall be retained by City.

10(c)(4) Notice of Cancellation. Each insurance policy described above shall provide that it will not be cancelled or reduced in coverage until after Board and the City Attorney of City have each been given thirty (30) days' prior written notice by certified mail addressed to P.O. Box 151, San Pedro, California 90733-0151.

10(c)(5) Duplicate Insurance Policies. Tenant shall furnish two certified copies of each policy to Board. Alternatively, two duplicate original endorsements on forms provided by the Department may be submitted. The form of such policy or endorsement shall be subject to the approval of the City Attorney of City.

10(c)(6) Renewal of Policies. At least thirty (30) days prior to the expiration of each policy, Tenant shall furnish to Board a certificate or certificates showing that the policy has been renewed or extended or, if new insurance has been obtained, two certified copies of each new policy or two duplicate originals endorsements on forms provided by the Department shall be furnished to Board, and the form thereof shall be subject to the approval of the City Attorney of City. If Tenant neglects or fails to secure or maintain the required insurance, or if Tenant fails to submit copies thereof as required above, Board may, at its option and at the expense of Tenant, obtain such insurance for Tenant.

10(c)(7) Modification of Coverage. Executive Director, at his discretion based upon recommendation of independent insurance consultants to City, may 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.

10(d) 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 Ten Thousand Dollars (\$10,000) 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. 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.

10(e) Compensation Terms Dependent on Indemnity Provisions. Tenant is aware that the City's willingness to agree to the compensation provision of this Permit is

dependent upon Tenant's complying with each of the indemnity obligations above and on the enforceability of such provisions.

Section 11. Sublease and Assignment.

11(a) Assignments/Subleases. Except as specifically permitted in this section, no assignment, sublease, transfer, gift, hypothecation or grant of control, or other encumbrance of this Permit, or any interest therein or any right or privilege thereunder, whether voluntary or by operation of law, shall be valid for any purpose. For purposes of this subsection, the term "by operation of law" includes:

11(a)(1) The placement of all or substantially all of Tenant's assets in the hands of a receiver or trustee;

11(a)(2) An assignment by Tenant for the benefit of creditors;

11(a)(3) The adjudication of Tenant as a bankrupt; or

11(a)(4) The institution of any proceedings by Tenant or against Tenant under the Bankruptcy Act as the same now exists or under any amendment thereof which may hereafter be enacted or under any other act relating to the subject of bankruptcy wherein Tenant seeks to be adjudicated bankrupt, or to be discharged from its debts, or to effect a plan of liquidation, composition or reorganization.

11(b) Conditions on Assignment. Following the expiration of the first fifteen (15) years of the term of this Permit, Tenant, and any of its successors and assignees, shall be permitted to assign, sublease, transfer, hypothecate, grant control of or encumber this Permit with the advance approval and consent of the Board of Harbor Commissioners, which shall not unreasonably be withheld, provided that the Board finds that all of the following conditions are met:

11(b)(1) The independently audited financial records and statements of the proposed assignee demonstrate that its financial strength and net worth are equal to or greater than that of Tenant, both as of the effective date of this Permit and at the time of the proposed assignment;

11(b)(2) The proposed assignee is a shipping line or a terminal operator which is a subsidiary of a shipping line which, as a result of its management, has sustained a container volume throughput in TEUs for the most recent three (3) year period which is equal to or greater than Tenant's average TEU throughput for the same three (3) year period immediately prior to the proposed assignment;

11(b)(3) Tenant's Guarantor of this Permit shall continue to guarantee the performance by the proposed assignee of all terms and conditions of this Permit; and

11(b)(4) Tenant is in full compliance with all terms, conditions and obligations of this Permit.

11(c) 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 American Stock Exchange, the New York Stock Exchange, or the Pacific Stock Exchange. If more than twenty-five percent (25%) of the Tenant's stock is transferred, 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. Provided however, this provision shall not apply to transfers of stock between wholly owned subsidiaries of Maersk, Inc., and/or A.P. Moller, where thirty (30) days' prior written notice of such transfer has been provided Board and Board has determined such transfer complies with the provisions of this exception.

Section 12. Miscellaneous.

12(a) Statements of Tenant as Applicant. This Permit is granted pursuant to an application filed by Tenant with Board. If the application or any of the attachments thereto contain any material misstatements of fact, Board may cancel this Permit. Upon any such cancellation of the Permit granted hereunder, Tenant shall quit and surrender the premises as provided in subsection (a) of Section 5 hereof.

12(b) Applicable Law. It is expressly understood and agreed that this Permit and all questions arising thereunder shall be construed according to the laws of the State of California.

12(c) Compliance with Applicable Laws. Tenant shall, at all times, in its use and occupancy of the premises and in the conduct of its operations thereon, comply with all laws, statutes, ordinances, rules and regulations applicable thereto, enacted and adopted by federal, state, regional, municipal or other governmental bodies, or departments or offices thereof. In addition to the foregoing, Tenant shall comply immediately with any and all directives issued by Executive Director or his authorized representative reasonably necessary to implement any such law, statute, ordinance, rule or regulation.

12(d) Affirmative Action. Tenant agrees not to discriminate in its employment practices against any employee or applicant for employment because of the employee's or applicant's race, religion, national origin, ancestry, sex, sexual orientation, age or physical handicap. All assignments, subleases and transfers of interest in this Permit under or pursuant to this Permit shall contain this provision.

The provisions of Section 10.8.4 of the Los Angeles Administrative Code as set forth in the attached Exhibit "O" are incorporated herein and made a part hereof.

12(e) Minority Business Enterprise/Women Business Enterprise. Tenant is aware of the Los Angeles Harbor Department's Minority Business Enterprise/Women Business Enterprise (MBE/WBE) policy (hereinafter "Policy"). Tenant shall comply with the Harbor Department's Policy for any construction it undertakes on the premises. Any construction contracts, assignments or subleases by Tenant involving the premises shall include the Department's MBE/WBE policy, attached as Exhibit "P," which is incorporated herein and made a part hereof.

Tenant acknowledges that Board reserves the right to amend or modify its Policy from time to time. Any such amendment or modification to the Policy shall be binding on Tenant from the date Board approves such changes at a public meeting after notice and an opportunity to be heard thereon. Any contracts, including subleases, entered into by Tenant pursuant to this Permit prior to Board approval of changes to the Policy shall not be affected by such changes.

12(f) License Fees and Taxes. Tenant shall pay all taxes and assessments of whatever character levied upon or charged against the interest of Tenant, if any, created by this Permit in the premises or upon works, structures, improvements or other property thereof, or upon Tenant's operations hereunder. Tenant shall also pay all license and permit fees required for the conduct of its operations hereunder.

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

12(g) Invalidity. If any term or provision of this Permit or the application thereof to any person or circumstance shall be held invalid or unenforceable to any extent by a final judgment of any court of competent jurisdiction, the remainder of the Permit or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and shall continue in full force and effect.

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

12(i) Conflict of Interest. It is hereby 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.

12(j) Visitors. Tenant shall allow Executive Director and his designated representatives access to the premises for the purpose of showing the premises and works, structures and improvements made by Tenant to visitors upon the giving of reasonable notice to Tenant; provided, however, that such entry shall not unreasonably interfere with Tenant's operations.

12(k) Attorneys' Fees. If either party brings any action or proceeding to enforce, protect, or establish any right or remedy arising out of or based upon this Permit, including, but not limited to, the recovery of damages for its breach, the prevailing party in said action or proceeding shall be entitled to recovery of its costs and reasonable attorneys' fees, including the reasonable value of the services of the Office of City Attorney or house counsel of Tenant. The hourly rate recoverable by the Office of the City Attorney shall be no less than the hourly rate charged by Tenant's counsel. If however, either party prior to, during trial, or after any appeal, makes a written offer to settle the dispute for a sum less than ultimately obtained by the person refusing the offer, the prevailing party shall be deemed to be the party making the offer.

12(l) Notices. In all cases where written notice is to be given under this Permit, service shall be deemed sufficient if said notice is deposited in the United States mail, postage prepaid. When so given, such notice shall be effective two (2) days after the date of mailing of the same. For the purpose hereof, unless otherwise provided by notice in writing from the respective parties, notice to City shall be addressed to Executive Director, Los Angeles Harbor Department, P.O. Box 151, San Pedro, California 90733-0151 and notice to Tenant shall be addressed to it at the address set forth above. Nothing herein contained shall preclude or render inoperative service of such notice in the manner provided by law.

12(m) Agent to Receive Service of Process. Tenant hereby irrevocably appoints the Terminal Manager at the premises or an officer of company located at the address as set forth above as its agent for the purpose of service of process in any suit or proceeding which may be instituted in any court of the State of California or in any federal court in said State by City which arises out of or is based upon this Permit. Delivery to such agent, or delivery to the terminal manager's office, of a copy of any process in any such action shall constitute valid service upon Tenant. It is further expressly agreed, covenanted and stipulated that if for any reason service of such process upon such agent is not possible, then in such event, Tenant may be served with such process in or out of this State in any manner authorized by California law. It is further expressly agreed that Tenant is amenable to the process so served, submits to the jurisdiction of the court so acquired, and waives any and all objection and protest thereto. It is Tenant's obligation at all times, whether during the term of this Permit or after its termination, to provide the Harbor Department Executive Director in writing a correct address where Tenant can be located. Tenant agrees all disputes shall be resolved in California courts in the County of Los Angeles unless the parties otherwise agree in writing.

12(n) Waivers. No waiver by either party at any time of any of the terms, conditions, covenants or agreements of this Permit shall be deemed or taken as a waiver at any time thereafter of the same or any other term, condition, covenant or agreement herein contained, nor of the strict and prompt performance thereof by the proper party. The subsequent acceptance of rent by Board shall not be deemed to be a waiver of any other breach by Tenant of any term, covenant or condition of this Permit other than the failure of Tenant to timely make the particular rent payment so accepted, regardless of Board's knowledge of such other breach. No delay, failure or omission of either party to execute any right, power, privilege or option arising from any default, nor subsequent acceptance of guarantee then or thereafter accrued, shall impair any such right, power, privilege, or option, or be construed to be a waiver of any such default or relinquishment thereof, or acquiescence therein, and no notice by either party shall be required to restore or revive the time is of the essence provision hereof after waiver by the other party or default in one or more instances. No option, right, power, remedy or privilege of either party shall be construed as being exhausted or discharged by the exercise thereof in one or more instances. It is agreed that each and all of the rights, powers, options or remedies given to City by this Permit are cumulative, and no one of them shall be exclusive of the other or exclusive of any remedies provided by law, in that the exercise of one right, power, option or remedy by City shall not impair its rights to any other right, power, option or remedy.

12(o) Extent of Water Frontage. In case this Permit or any improvements made hereunder or this Permit or any part thereof shall be assigned, transferred, leased or subleased and the control thereof be given or granted to any person, firm, or corporation so that such person, firm or corporation shall then own, hold or control more than the length of water frontage permitted or authorized under Section 654(a) of the Charter of City

[adopted June 8, 1999, effective July 1, 2000] or if Tenant shall hold or control such water frontage, then this Permit and all rights hereunder shall thereupon and thereby be absolutely terminated, and any such attempted or purported assignment, transfer or sublease, or giving or granting of control to any person, firm or corporation which will then own, hold or control more than such permitted or authorized length of water frontage shall be void and ineffectual for any purpose whatsoever.

12(p) Integration. This Permit constitutes the whole agreement between City and Tenant. There are no terms, obligations or conditions other than those contained herein. No modifications of this Permit shall be valid and effective unless evidenced by an agreement in writing.

12(q) Time of the Essence. Time is expressly declared to be of the essence in this Permit.

12(r) Extensions. Board shall have the right to grant reasonable extensions of time to Tenant for any purpose or for the performance of any obligation of Tenant hereunder.

12(s) Vessels. Tenant shall file with the Executive Director, or his designee, upon acceptance of this Permit, a statement in writing showing the names of persons, firms or corporations owning or operating any vessel or vessels which are represented by its customers, and the names of any vessel or vessels owned or operated by Tenant, and shall immediately file with Executive Director or his designee supplemental statements in writing showing any deletions from or additions to such statement.

12(t) Business Tax Registration Certificate. Tenant represents that it has obtained and presently holds the Business Tax Registration Certificate(s) required by the City's Business Tax Ordinance (Article 1, Charter 2, Sections 21.00 and following, of the Los Angeles Municipal Code) or is exempt. Tenant shall maintain, or obtain as necessary, all such Certificates required of it under said Ordinance and shall not allow any such Certificate to be revoked or suspended.

12(u) Reference to City's Tariff in Tenant's Tariffs and Contracts. Tenant agrees to insert into all of its tariffs and contracts with its vessel-owning and vessel-operating customers the following provision:

"Every vessel owner and operator understands and agrees that vessels, their owners and operators using pilots offered by the City of Los Angeles agree to be contractually bound to the terms and conditions of Port of Los Angeles Tariff No. 4 or its successor. Vessel owners' and operators' attention is particularly directed to Item 305 of this Tariff which provides that any pilot provided by the City of Los Angeles to assist the vessel is the borrowed servant of the vessel and that neither the City nor the

pilot is liable for any accident except as provided in Tariff Item 305. Vessel owners and operators agree that the vessel master at all times remains in control of the vessel and the pilot's assistance is advisory only. Such owners and operators are aware that pilotage trip insurance may be purchased from the City if they wish to cover pilotage associated risks."

Tenant agrees to provide City such proof of its compliance with this provision as the Executive Director may reasonably request.

12(v) City's Living Wage Ordinance. This Permit is subject to the applicable provisions of the City's Living Wage Ordinance ["LWO," Los Angeles Administrative Code ("LAAC") section 10.37, et seq.], in accordance with the provisions of the Declaration of Compliance, a copy of which is attached hereto as Exhibit "Q" and incorporated herein by this reference. The LWO requires that unless a specific exemption applies as determined by the awarding authority and confirmed by the designated administrative agency, all employers [as defined] under contracts primarily for the furnishing of services to or for the City and that involve an expenditure or receipt in excess of Twenty-five Thousand Dollars (\$25,000) and a contract term of at least three (3) months; lessees; licensees; or certain recipients of City financial assistance; generally shall provide the following:

12(v)(1) Payment of a minimum initial wage rate to employees as defined in the LWO, as may be adjusted each July 1, and provision of benefits as defined in the LWO.

12(v)(2) Tenant further pledges that it will comply with federal law proscribing retaliation for union organizing and will not retaliate for activities related to the LWO. Tenant shall require each of its contractors within the meaning of the LWO to pledge to comply with the terms of federal law proscribing retaliation for union organizing. Tenant shall deliver the executed pledges from each such contractor to City within ninety (90) days of the execution of such contract(s). Tenant's delivery of executed pledges from each such contractor shall fully discharge Tenant's obligations with respect to such pledges and fully discharge Tenant's and such contractor's obligation to comply with the provision in the LWO contained in LAAC section 10.37.6(c), concerning compliance with federal law.

12(v)(3) Tenant, whether an employer as defined in the LWO, or any other person employing individuals, shall not discharge, reduce in compensation, or otherwise discriminate against any employee for complaining to the City with regard to the employer's compliance or anticipated compliance with the LWO, for opposing any practice proscribed by the LWO, for participating in proceedings related to the LWO, for seeking to enforce his or her rights under the LWO by any lawful means, or otherwise asserting rights under the LWO. Tenant shall post the

Notice of Prohibition Against Retaliation, which is attached to Exhibit "Q," in a conspicuous place.

12(v)(4) Any contract entered into by Tenant relating to this Permit, to the extent allowed hereunder, shall be subject to these general provisions and shall incorporate the provisions of the LWO.

12(v)(5) Under the provisions of LAAC section 10.37.5, City shall have the authority under appropriate circumstances to terminate this Permit and otherwise pursue legal remedies that may be available if the City determines that Tenant has violated the provisions of the LWO.

12(v)(6) Tenant shall inform employees making less than Twelve Dollars (\$12) per hour of their possible right to the federal earned income tax credit [EITC], and shall make available to employees the forms required to secure advance EITC payments from employers.

Tenant shall complete and submit a Declaration of Compliance in the form prescribed by City, a copy of which is attached hereto as Exhibit "Q," at the time this Permit is executed by City.

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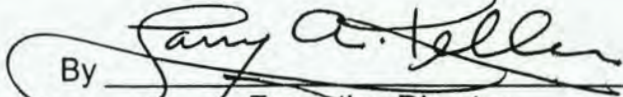
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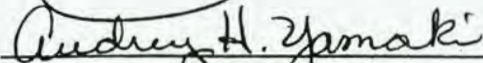
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IN WITNESS WHEREOF, the parties hereto have executed this Permit on the date to the left of their signatures.

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

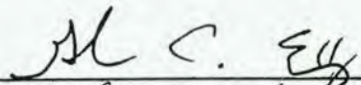
Dated: 9-14-00

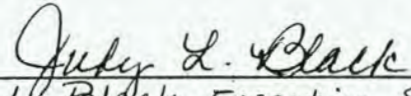
By 
Executive Director

Attest: 
Secretary

MAERSK PACIFIC, LTD.

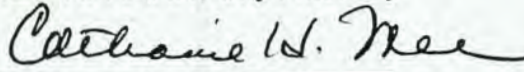
Dated: Aug. 9, 2000

By 
Glenn C. Eddy, Vice President
(Print/type name and title)

Attest: 
Judy L. Black, Executive Secretary
(Print/type name and title)

APPROVED AS TO FORM

August 9, 2000
JAMES K. FAHN, City Attorney

By 

WFT:CHV:cp:cw:ds
8/07/00

EXHIBIT LIST

Exhibit A	Premises drawing
Exhibit B	TEU/Acre Rate Schedule
Exhibit C	Illustration: Rate Change Calculations due to Tariff Adjustments
Exhibit C-1	Illustration: MAG Calculations during Continued Use of POLB Facility
Exhibit D	Discount on Empties
Exhibit E	Illustration of Deferment and Payment of MAG Shortfalls
Exhibit E-1	Illustration of Payments for Incomplete Facilities Credit Adjusted for Supplemental TSI Costs
Exhibit F	Wilmington Truck Route
Exhibit G	Pier 400 Facility Conceptual Design Requirements for Container Terminal
Exhibit H	Pier 400 Quality Standards for the Building and Gate Facilities
Exhibit I	City Ordinance No. 173223
Exhibit J	Resolution of Urgent Necessity
Exhibit K	City of Los Angeles Contract Requirements
Exhibit L	Contractors' Insurance Requirements
Exhibit M	Examples: Maersk Construction Credit and Reallocation of TSI Costs
Exhibit N	Maintenance List

Exhibit O	Affirmative Action
Exhibit P	MBE/WBE Policy
Exhibit Q	Living Wage Policy Declaration of Compliance

EXHIBIT A

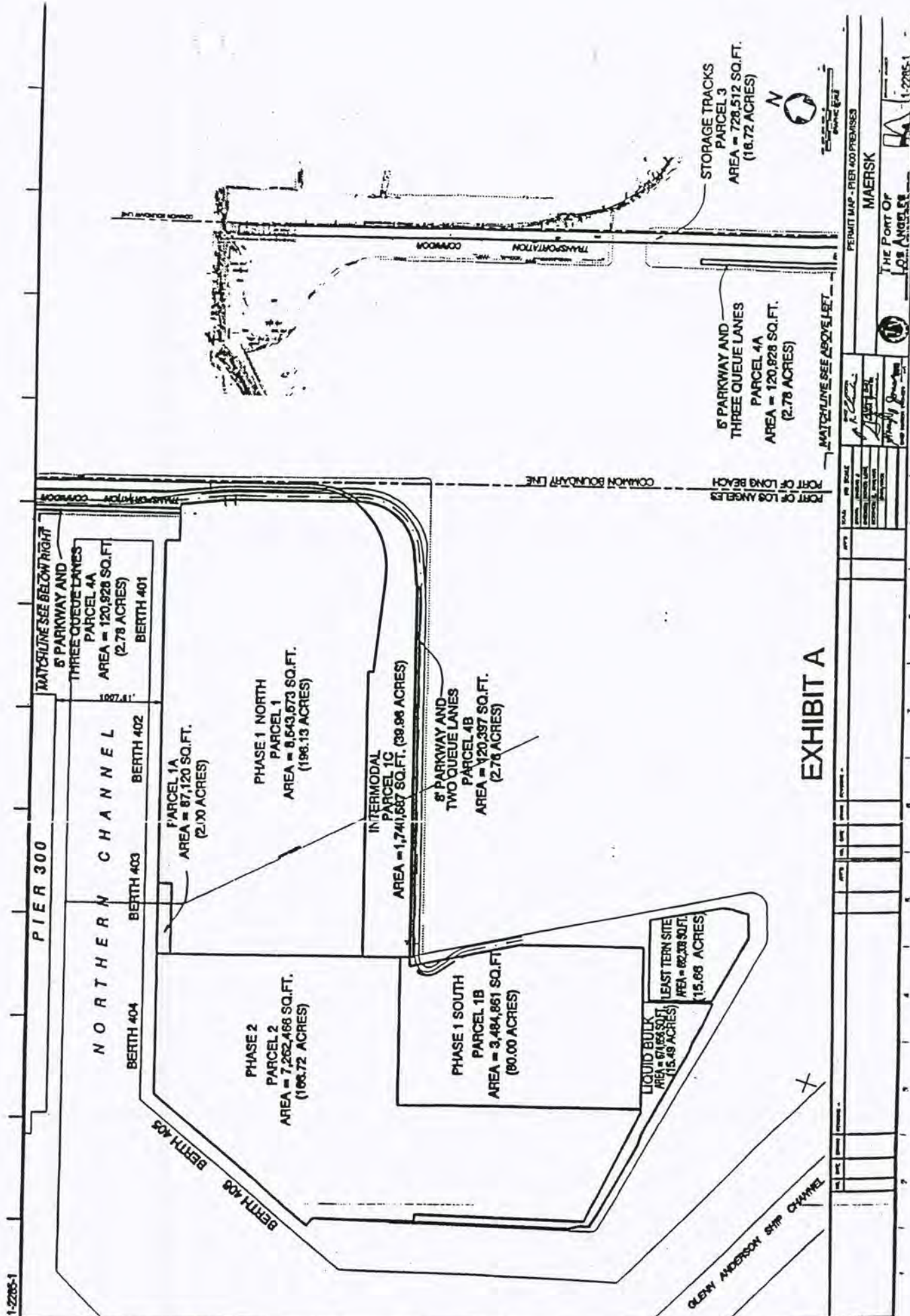


EXHIBIT B

(SLIDING EFFICIENCY SCALE)

EXHIBIT B

EXHIBIT C

PIER 400 PROPOSED PRICING					
ILLUSTRATION OF RATES CHANGE CALCULATIONS					
AS A RESULT OF A TARIFF ADJUSTMENT ADOPTED BY CITY					
ASSUME CONTRACT YEAR COMMENCES FEBRUARY 1					
ASSUMPTIONS:					
TERMINAL AREA SUBJECT TO EFFICIENCY SCALE				444.85	
INTERMODAL AREA				39.96	
TOTAL TERMINAL ACRES				484.81	
TOTAL TEUS FOR THE YEAR (LOADED AND EMPTIES; ASSUME EMPTIES AT 17%)				1,600,000	
TARIFF INCREASE ADOPTED BY CITY (SAY, EFFECTIVE JUNE 1)				10%	
TOTAL TEUS, FEBRUARY 1 - MAY 31				600,000	
TOTAL TEUS, JUNE 1 - JANUARY 31				1,000,000	
NUMBER OF DAYS BEFORE TARIFF CHANGE				120	
NUMBER OF DAYS AFTER TARIFF CHANGE				245	
EFFICIENCY SCALE IN EFFECT FROM BEGINNING OF YEAR (ASSUMED)				3,500	
COMPENSATION BEFORE AND AFTER TARIFF CHANGE:					
				<u>BEFORE</u>	<u>AFTER</u>
TEU CHARGES				\$ 38.820	\$ 42.702
INTERMODAL RAIL FACILITY (IRF) CHARGES PER ACRE				\$ 42,000	\$ 46,200
MAG PER ACRE				\$ 123,000	\$ 135,300
CALCULATION OF TOTAL COMPENSATION:					
				<u>BEFORE</u>	<u>AFTER</u> <u>TOTAL</u>
TEU CHARGES, FEBRUARY 1 - MAY 31 (600,000 @ \$38.820)				\$23,292,000	\$ 23,292,000
TEU CHARGES, JUNE 1 - JANUARY 31 (1,000,000 @ \$42.702)					\$42,702,000 \$ 42,702,000
IRF CHARGES, FEBRUARY 1-MAY 31 (\$42,000x39.96 ACRES/12x4 MONTHS)				559,440	559,440
IRF CHARGES, JUNE 1-JANUARY 31 (\$46,200x39.96 ACRES/12x8 MONTHS)					1,230,768 1,230,768
TOTAL COMPENSATION FOR THE YEAR				\$23,851,440	\$43,932,768 \$ 67,784,208
TOTAL MAG, FEBRUARY 1 - MAY 31 (\$123,000 x 444.85 ACRES x 120/365)					\$ 17,989,003
TOTAL MAG, JUNE 1 - JANUARY 31 (\$135,300 x 444.85 ACRES x 245/365)					40,400,302
TOTAL MAG FOR THE YEAR					\$ 58,389,305
EXHIBIT C					

EXHIBIT C - 1

PIER 400 PROPOSED PRICING			
ILLUSTRATION OF MAG CALCULATIONS IN THE EVENT			
MAERSK CONTINUES TO MOVE CARGO THROUGH			
THE PORT OF LONG BEACH UNTIL COMPLETION OF PHASE II			
ASSUME CONTRACT YEAR COMMENCES FEBRUARY 1			
ASSUMPTIONS:			
OCCUPANCY DATE	FEBRUARY 1, 2002		
TERMINAL AREA (EXCLUDING 39.96-ACRE IRF):	276.13 ACRES		
COMPLETION DATE OF PHASE IA WHARF EXTENSION			
AND TSI BUILDINGS (2 ACRES ADDED TO TERMINAL AREA)	JULY 31, 2002		
TERMINAL AREA (EXCLUDING 39.96-ACRE IRF):	278.13 ACRES		
COMPLETION DATE OF PHASE II	FEBRUARY 1, 2004		
TERMINAL AREA (EXCLUDING 39.96-ACRE IRF):	444.85 ACRES		
<u>MAG - YEAR 1</u>			
FEBRUARY 1, 2002 - JULY 31, 2002:			
$\$123,000 \times 276.13 \text{ ACRES} \times 181/365 =$	\$ 16,842,416.96		
AUGUST 1, 2002 - JANUARY 31, 2003:			
MINIMUM THROUGHPUT PER ANNUM = 1,300,000 TEUS			
TEUS PER ACRE: $1,300,000/278.13 = 4,674$			
TEU RATE PER TEU SCALE = \$33.44			
$1,300,000 \times \$33.44 \times 184/365 =$	21,914,652.05		
TOTAL MAG, FIRST CONTRACT YEAR	\$ 38,757,069.01		
<u>MAG - YEAR 2</u>			
FEBRUARY 1, 2003 - JANUARY 31, 2004 (COMPLETION OF PHASE II):			
$1,300,000 \times \$33.44 =$	\$ 43,472,000.00		
<u>MAG - YEAR 3 (AFTER PHASE II)</u>			
FEBRUARY 1, 2004 - JANUARY 31, 2005:			
$\$123,000 \times 444.85 \text{ ACRES} =$	\$ 54,716,550.00		
EXHIBIT C-1			

EXHIBIT D

PIER 400 PROPOSED PRICING							
DISCOUNT ON EMPTIES EXCEEDING 17% OF TOTAL VOLUME							
PER YEAR DURING THE INITIAL FIVE YEARS							
ESTIMATED BASIS FOR CONTRACT YEAR 2004-2005:							
ACREAGE SUBJECT TO EFFICIENCY SCALE						444.85	
INTERMODAL AREA @ \$42,000 PER ACRE						39.96	
TOTAL TERMINAL ACRES						484.81	
ASSUME TOTAL TEUS MOVED (LOADED AND EMPTIES)							1,600,000
ASSUME EMPTIES AS A PERCENT OF TOTAL TEUS AT							25%
STEP 1: ORIGINAL BILLING (ACTUAL BILLINGS ISSUED BY VESSEL) -							
				%	LOADED	EMPTY	TOTAL
LOADED TEUS				75%	1,200,000		1,200,000
EMPTY TEUS				25%		400,000	400,000
TOTAL TEUS COUNTING							
TOWARDS SCALE				100%	1,200,000	400,000	1,600,000
EFFICIENCY SCALE - 1,600,000							
TEUS/444.85 ACRES							3,597
TEU CHARGE PER SCALE							\$ 38.82
TOTAL BILLING (1,600,000							
TEUS @ \$38.82 PER TEU)						(A)	\$ 62,112,000
STEP 2: ADJUSTED BILLING (PREPARED AT YEAR-END) -							
LOADED TEUS				75%	1,200,000		1,200,000
EMPTY TEUS				17%		272,000	272,000
TOTAL TEUS COUNTING							
TOWARDS SCALE				92%	1,200,000	272,000	1,472,000
EFFICIENCY SCALE - 1,472,000							
TEUS/444.85 ACRES							3,309
TEU CHARGE PER SCALE							\$ 40.17
ADJUSTED EFFICIENCY SCALE BILLING -							
1,472,000 TEUS @ \$40.17 PER TEU)						(B)	\$ 59,130,240
EMPTY TEUS EXCLUDED FROM							
EFFICIENCY SCALE				8%		128,000	128,000
TARIFF RATE FOR 20-FOOT EMPTY							
CONTAINERS							\$ 7.70
BILLING FOR EMPTY TEUS EXCEEDING							
17% (128,000 TEUS @ \$7.70)						(C)	\$ 985,600
TOTAL ADJUSTED BILLING (B + C)						(D)	\$ 60,115,840
STEP 3: CREDIT ISSUED AFTER YEAR-END							(A - D) \$ 1,996,160
EXHIBIT D							

EXHIBIT E

[illegible]

[illegible]

EXHIBIT E - 1

PIER 400 PROPOSED PRICING

**ILLUSTRATION OF PAYMENTS FOR INCOMPLETE FACILITIES CREDIT
ADJUSTED FOR SUPPLEMENTAL TSI COSTS EXPENDED BY CITY**

SCENARIO 1				SCENARIO 2			
SUPPLEMENTL TSI = \$0				SUPPLEMENTL TSI = \$7,400,000			
MONTH	CREDIT AMOUNT		PV @	MONTH	CREDIT AMOUNT		PV @
	PER MONTH	CUMULATIVE	6.5%		PER MONTH	CUMULATIVE	6.5%
0			\$			\$	7,400,000
1	250,000	\$ 250,000	250,000		105,991	\$ 7,505,991	7,505,991
2	250,000	500,000	498,653		105,991	7,611,981	7,611,410
3	250,000	750,000	745,967		105,991	7,717,972	7,716,262
4	250,000	1,000,000	991,948		105,991	7,823,962	7,820,548
5	250,000	1,250,000	1,236,604		105,991	7,929,953	7,924,273
6	250,000	1,500,000	1,479,941		105,991	8,035,943	8,027,439
7	250,000	1,750,000	1,721,968		105,991	8,141,934	8,130,050
8	250,000	2,000,000	1,962,691		105,991	8,247,924	8,232,107
9	250,000	2,250,000	2,202,117		105,991	8,353,915	8,333,615
10	250,000	2,500,000	2,440,253		105,991	8,459,906	8,434,575
11	250,000	2,750,000	2,677,107		105,991	8,565,896	8,534,992
12	250,000	3,000,000	2,912,684		105,991	8,671,887	8,634,868
13	250,000	3,250,000	3,146,992		105,991	8,777,877	8,734,206
14	250,000	3,500,000	3,380,037		105,991	8,883,868	8,833,008
15	250,000	3,750,000	3,611,827		105,991	8,989,858	8,931,278
16	250,000	4,000,000	3,842,369		105,991	9,095,849	9,029,019
17	250,000	4,250,000	4,071,668		105,991	9,201,839	9,126,233
18	250,000	4,500,000	4,299,732		105,991	9,307,830	9,222,924
19	250,000	4,750,000	4,526,567		105,991	9,413,821	9,319,093
20	250,000	5,000,000	4,752,180		105,991	9,519,811	9,414,745
21	250,000	5,250,000	4,976,578		105,991	9,625,802	9,509,881
22	250,000	5,500,000	5,199,767		105,991	9,731,792	9,604,505
23	250,000	5,750,000	5,421,753		105,991	9,837,783	9,698,619
24	250,000	6,000,000	5,642,544		105,991	9,943,773	9,792,225
25	250,000	6,250,000	5,862,145		105,991	10,049,764	9,885,328
26	250,000	6,500,000	6,080,562		105,991	10,155,754	9,977,929
27	250,000	6,750,000	6,297,803		105,991	10,261,745	10,070,031
28	250,000	7,000,000	6,513,874		105,991	10,367,736	10,161,636
29	250,000	7,250,000	6,728,781		105,991	10,473,726	10,252,749
30	250,000	7,500,000	6,942,529		105,991	10,579,717	10,343,370
31	250,000	7,750,000	7,155,127		105,991	10,685,707	10,433,503
32	250,000	8,000,000	7,366,579		105,991	10,791,698	10,523,151
33	250,000	8,250,000	7,576,891		105,991	10,897,688	10,612,316
34	250,000	8,500,000	7,786,071		105,991	11,003,679	10,701,000
35	250,000	8,750,000	7,994,123		105,991	11,109,669	10,789,206
36	250,000	9,000,000	8,201,055		105,991	11,215,660	10,876,938
37	250,000	9,250,000	8,406,872		105,991	11,321,651	10,964,196
38	250,000	9,500,000	8,611,580		105,991	11,427,641	11,050,985
39	250,000	9,750,000	8,815,186		105,991	11,533,632	11,137,306
40	250,000	10,000,000	9,017,694		105,991	11,639,622	11,223,161
41	250,000	10,250,000	9,219,111		105,991	11,745,613	11,308,555
42	250,000	10,500,000	9,419,443		105,991	11,851,603	11,393,488
43	250,000	10,750,000	9,618,696		105,991	11,957,594	11,477,964
44	250,000	11,000,000	9,816,876		105,991	12,063,584	11,561,984
45	250,000	11,250,000	10,013,987		105,991	12,169,575	11,645,552
46	250,000	11,500,000	10,210,037		105,991	12,275,565	11,728,670

PIER 400 PROPOSED PRICING

**ILLUSTRATION OF PAYMENTS FOR INCOMPLETE FACILITIES CREDIT
ADJUSTED FOR SUPPLEMENTAL TSI COSTS EXPENDED BY CITY**

SCENARIO 1

SUPPLEMENTL TSI = \$0

MONTH	CREDIT AMOUNT		PV @ 6.5%
	PER MONTH	CUMULATIVE	
47	250,000	11,750,000	10,405,031
48	250,000	12,000,000	10,598,974
49	250,000	12,250,000	10,791,872
50	250,000	12,500,000	10,983,731
51	250,000	12,750,000	11,174,556
52	250,000	13,000,000	11,364,354
53	250,000	13,250,000	11,553,128
54	250,000	13,500,000	11,740,886
55	250,000	13,750,000	11,927,632
56	250,000	14,000,000	12,113,372
57	250,000	14,250,000	12,298,112
58	250,000	14,500,000	12,481,856
59	250,000	14,750,000	12,664,610
60	250,000	15,000,000	12,846,380

TOTAL 15,000,000 15,000,000 12,846,380

SCENARIO 2

SUPPLEMENTL TSI = \$7,400,000

	CREDIT AMOUNT		PV @ 6.5%
	PER MONTH	CUMULATIVE	
	105,991	12,381,556	11,811,340
	105,991	12,487,547	11,893,564
	105,991	12,593,537	11,975,346
	105,991	12,699,528	12,056,687
	105,991	12,805,518	12,137,590
	105,991	12,911,509	12,218,057
	105,991	13,017,499	12,298,090
	105,991	13,123,490	12,377,692
	105,991	13,229,480	12,456,865
	105,991	13,335,471	12,535,612
	105,991	13,441,462	12,613,935
	105,991	13,547,452	12,691,835
	105,991	13,653,443	12,769,316
	105,991	13,759,433	12,846,380

6,359,433 13,759,433 12,846,380

SCENARIO 1:

THIS ILLUSTRATES THE PRESENT VALUE OF A SERIES OF FUTURE PAYMENTS TOTALLING \$15,000,000, PAYABLE IN EQUAL AMOUNTS OF \$250,000 ON THE 1ST OF EACH MONTH, FOR 60 MONTHS. USING THE DISCOUNT FACTOR OF 6.5% PER ANNUM, THE PRESENT VALUE EQUALS \$12,846,380. THE "EXCEL" SPREADSHEET FORMULA USED IN THIS CALCULATION IS:

$$=PV(\text{Rate}/12, \text{Nper}, \text{Pmt}, \text{Type}),$$

WHERE:

Rate = 6.5%/12 [INTEREST RATE PER PERIOD]

Nper = 60 [NUMBER OF PAYMENT PERIODS]

Pmt = \$250,000 [EQUAL PAYMENT AMOUNT EACH PERIOD]

Type = 1 [VALUE DENOTING PAYMENT AT BEGINNING OF PERIOD]

(I.E., PAYMENT OCCURING AT 1ST OF MONTH, AS
OPPOSED TO END OF MONTH)

SCENARIO 2:

IF THE PORT SPENDS \$7,400,000 UPFRONT FOR SUPPLEMENTAL TSI, THE BALANCE OF \$5,446,380 (AFTER DEDUCTING \$7,400,000 FROM THE PRESENT VALUE AT THE 60TH MONTH) WOULD BE APPLIED TO MAERSK'S ACCOUNT OVER 60 MONTHS IN EQUAL AMOUNTS OF \$105,991. THE "EXCEL" FORMULA USED IN THIS CALCULATION IS:

$$=PMT(\text{Rate}/12, \text{Nper}, \text{Pv}, \text{Type}),$$

WHERE:

Rate = 6.5%/12 [INTEREST RATE PER PERIOD]

Nper = 60 [NUMBER OF PAYMENT PERIODS]

Pv = \$5,446,380 [TOTAL PRESENT VALUE OF \$12,846,380 MINUS SUPPL TSI]

Type = 1 [VALUE DENOTING PAYMENT AT BEGINNING OF PERIOD]

EXHIBIT E-1

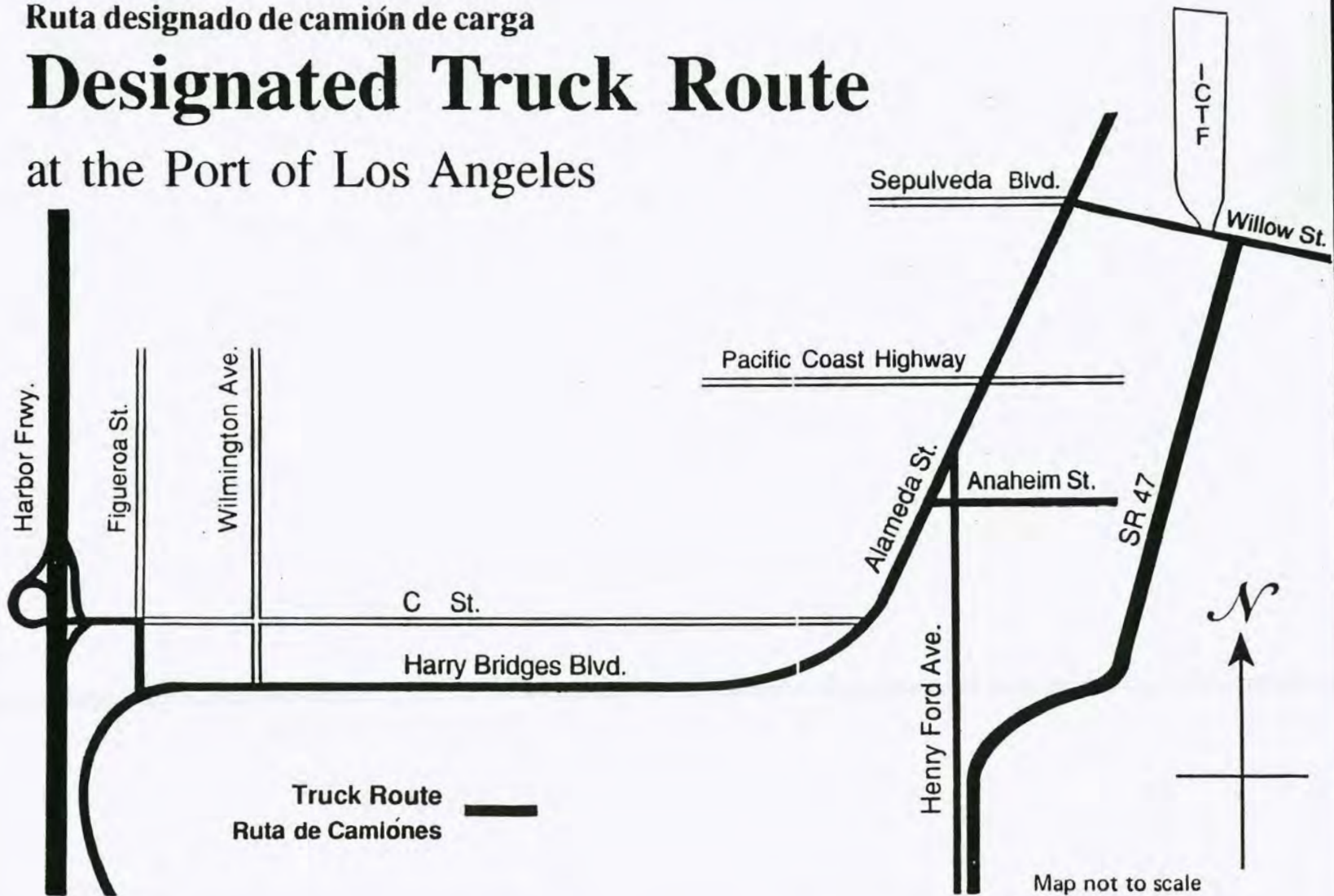
EXHIBIT F

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



Map not to scale
Mapa no es de escala

EXHIBIT F

EXHIBIT G

PIER 400 FACILITY

Conceptual Design Requirements for Container Terminal

EXHIBIT G

- Attachment 1 - Conceptual Terminal Layout (Dwg. 1-2209 LM-1)
- Attachment 2 - Terminal Lease Areas
- Attachment 3 - Pier 400 Transportation Corridor (South of Gap Cross Section)
- Attachment 4 - South Grade Separation Layout
- Attachment 5 - Pier 400 Transportation Corridor (East/West Corridor Cross Section)
- Attachment 6 - Pier 400 Typical Wharf Cross Section
- Attachment 7 - TSI Cost Budget
- Attachment 8 - Container Yard Operations Plan

1. Introduction

The Pier 400 development project will create a 484-acre container terminal complex with full rail, highway, and utility access. (See Attachments 1 and 2)

1.1 The Transportation Corridor work includes: (City Improvements except as noted)

The transportation corridor work described in this section will be completed in use for Phase I and include a one and a half mile long four lane highway including:

- Storm drain, landscaping, lighting, fire hydrants
- Reconfigured signalized intersection at Navy Way and Terminal Way
- Off ramp from Seaside Avenue, free flow vehicular access to Pier 400
- Grade Separation over Terminal Way
- Transportation Corridor
 - North of Gap – Roadway width 70 feet consisting of two inbound and two outbound lanes
 - South of Gap – Roadway width 100 feet shown in Attachment 3.
 - East/West Corridor – Roadway width 76 feet shown in Attachment 5.
- South Grade Separation over railroad tracks at terminal
 - The design will allow for future at-grade crossing of railroad tracks for yard traffic between container yard developed during Phases 1 and 2 north of the Pier 400 access road and future container expansion. The South Grade Separation will be 76 feet wide. This will include entrance and exit lanes to and from the transportation corridor access road, under the grade separation and returning to the transportation corridor access road. (See Attachment 4)
- Vehicular bridge over the water gap opening
 - Bridge will consist of 4 lanes.

August 7, 2000

- Truck queuing
- Freeway connections to interstate routes 47, 110 and 710
- Double stack rail high cube car capabilities
- Six overhead, addressable directional control signage to the terminal including power and communication conduit to signs along transportation corridor. (Supplemental Tenant Specific Improvements)

Mainline railroad connecting into proposed storage tracks in the transportation corridor and working tracks within the terminal

- Railroad bridge over the water gap
Conceptual plans indicate a 95-foot wide bridge will accommodate 6 railroad tracks.
- 126 car storage tracks consisting of six multi-purpose tracks intended for storage/arrival/departure. Each storage track will have capacity to store twenty-one double stack cars.

Utilities to serve Phases I and II and future expansion area including:

- Water – Domestic and fire protection systems
- Gas
- Sewer
- Telephone/Communications
- Power

1.2 General Facility Requirements (City Improvements except as noted)

This scope of work defines design parameters for the Pier 400 container terminal development.

Design elements - The following major elements define the terminal complex:

1. Phase I & IA
 - a. 318 acres container terminal: 316 acres in Phase I & two additional acres in Phase 1A (See Attachment 2).

238 acres will be developed for Phase I & IA North. 80 acres will be developed for Phase I South (An additional 20 optional acres may also be included in Phase 1 South) per Section 6(a)(3) of this Agreement.
 - b. 3,971 feet of wharf along Face "A": 3,300 feet in Phase I & additional 671 feet in Phase 1A (See Attachment 2). The most 1,200 feet of the Phase I wharf will be completed by December 31, 2001 for crane delivery.
 - c. -55 feet MLLW depth at Pier head line.

- d. The channel depth from the Angels Gate entrance to the turning basin at the west end of the Pier 300/400 channel will be at -81 feet MLLW. The Pier 300/400 channel will be maintained at -53 feet MLLW. The wharf depth at the Pierhead Line will be at -55 feet MLLW.
 - e. Gate complex and buildings as specified in Attachment 7. (Tenant Specific Improvement)
 - f. Intermodal working and storage yards.
2. Phase II
- a. Additional 166 acre container terminal area
 - b. Additional 1,289 feet of wharf along Face "A" and 1,930 feet of wharf along Face "B"
 - c. -55 MLLW depth at Pier head line
 - d. The channel depth from the Angels Gate entrance to the turning basin at the west end of the Pier 300/400 channel will be at -81 feet MLLW. The Pier 300/400 channel will be maintained at -53 feet MLLW. The wharf depth at the Pier headline will be at -55 feet MLLW.
 - e. Gate complex and marine buildings as specified in Attachment 7. (Tenant Specific Improvements)
3. 1,800 feet turning basin completed for use in Phase I.

1.3 Gate Complex & Buildings (Tenant Specific Improvements except as noted)
 All improvements are expected to be developed to building standards used at Pier 300 and square footages in accordance with Attachment 7. Building and gate complex within TSI will be defined by a five-foot envelop around the exterior perimeter foundations. The conceptual locations of buildings, number of buildings, area and height of buildings described in this Exhibit and shown on Attachment 1 are subject to further revision. Some of the Phase 2 TSI improvements may be constructed during Phase 1 to minimize operational disruptions due to phased construction.

- 1. Entrance gate configuration
 - a. 30 in-gate/out-gate lanes during Phase I.
 - b. Expanded to 45 in-gate/out-gate lanes during Phase II with capability to expand to 70 in-gate/out-gate lanes in the future if mutually agreed to by the parties.
 - c. 15 truck scales during Phase I expanded to 20 truck scales during Phase II having future expansion capability up to 30 truck scales, if mutually agreed by the parties.

- d. 45 speaker pedestals and chassis camera pedestals. (30 speaker and chassis camera pedestals in Phase I, 15 speaker and chassis camera pedestals in Phase II with capability to expand to 70 speaker and chassis camera pedestals in the future if mutually agreed by the parties).
 - e. One sign/camera bridge over inbound and outbound lanes at each gate
 - f. Gate canopy & related buildings
 - 9075 square foot pre-gate canopy
 - 72,400 square foot entrance and exit canopy (45 lanes, potentially manned gate). (48,267 square feet in Phase I for 30 lanes and 24,133 square feet in Phase II for 15 lanes with capability to increase another 40,222 square feet in future for 25 more lanes if mutually agreed by the parties).
 - Design lane spacing to potentially accommodate checker booths (one checker booth per lane), if desired. Lane spacing will be designed to accommodate checker booths for a manned gate operation. 30 lanes will be provided in Phase I and 15 additional lanes in Phase II having expansion capability to 70 lanes in the future if mutually agreed by the parties.
 - Two 300 square feet security booths
 - 1,800 square feet driver assistance building & 1,000 square feet canopy
 - Paving and striping within gate complex area under canopy and within 5 ft. exterior perimeter around outermost scale foundations and sign bridge
 - Sufficient lane lighting
 - g. Separate vendor access/fire lane for over-wide/over-height cargo. Vendor access/fire lane shall be 20 feet wide and has no vertical restriction since it lies outside the canopy.
2. Terminal entrance signs - An elevated and lighted terminal identification sign for tenants' logos at each entrance
 3. Administration/Gate building - Two stories
 - a. First floor - 13,500 square feet Admin management/security/check in Admin & labor restrooms/conference/training/reception
 - b. Second floor - 8,100 square feet Admin Management/Admin & labor restrooms
 - e. Second floor - 5,400 square feet Gate clerks/locker room/break room/restroom Gate management
 - d. The two-story building will be designed during Phase I to accommodate a third floor expansion in the future if the third floor is not constructed during

Phase I or II. The TSI budget does not include the 13,500 square feet third floor.

4. Terminal Operations Tower – Four stories
 - a. First floor - 4,800 square feet crane/labor restroom/gear/super cargo/labor supers
 - b. Second floor - 4,800 square feet labor restroom/labor locker room/labor break room
 - c. Third floor - 4,800 square feet vessel planners/labor supers
 - d. Fourth floor - 4,800 square feet terminal operations management/yard management
5. Marine Operations Tower – Two buildings, three stories each.
 - a. First floor - 4,800 square feet crane/labor restroom/gear/super cargo/labor supers, One (1) high bay for spreader maintenance.
 - b. Second floor - 4,800 square feet labor restroom/labor locker room/labor break room
 - c. Third floor - 4,800 square feet vessel planners/labor supers
6. Rail Operations Tower – Four stories
 - a. First floor - 1,500 square feet labor restroom
 - b. Second floor - 1,500 square feet labor locker room
 - c. Third floor - 1,500 square feet labor break room
 - d. Fourth floor - 1,500 square feet rail management
7. Roadability/Maintenance/Fuel Station – Two stories
 - a. First floor - 11,600 square feet roadability
 - b. First floor - 24,000 square feet parts/tire shop/labor restrooms/power shop. Includes an adjacent 12,000 square feet outdoor tire storage area that may need to be an enclosed building addition to the above building area.
 - c. 4,000 square feet fuel station – Fuel station with or without canopy. The Los Angeles fire code will not allow the fuel station to be next to a building.
 - d. Second floor - 9,600 square feet labor restroom/labor locker room/labor break room/ maintenance management
 - e. Features include the following:
 - i. One building housing Maintenance. One canopy housing Roadability.

- ii. Four (4) vehicle repair bays equipped with slots for Kansas Jack Anchors, Kansas Jack Anchor equipment cost is not included.
 - iii. All remaining bays have ceiling height for servicing standard UTR or container trucks.
 - iv. One above ground 50,000 gal. diesel tank.
 - v. One above ground 10,000 gal. gasoline tank.
 - vi. One above ground 1,000 gal. propane tank.
 - vii. One above ground 4,000 gal. motor oil tank.
 - viii. One above ground 3 compartment 3,000 gal. ATF/Hydraulic fluid/Gear oil tank.
 - ix. One above ground 4,000 gal. waste oil tank.
 - x. All shop areas will have heating system but not air conditioning system.
 - f. The power shop will house a power repair shop that will include a ten-ton lifting capacity overhead crane.
 - g. Compressed air will be included throughout the building.
 - h. Four-hose engine product dispensing system with hose reels will be Included throughout the building.
 - i. The repair bays will have a minimum vertical clearance of 24' and the exterior automatic roll-up doors will have a minimum vertical clearance of 16'.
 - j. Hazardous waste storage area
8. Reefer Wash Building/Inspection Dock Canopy
- a. 12,500 square feet canopy & dock
 - b. Features include the following:
 - i. Wash water recycling equipment and manual hot water pressure hoses for reefer wash.
 - ii. Drainage, below ground water reclamation and contaminant separation system as required by code are included.
9. Dispatch Canopy and Longshore Facility.
- a. 1,800 square feet dispatch canopy.
 - b. 1,000 square feet longshore facility.
10. Hazardous Cargo Canopy – Two canopies, 1,800 square feet each.
- a. Two 1,800 square feet canopy & dock.
11. Landscaping with automated sprinkler system.
12. Vehicular Parking (City Improvement. Conceptual Layout within the terminal to be provided by tenant)

- a. Sufficient visitor/office/vendor/longshore parking for 2000 spaces.
13. Utility/infrastructure provided to each buildings with the following remarks:
- a. Office and conference areas will be air-conditioned.
 - b. Tenant shall provide all furniture and computer systems and vending machines. (Not included in TSI budget)
 - c. Emergency generator and UPS will be provided for mission critical computer and telecommunication systems for the Administration/Gate Building, Terminal Operations Tower, Marine Operations Towers and Rail Operations Tower.
 - d. The Port will provide conduits for computer and telecommunication systems between all buildings, gate complexes and light poles. (Conduit requirements will be provided by tenant).
 - e. Public & emergency address system (City Improvement to be designed by tenant).
 - f. Security system (cameras & card readers).
 - g. Radio Frequency Antenna
 - h. Communication cabling
 - i. Phone switches
14. Pedestrian bridges – A pedestrian bridge over the truck lanes entering the terminal at north gate between the vehicle parking and the container yard will be provided (supplemental Tenant Specific Improvements). An additional pedestrian bridge over the railroad tracks between the Rail Operations Tower building and the vehicle parking area will also be provided (supplemental Tenant Specific Improvements). Bridges and ramps will be sized to accommodate estimated pedestrian use. Need for elevators on both sides of the bridges may be eliminated if alternate handicap access to the Terminal Operations Tower and Rail Operations Tower is provided via shuttle van from the south parking lot or access via alternate route per Los Angeles Department of Building & Safety.

1.4 Container Yard (City Improvement)

The terminal layout will provide a flexible design and the ability to change from wheeled operation to grounded operation and vice versa. A modular grid will incorporate traffic isles, lighting, fire hydrants, storm drains, sewers, signage, electrical distribution and other elements and infrastructures detailed below.

1.4.1 Paving

1. Container yard pavement will be designed for 125 KIP wheel loads without the need for RTG runways parallel to grounded container piles to maximize operational flexibility transitions over time. Pavement design life will be 20 years. The analysis for Top-Pick and RTG load cycle repetitions are unique to each terminal and will depend on tenant operational needs. See Attachment 8, Container Yard Operations Plan, which is subject to further refinements and revisions. This analysis is in process and will be based on the final terminal layout.
2. Heavy-duty bituminous concrete or reinforced concrete paving in reefer areas will be provided to support landing legs of forty-foot wheeled reefer container loads.
3. Hatch cover storage area within crane backreach along the wharf will be protected using heavy-duty bituminous concrete or reinforced concrete paving to prevent damage from corner castings of hatch covers.

1.4.2 Security Fencing

Eight-foot high chain link fence on k-rail with 1-ft. barbed wire extension will be used along the perimeter adjacent to Pier 400 access road and along the boundary adjoining the bulk fuel facility to prevent vehicles from being driven through the fence.

K rails will also be provided along the north side of the main east-west aisles with twenty-four-foot-wide moveable gates adjacent to fire hydrants at the 72 feet wide north-south aisles if required by the Fire Department (supplemental Tenant Specific Improvements). Additional k rails will be provided on the remaining side of the truck queue adjoining the container yard at the north in-gate. (Supplemental TSI) Additional k rails will be provided on remaining side of the truck queue entering the south in-gate. (Supplemental TSI) Additional k-rails will be provided on the remaining side of the truck queue exiting the south out-gate. (Supplemental TSI)

Crash gates will be provided across the North and South Gate driveways to the Pier 400 access road in Phase I to provide complete perimeter security during non-gate operating hours.

1.4.3 Striping

Striping will consist of container slot and row stripes, aisle centerlines and edge lines, row designation markers, queuing lane stripes, stop bars, directional arrows, and other special designations as required. Striping will include dual layout using two different striping colors for operational flexibility between wheeled and grounding modes. Paint shall be highly reflective for nighttime visibility. Conventional eight-foot-long wheel stops pinned into the pavement will be provided throughout. Tenant has option of providing pinless wheel stops as alternate to conventional wheel stops to better accommodate operational flexibility between wheeled and grounded modes. The cost differential between pinless and conventional wheel stops to be considered Supplemental TSI. Pavement striping material along the wharf area (hatch cover markings, stop bars, queue lanes, directional

arrows, north-south and east-west aisle ways and intermodal working yard car spots and aisles) shall consist of thermoplastic traffic paint. All other terminal pavement markings shall be standard traffic paint.

1.4.4 Storm Drain

Design of the storm drain system will include a hydrological study, hydraulic calculations, structural analysis, and determination of vertical and horizontal alignments. The majority of the storm water run-off will be collected by two rows of continuous slotted drain systems parallel to the wharf located south of the wharf and the north of the intermodal yard.

Design criteria for the storm drain system will be based on the Los Angeles City Storm Drain Design Manual. A 10-year design storm will be the basis for sizing the system. D-load calculations will be based on a live-load of 100-kips plus 25% live-impact at the surface. All major storm drainpipe lines shall be reinforced concrete.

1.4.5 Sanitary Sewer System

Sewer system including gravity and force main will be provided to handle flow from all the proposed buildings. Below grade utility structures and piping shall be capable of supporting heavy-duty pavement design loads.

1.4.6 Water and Fire Protection System

The fire hydrant locations are set based on City of Los Angeles Fire Department requirements. The fire hydrants are located with each light pole for quick location of hydrants by the Fire Department and integral with the container yard grid module. The design will be based on three adjacent hydrants flowing simultaneously the same time with a minimum combined flow of 4500 gpm at 20 psi. The intermodal yard will also include fire hydrants. Freestanding hydrants located within the operating area of the terminal shall be below-grade flush mounted. This includes up to 18 hydrants in Phase I and additional 12 hydrants in Phase II. The fire hydrants within the terminal will be located next to the high mast light poles on a 459-foot north south by (adjust grid based on most efficient lighting pattern) east-west grid pattern. Freestanding fire hydrants will be below grade flush mounted. Below grade utility structures and piping shall be capable of supporting heavy-duty pavement design loads.

1.4.7 Power Distribution System

Power distribution system will be provided by a system of underground duct banks integral with the terminal grid module to main switchgear as required. The main power supply to the facility will be from the utility company providing separate feed of 34,500V, 60 Hz., AC power feeds to the main terminal service switchgear. The following main services shall be fed and/or transformed from the main switch gear location:

- All buildings
- Gate systems
- Security systems
- Communication systems
- Mobile data terminal (MDT) systems - Only conduits will be provided
- Reefer receptacles - 4160 feed switch gear/transformer, step down to 480V for reefer receptacles

- Container yard lighting - 4160 feed switch gear/transformer, step down to 480V for container yard lighting
- Dockside cranes – 4160V feeds to dockside switchgears as required. Electrical power will be adequate for the simultaneous fifteen minute RMS demand operation of up to eighteen gantry cranes on the wharf "A" and "B" faces. The crane power will be delivered via bus bar system (2000-ampere bus bars) along the entire wharf. The bus bar system along "A" face will be comprised of two sections with one transition section at midpoint. Each section of the bus bar system will be able to accommodate up to 12 cranes. Another transition section will be located at intersection of "A" and "B" faces. Both transition sections will be manual, if feasible, the transition sections will also be automatic with manual override, keyless, and invisible to crane gantry movements between sections. Each section will have its own power source (10 MVA transformer) and the switchgears feeding the two sections along "A" face will be interlocked with a tie breaker. An additional 10 MVA transformer, which will not be energized, will be provided as a spare with space heaters for humidity control (supplemental Tenant Specific Improvements). An annunciation system shall be provided which will indicate whether a section is connected or disconnected. Fifteen-minute RMS demand per crane 1.27 MW, 1.33 MVA based on 0.954 power factor. One minute peak demand per crane is 1.67 MW, 1.8 MVA based on 0.928 power factor. Diversity factor ranges from 1.0 for one crane to 0.65 for twelve cranes.

Below grade utility structures and piping shall be capable of supporting heavy-duty pavement design loads.

1.4.8 Yard Lighting

A system of high mast area lighting will be integral with the container yard grid module and provide an average lighting level at the pavement elevation of five foot-candles at wharf without additional light supplemented by the cranes and 5 foot-candles throughout the container yard and intermodal yard with a max-to-min ratio not greater than 2.5. The system will be capable of remote programmable electronic switching so the lighting levels in various sections of the yard can be adjusted to meet operating and/or security needs. Adequate safety barriers will be provided to protect poles from traffic damage. Perimeter security lighting will be integrated into the lighting design. The lighting system will be 120-feet high mast light poles with eighteen 1000-watt high pressure sodium down lights and are generally located on 459 foot north-south by (adjust grid based on most efficient lighting pattern) east-west grid pattern. The cost differential between the 100-foot and 120-foot high mast light poles are included in the supplemental TSI. Up to eight 1000-watt flood lights will be provided at each 120-foot light pole along the wharf an approximate to maintain the five foot candle average and along both sides of the intermodal working yard to supplement the five foot candle average with an approximate additional 2.5 foot candles. (supplemental Tenant Specific Improvements). All perimeter light poles shall have aerial platforms to maintain perimeter floods. Three 110 Volt power circuits for RF antenna, cameras and public address system will be provided at each high mast pole.

1.4.9 Reefer Area (Tenant Specific Improvement to be included as part of City Improvement Construction Contract)

An area in the container yard will be provided with 1,800 wheeled reefer receptacles (consisting of 1,200 in Phase I (1,000 in Phase 1 North and 200 in Phase 1 South) and an additional 600 in Phase II North) with electrical load capacity for 1,200 additional reefer receptacles in the future (1,000 in the North Area and 200 in the South Area). This includes reefer receptacles, underground conduits, wiring, switchgear, transformers, and all other appurtenances required for a complete operational system for a wheeled or stacked reefer system. All reefers will be 480 V power. At build-out of Phase II, power distribution system will be designed to accommodate 1,200 reefers during future expansion. This includes spare conduit and cable from the main substation to the reefer receptacle switchgear and spare conduit and cable from the reefer receptacle switchgear to the future 25% wheeled reefer expansion in the North Area and to the 100% wheeled reefer expansion in the South Area. Include communication conduits for remote monitoring system from main substation to the reefer receptacle switchgear and from reefer receptacles to maintenance building. Grounded and/or stacked reefers may be used at tenant's option. A concrete apron will be constructed for landing gears of the 40-foot reefer containers.

1.4.10 Signage

Terminal signage including up to ten overhead-lane directional signs along the main east-west aisle through the terminal and along the outgate truck queue as well as removable row signs to accommodate flexibility between grounded and wheeled modes will be provided as required. Movable signs will have dual face capability for changing from wheeled to grounded operations and vice versa (supplemental Tenant Specific Improvements). Conduits and footings for upgrading the ten overhead-lane directional signs with future addressable signs along the main east-west aisle and along the outgate truck queue will be provided (supplemental Tenant Specific Improvements).

1.5 Intermodal Yard (City Improvement)

1.5.1 IY static capacity and support trackage

The IY will be designed for a static capacity as follows See Attachment 3):

- 96 car loading tracks – Working yard will consist of four sets of three tracks intended for top handler operation. Each working track will have capacity to store eight double stack cars.
- 126 car storage tracks consisting of six multi-purpose tracks intended for storage/arrival/departure. Each storage track will have capacity to store twenty-one double stack cars. The storage tracks will be paved as a possible shared cost item per Section 6(d) of the Agreement.
- Two approximately 700-foot-long Bad order tracks

1.5.2 Yard equipment flexibility

The facility will be designed in accordance with the results of the terminal planning study and the tenant's requirements. The requirements for the container yard paving, lighting, power distribution, fire protection, directional signage and infrastructure shall also be utilized for the intermodal yard. Continuous paving will be provided between the intermodal working yard and intermodal storage yard and between Reeves Avenue and the North end of the intermodal storage yard for two-way vehicle access. Pavement width shall be approximately 20-feet wide.

1.5.3 Trackage

Minimum track spacing will be 15 feet. Continuously welded rail, cross overs and turnouts will be provided to meet operational needs of the tenant. The tracks will be designed for Cooper E80 loading. A derail system will be designed, however, it will not be power operated. Conduits only for power switches and power derails will be provided, however, the systems are not included. A (train-in-motion warning system) TIM derail activated system will be provided in the intermodal working yard having indicator poles at both the east and west ends of the working yard and at the mid-aisle break. Each indicator pole will visually distinguish between train movements on each of the four sets of three tracks. Motion sensors on both sides of the mid-aisle break will be provided for the working rail yard and be circuited to the TIM system. (Supplemental TSI) A derail activated TIM warning system will be provided in the storage rail yard, having indicator poles at the extreme north and south ends of the Storage Yard and at quarter points along its length. (supplemental Tenant Specific Improvements). Eight turnouts will be paved at the east end of the working rail yard (supplemental Tenant Specific Improvements).

1.5.4 Compressed air

A pressurized air system will be provided for pressurizing of rail car brake systems. This system shall be installed below grade with service outlets and extension hoses at appropriate locations throughout the facility (working and storage tracks) so that all car strings can be pressurized while at their respective locations. Typically compressed air pits are located at the "Head" end of the rail strings in both the loading yard and the storage yard. Air pits will also be provided at the middle aisle break within the loading yard as well as the head end of the departure track. A detailed configuration of the compressed air system is highly dependent on the operational requirements of the customer and therefore requires further input. Compressed air pits will be provided at the north end of the storage yard and at the east end of the loading yard. Additional air pits will be provided on both sides of the designated mid-aisle break in the loading yard. Two compressed air building enclosures and equipment will be provided. The distance between the compressed air enclosure and air pits will be minimized. The compressed air enclosure is a City improvement.

1.5.5 Loading track center aisles

The IY will be designed to provide the ability to have 100' wide circulation aisles adjacent to the surrounding backland. These aisles can be created along any stretch of the loading yard since 125 kip terminal pavement for top handler operation will be used throughout the loading yard. This feature will reduce equipment drayage time as containers are transported from the IY to the backland and vice versa and thus increase operational efficiency.

1.5.6 Fire Protection

Flush mounted fire hydrants will be provided as required by the City of Los Angeles Fire department.

1.5.7 Storage Yard Lighting

A system of low mast area lighting will be provided in the container storage yard. It will consist of 40-foot-high light poles having one 400-watt high pressure sodium luminaires that are spaced 200-feet apart with a 100-foot-offset staggered pattern along both sides of the entire length of the storage yard.

Consideration will be given to eliminating both the low mast-light poles staggered on both sides of the north-south portion transportation corridor access road and on both sides of the intermodal storage yard and replacing them with a single row of high-mast light poles located between the access road and the storage tracks.

Spare communication conduit will be provided from the single track main line track just north of the de-rail at the north end of the storage yard to the Rail Operations Tower for future installation of camera bridges and automated inventorying of westbound trains.

1.5.8 Storage Yard Fencing

Continuous eight-foot high chain link fence with 1-ft. barbed wire extension will be used along the perimeter. Continuous perimeter security fencing will be provided between the intermodal working yard and storage yard. It will consist of eight-foot high chain link fence with 1-ft. barbed wire extension. Labor vehicle access gates will be provided gates at the north end of the yard for trains and labor vehicles to enter from Reeves Avenue and at the south end of the yard for labor vehicles to exit onto the northbound entrance to the transportation corridor access road in order to drive along the access road to operate the gates at the north end of the storage yard.

1.6 Wharf (City Improvement)

1.6.1 Wharf configuration

The Pier 400 wharf project will include an approximately 5,260-foot long wharf along the "A" face (3,971 feet in Phase I and 1,289 feet in Phase II) and an approximate 1,930-foot long wharf along the "B" face. A concrete wharf deck system will be supported by prestressed concrete pilings. Vendor parking will be provided waterside of the waterside crane rail. The channel depth from the Angels Gate entrance to the turning basin at the west end of the Pier 300/400 channel will be at -81 feet MLLW. The Pier 300/400 channel will be maintained at -53 feet MLLW. The wharf depth at the Pierhead Line will be at -55 feet MLLW.

A rock dike, which is protected by a layer of riprap, has been constructed under the Pier 400 Stage II Landfill Project. Hatch cover storage area and wharf traffic aisle will be provided to meet tenant operations.

Before construction of the wharf, the fill materials in the backland will be surcharged to consolidate the soils and a zone immediately behind the wharf will be improved by stone column installation. The wharf elevation will be at approximately +15' MLLW.

1.6.2 Wharf deck and piles

The wharf structure consists of a reinforced concrete flat slab system founded on seven rows of vertical prestressed concrete piles spaced generally 20 feet in East-West and 22 in North-South direction. Crane girder piles (rows "B" and "G") and the second most landward row of piles (row "F") are spaced more closely to carry the larger vertical and horizontal loads at these locations. The wharf cross section is given in Attachment 6. The waterside crane rail is setback 20' 8" from the face of wharf. The wharf deck will be designed for 1,000-psf landside of the waterside crane rail and 1,000-psf waterside of waterside crane rail. The wharf deck shall also include a 100' long heavy-lift section designed for 1,500 psf deck loading at approximately midpoint of "A" face to be used for future off-loading of shore cranes (The heavy lift section will not be available for the Phase I crane off-loading).

Wharf construction will include pin sockets. Based on the assessment of the wind data in San Pedro Bay, crane tie downs will not be needed for 100 feet gauge cranes. Crane pin sockets will be designed for 225 kips per rail along both the waterside and landside rails. Pin sockets will be provided at equal spacing along the wharf to ultimately accommodate up to eighteen shore cranes.

1.6.3 Crane rails

A 100-foot gauge crane rail without an intermediate 50-foot gauge rail will be provided for consistency with current practice throughout the industry. Crane rails and supporting structures will be designed to support gantry crane operating wheel loads equivalent to 50,000 pounds per linear foot. Crane rails will be 171 lb./yd. Soft mount system will be used to attach the rail to the deck. Continuous crane rails will be installed to reduce the initial capital costs and future maintenance costs. High-capacity energy-absorbing crane bumpers will be used at the ends of the pier to protect the container cranes. Crane bumpers shall be designed for 330 kips per rail.

The wharf will be designed with curved rails and power trench to allow for gantry of the cranes from the wharf "A" face to "B" face around a 50 degrees angle point. No utilities within 60 feet from the landside crane rail running parallel to wharf will be constructed to accommodate future cranes up to 150 feet rail gauge.

1.6.4 Crane power

The wharf configurations as planned will allow the installation of bus bars in power trench for power supply for the wharf. Also see item 1.4.7.

1.6.5 Fendering system

The fendering system will be designed to accommodate large class vessels along "A" face and to accept low freeboard vessels and barges as well as large class line haul vessels along "B" face. Loading and specifications will be further defined in detail during the design process. The fendering system will be designed for 6,600-TEU capacity S-Class vessels having an overall length of 1,138 feet, 141 foot beam, 47.5 foot maximum loaded draft and 152,000 long ton load displacement at maximum draft and consist of TTV-Unit type fenders or equal. The face of wharf will be designed to accommodate larger vessels in the future having an approximate rated energy of 900 kip-ft capable of berthing a 230,000 long ton load displacement vessel.

1.6.6 Bollards

Single bollards with 150 metric ton capacity will be provided. 0 to 60 degrees vertical. 0 to 180 degrees horizontal.

1.6.7 Service vaults

Provisions will be made for standard POLA wharf utilities at the wharf face (water and power and telephone).

1.6.8 Dock ladders

Ladders will be provided to allow access to the wharf deck from small service boats at any tide condition.

1.6.9 Fire Protection

Flush mounted fire hydrants will be provided along the wharf if not located adjacent to high-mast light poles.

1.7 Infrastructures

The following infrastructure and systems will be provided:

- Sanitary sewer system for various buildings

- Natural gas

- Fire protection system

- Lighting system

- Electrical power distribution system

- Domestic water supply system

- Storm drainage system

- Public address system (tenant will provide design)

- Telecommunication system (conduits only, tenant will provide conduit requirements)

- Security system (conduits only, tenant will provide design)

- AEI system (conduits only, tenant will provide design)

- Computer system & LAN (conduits only, tenant will provide conduit requirements)

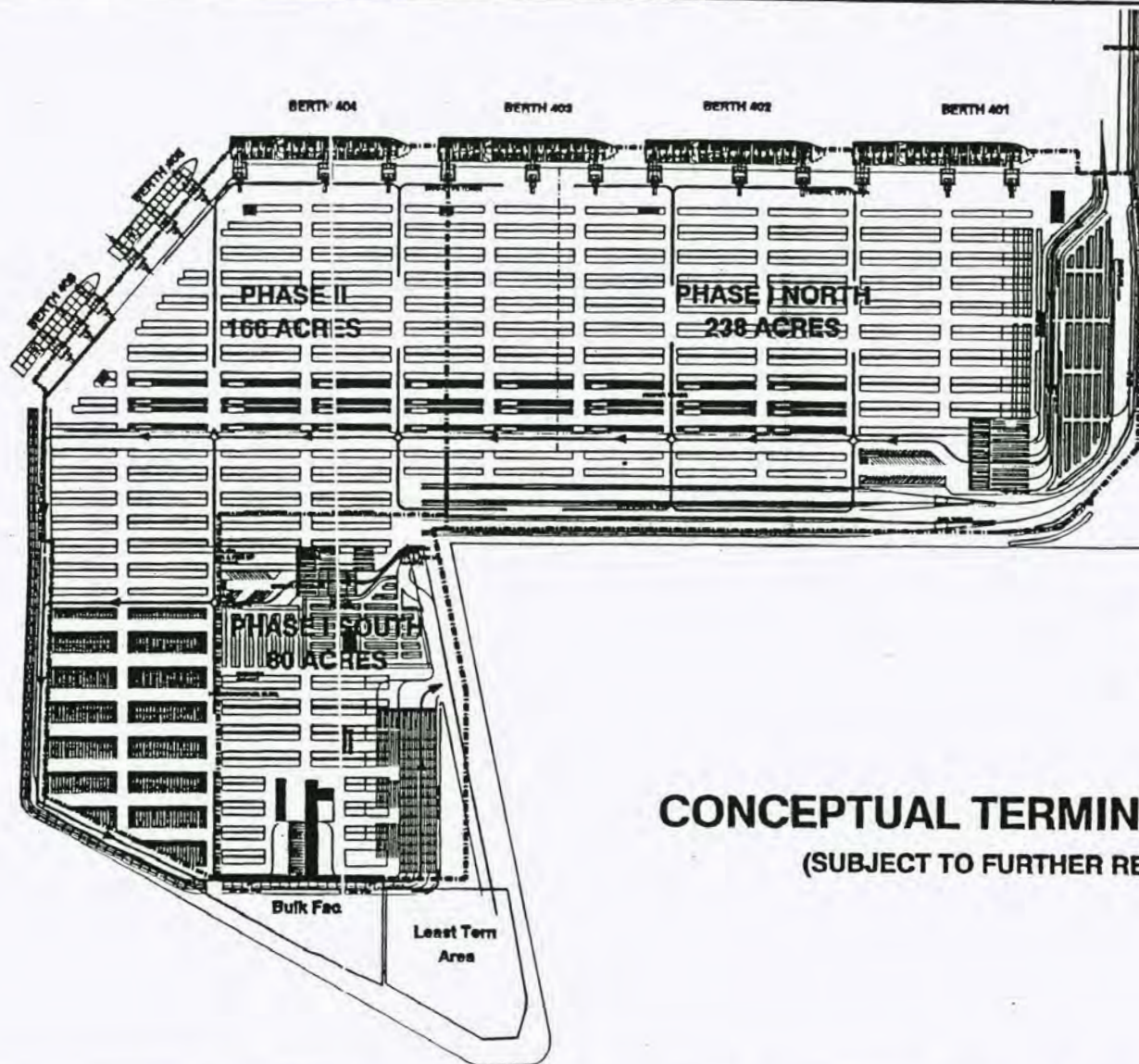
1.8 Supplemental Tenant Specific Improvements

The items identified as supplemental Tenant Specific Improvements in this Exhibit, which are also listed in Attachment 7©, will be constructed by the City in accordance with Section 6(e) of this Agreement.

Tenant Specific Improvement Budget

Attachment 7

Exhibit G describes all Improvements to be designed and constructed on the Premises by City and Tenant and generally describes the scope and quality of the design and construction of such improvements. The parties agree that Exhibit G incorporates Tenant's preliminary requirements and design criteria for the Tenant Specific Improvements including the supplemental TSI to the extent that the attached Tenant Specific Improvement Budget is representative thereof. Tenant has the right to add, deduct and amend such budget as deemed necessary under provisions of Section 6 of this Agreement.



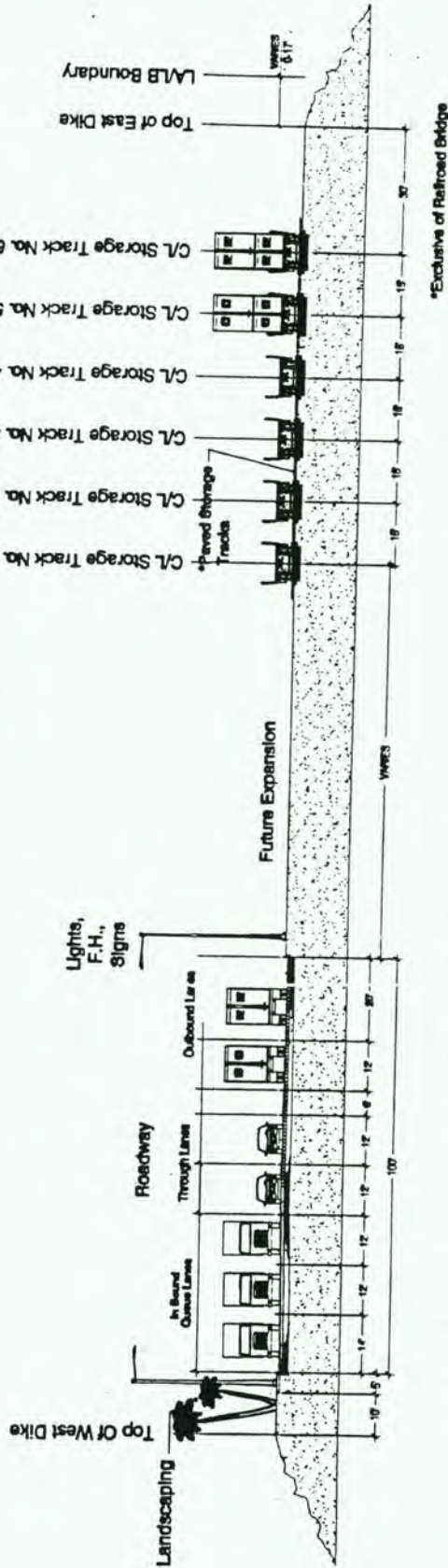
CONCEPTUAL TERMINAL LAYOUT (SUBJECT TO FURTHER REVISION)

Attachment 1

PIER 400 CONTAINER TERMINAL				PIER 400 CONTAINER TERMINAL				PIER 400 CONTAINER TERMINAL				PIER 400 CONTAINER TERMINAL			
NO.	DATE	REVISION	BY	NO.	DATE	REVISION	BY	NO.	DATE	REVISION	BY	NO.	DATE	REVISION	BY
1				2				3				4			
5				6				7				8			
9				10				11				12			
13				14				15				16			

PIER 400 CONTAINER TERMINAL
TERMINAL LEASE AREA
THE PORT OF LOS ANGELES
 1-2209 LM-2

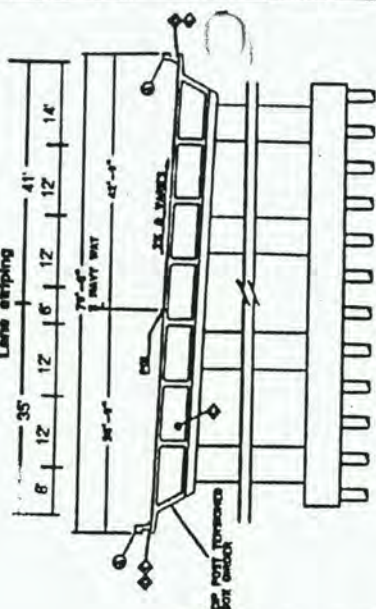
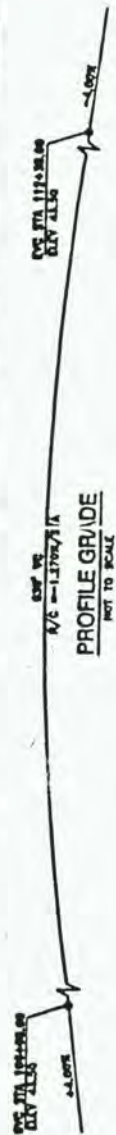
PIER 400 TRANSPORTATION CORRIDOR (S/O Gap)



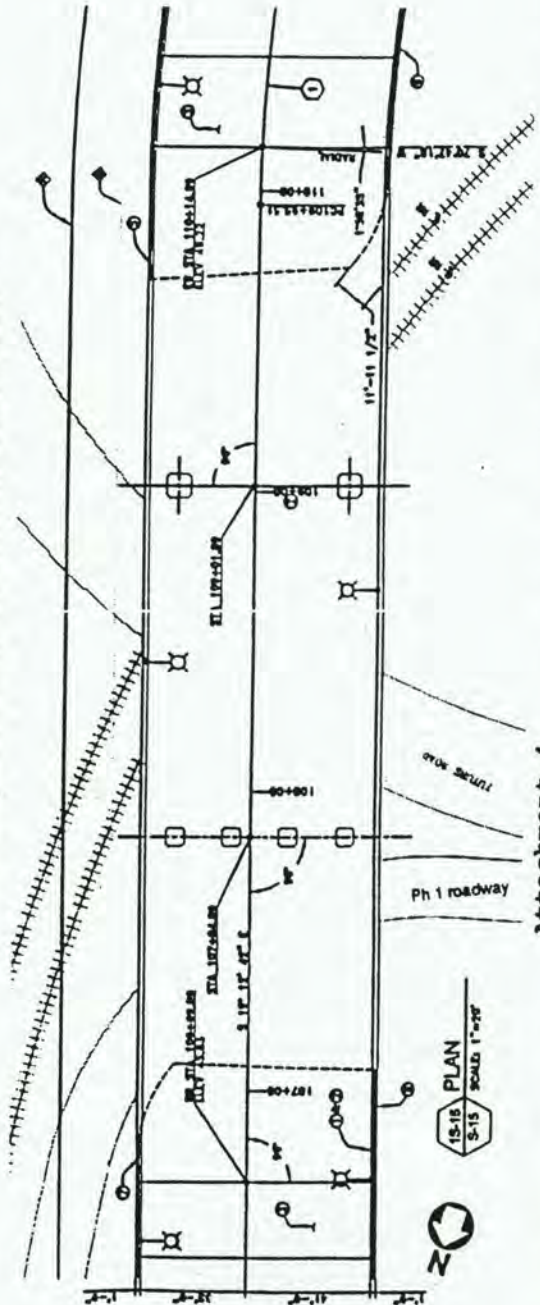
PIER 400 TRANSPORTATION CORRIDOR - INTERMODAL YARD STORAGE TRACKS

Attachment 3

PIER 400 CONCEPTUAL PLAN									
PIER 400 CORRIDOR - I.Y. CROSS SECTION									
THE PORT OF LOS ANGELES									
XX-1									
REV 05-10-00									



PILE DATA 7 FILE -						
LOCATION	PILE TYPE	SECTION	COMPRESSION	SECTION DEFORMATION	SECTION DEFORMATION	
					(FEET)	DATE OF TEST
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JOINT 2	CAST	POCC	600 KPS	160 KPS	-0.012	12-15-12
JOINT 3	CAST	POCC	600 KPS	160 KPS	-0.012	12-15-12
JOINT 4	CAST	POCC	600 KPS	160 KPS	-0.012	12-15-12
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**Notes:**

- ① PAINT BRUSH NO. 8, 1/2" BRUSH
- ② PAINT "TICK" AND SOUTH SLANT "SPRAYER"
- ③ STRUCTURAL APPROACH SLANT TYPE II (201)
- ④ TYPE 25 (200)
- ⑤ 1/2" DIA. CONCRETE BOLT
- ⑥ 1/2" DIA. BRASS ROD
- ⑦ 1/2" DIA. BRASS ROD
- ⑧ 1/2" DIA. BRASS ROD
- ⑨ POINT OF IMPACT VERTICAL CLEARANCE

- UTILITIES:**
 24" WATER LINE
 4" GAS LINE
 6" WATER LINE
 1 1/2" ELECTRIC
 1" SEWER LINE

CURVE DATA

SURVE	①
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Δ=64°35'36"	
T=817.87'	
L=837.46'	

DATE OF ESTIMATE 04/07/00

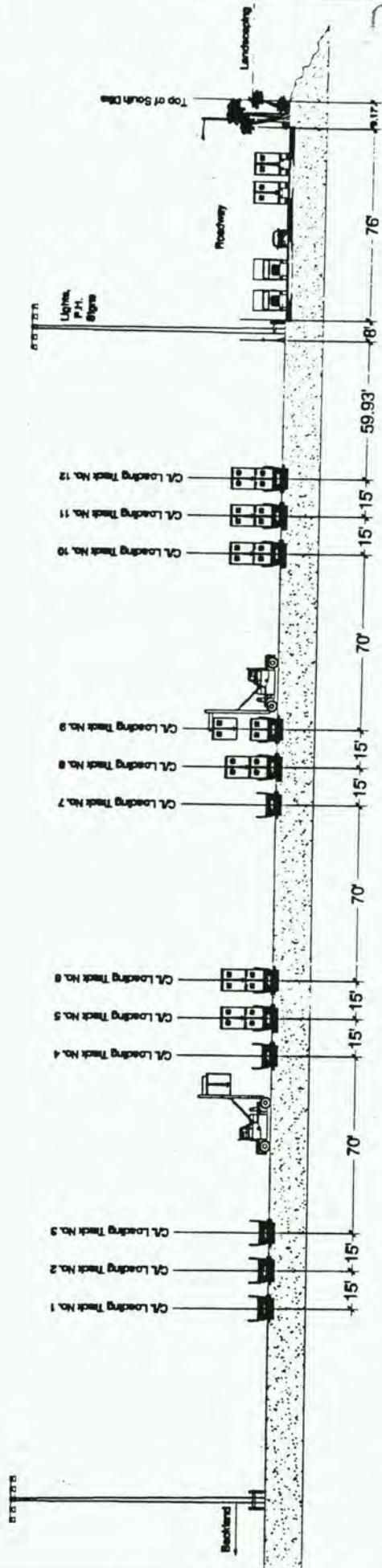
ESTIMATE DATA

STRUCTURE BOTTLE	5'-0"
LOWEST	345'-0"
WATER	74'-0"
APPROX	27,438 SF
ESTIMATED	
PER INSTRUCTIONS &	
FOR CONTRACTORS	
20% CONTINGENT	\$300,000
TOTAL COST	\$2,500,000

Free  **Low Carb Cakes!**

Pineapple Low Carb Cakes
Boxed 12
Palo Alto, CA 94301

1-2208 S-15



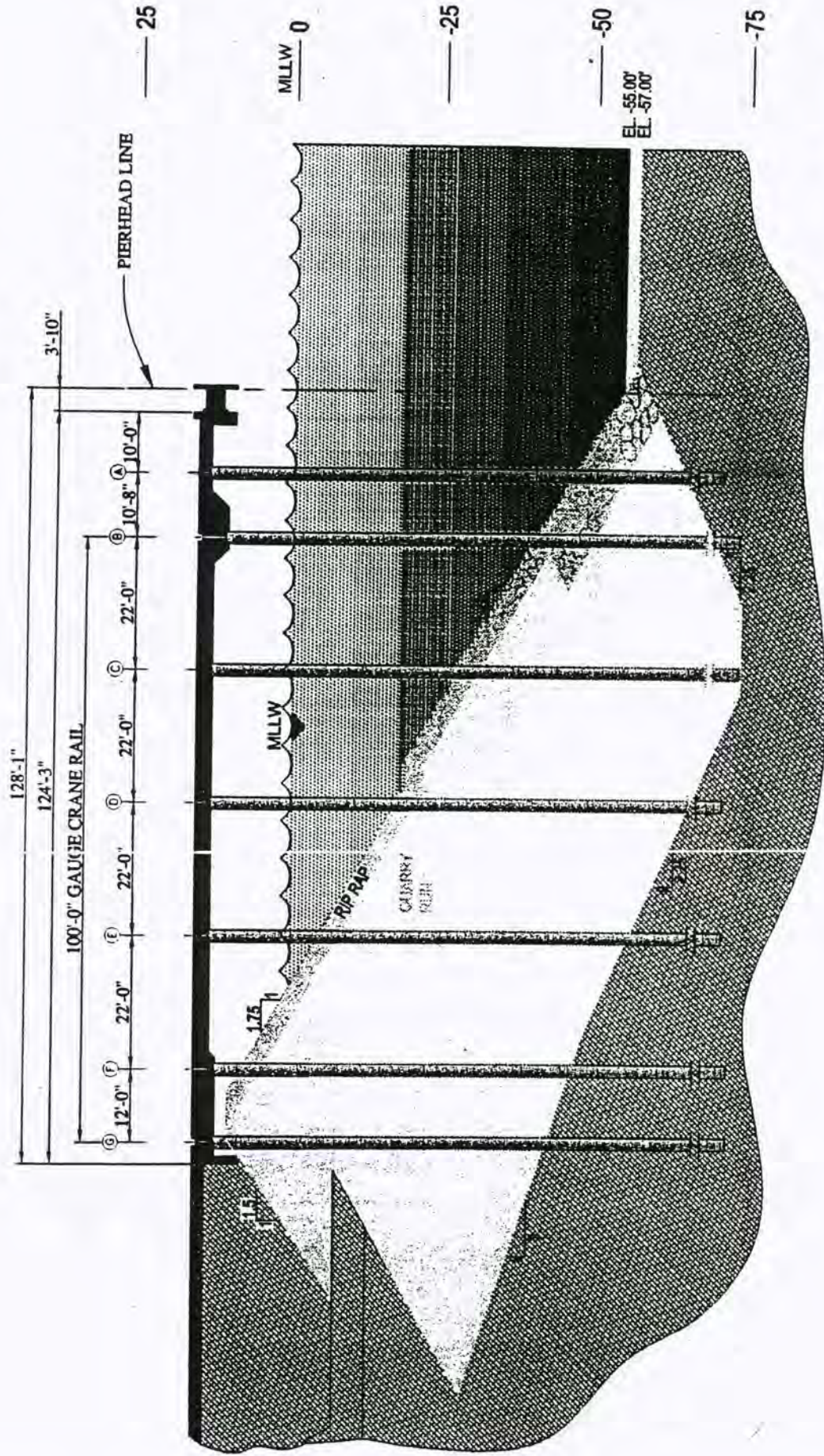
PIER 400 EAST/WEST TRANSPORTATION CORRIDOR - INTERMODAL YARD LOADING YARD

Attachment 5

PIER 400 CONCEPTUAL PLAN									
PIER 400 - ICTF LOADING YARD CROSS SECTION									
THE PORT OF LOS ANGELES									
XX-2									
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CHECKED BY: [Name]									
APPROVED BY: [Name]									
SCALE: 1" = 100'									
SHEET NO. 1 OF 1									
PROJECT NO. 0000000000									
SHEET TITLE: PIER 400 - ICTF LOADING YARD CROSS SECTION									
SHEET NO. 1 OF 1									
SHEET TITLE: PIER 400 - ICTF LOADING YARD CROSS SECTION									
SHEET NO. 1 OF 1									

new 04-24-00

PIER 400 WHARF CROSS-SECTION



PIER 400 CONTAINER TERMINAL - TENANT SPECIFIC IMPROVEMENTS (TSIs)
ESTIMATED TOTAL COST BREAKDOWN - Phase I

DESCRIPTION	QTY	UNIT	TOTAL	TYPE	REMARKS
I. BACKLAND - CY					
A. 244 Acres excluding Wharf and Intermodal Yard					
1 REEFERS (wheeled, complete system)	1,200	EA	\$11,427,000	P	
BACKLAND SUBTOTAL			\$ 11,427,000	\$ 11,427,000	\$0
II. BUILDINGS					
A. Gate Complex					
1 GATEHOUSE/ADMINISTRATION BUILDING	27,000	SF	\$8,761,000		T
2 COSTS TO ACCOM. GATEHOUSE FOR FUTURE 3RD FLR.	1	LS	\$1,321,000		T
3 ENTRANCE GATE/GUARDHOUSE	300	SF	\$193,000		T
4 ENTRANCE GATE/GUARDHOUSE	300	SF	\$193,000		T
5 ENTRANCE/EXIT CANOPY (30 lanes)	13,600	SF	\$1,891,000		T
6 ENTRANCE/EXIT CANOPY (for manned gates, 30 LANES)	34,667	SF	\$4,821,000		T
7 PREGATE CANOPY	9,075	SF	\$1,262,000		T
8 SIGN BRIDGE (30 lanes)	1	LS	\$2,060,000		T
9 SPEAKER PEDESTALS	30	EA	\$232,000		T
10 CHASIS CAMERA PEDESTALS	30	EA	\$180,000		T
11 TERMINAL ENTRANCE BLDG. SIGNAGE	1	LS	\$115,000		T
12 DRIVER'S ASSISTANT BUILDING	1,800	SF	\$918,000		T
13 DRIVER'S ASSISTANT CANOPY	1,000	SF	\$132,000		T
14 TRUCK SCALES	15	EA	\$1,674,000		T
15 CHECKER BOOTHS (For 30 Manned Gates)	30	EA	\$1,391,000		T
16 UPS FOR MAIN COMPUTER ROOM(GH,TOT, MOTS & ROT)	1	LS	\$1,000,000		T
17 EMERGENCY GENERATOR (400KW unit)	1	LS	\$146,000		T
B. Marine Buildings					
1 TERMINAL OPERATIONS TOWER (TOT)	19,200	SF	\$6,230,000		T
2 LONGSHORE TOILET	1	LS	\$515,000		T
3 DISPATCH CANOPY	1,800	SF	\$250,000		T
C. Maintenance & Repair					
1 FUELING AREA (gasoline, diesel, propane, waste tank)	1	LS	\$1,477,000		T
2 MAINTENANCE & REPAIR OFFICES	9,600	SF	\$2,720,000		T
3 MAINTENANCE & REPAIR SHOP (incl. built-in equip.)	24,000	SF	\$6,222,000		T
4 STEAM CLEANING	1	LS	\$34,000		T
5 ROADABILITY (TIRE REPAIR CANOPY & GENSET)	11,600	SF	\$1,534,000		T
6 INDOOR TIRE STORAGE	12,000	SF	\$2,987,000		T
7 AIR COMPRESSOR (FOR TIRE REPAIR CANOPY)	2	EA	\$82,000		T
8 REEFER WASH BLDG (W/O MACH & WATER FILT. SYS)	12,500	SF	\$2,018,000		T
9 REEFER WASH RECYCLED WATER EQUIPMENT	1	LS	\$481,000		T
10 WATER RECLAMATION (Underground Piping)	1	LS	\$94,000		T
11 HAZARDOUS CARGO CANOPY & DOCK	1,800	SF	\$448,000		T
12 HAZARDOUS CARGO CANOPY & DOCK	1,800	SF	\$448,000		T
13 HAZARDOUS WASTE STORAGE AREA	1	LS	\$24,000		T
D. Rail Car Maintenance & RAIL OPERATION TOWER (ROT) Building					
1 ROT CONTROL TOWER	6,000	SF	\$2,524,000		T
E. Communications - Does not include Telecom, AEI, & Computer Systems					
1 SECURITY SYSTEM (CAMERAS & CARD READERS)	1	LS	\$1,150,000		T
BUILDING SUBTOTAL			\$55,528,000	\$0	\$55,528,000
Phase I Grand Total			\$ 66,955,000	\$ 11,427,000	\$ 55,528,000

Attachment 7(a)

**PIER 400 CONTAINER TERMINAL - TENANT SPECIFIC IMPROVEMENTS (TSIs)
ESTIMATED TOTAL COST BREAKDOWN - Phase II**

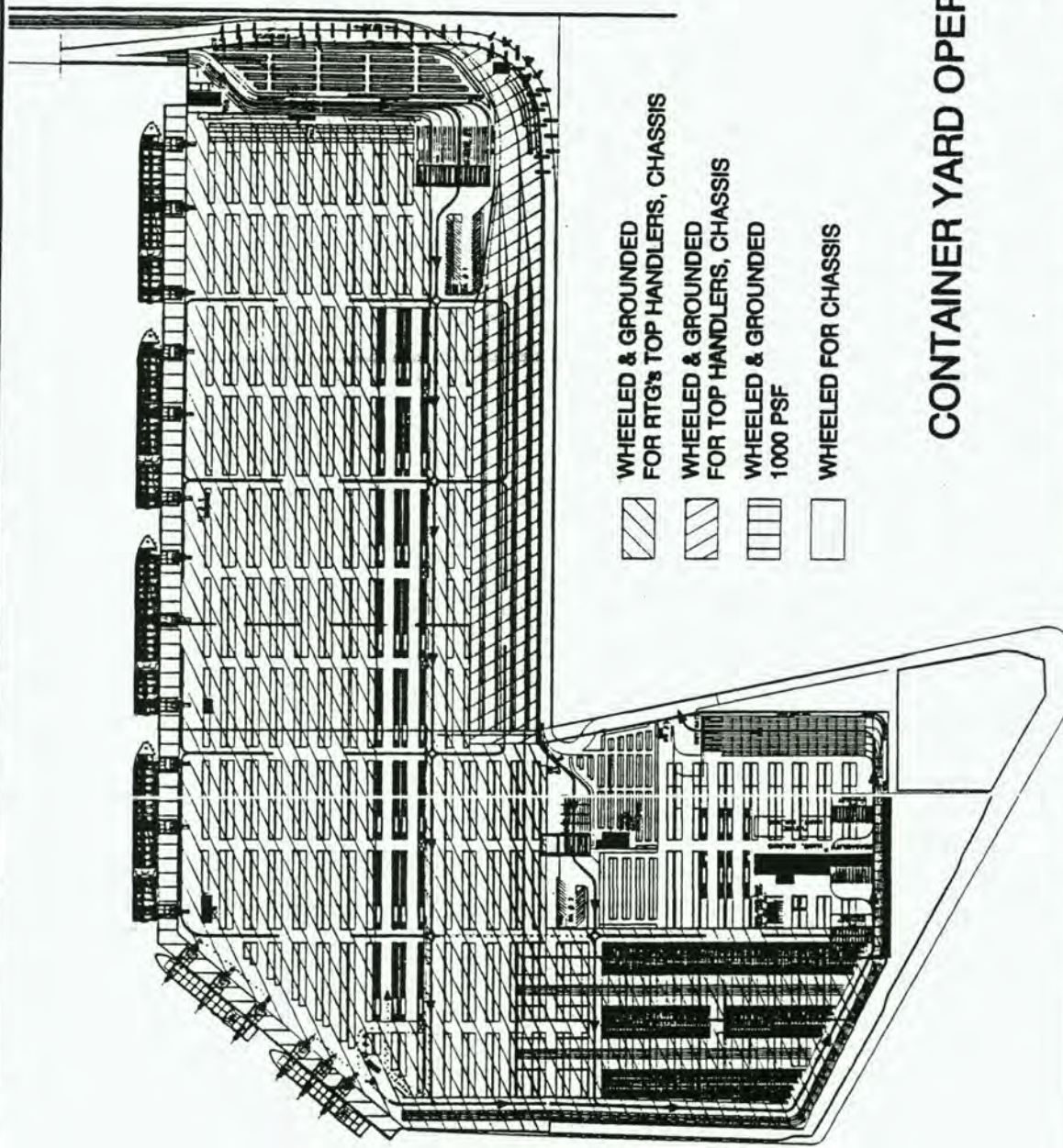
I. BACKLAND - CY						
1	REEFERS (complete system)	600	EA	\$5,713,000	P	
BACKLAND SUBTOTAL				\$5,713,000	\$5,713,000	\$0
II. BUILDINGS - Phase II						
A. Gate Complex						
1	ENTRANCE/EXIT CANOPY	6,800	SF	\$860,000		T
2	ENTRANCE/EXIT CANOPY (for manned gates, 15 LANES)	17,333	SF	\$2,191,000		T
3	SIGN BRIDGE (15 lanes)	1	LS	\$936,000		T
4	TRUCK SCALES	5	EA	\$507,000		T
5	CHECKER BOOTHS (For Manned Gate)	15	EA	\$632,000		T
6	SPEAKER PEDESTALS	15	EA	\$105,000		T
7	CHASIS CAMERA PEDESTALS	15	LS	\$82,000		T
B. Marine Buildings						
1	MARINE OPERATIONS TOWER	14,400	SF	\$4,248,000		T
2	SECOND MARINE OPERATIONS TOWER BUILDING	14,400	SF	\$4,248,000		T
C. Communications - Does not include Telecom, AEI, & Computer Systems						
1	SECURITY SYSTEM (CAMERAS & CARD READERS)	1	LS	\$523,000		T
BUILDING SUBTOTAL				\$14,332,000	\$0	\$14,332,000
Phase II Grand Total				\$ 20,045,000	\$ 5,713,000	\$ 14,332,000
Phase I				\$ 66,955,000	\$ 11,427,000	\$ 55,528,000
Phase II				\$ 20,045,000	\$ 5,713,000	\$ 14,332,000
TOTAL				\$ 87,000,000	\$ 17,140,000	\$ 69,860,000

Attachment 7(b)

July 11, 2000

**PIER 400 CONTAINER TERMINAL - ESTIMATED COST BREAKDOWN
SUPPLEMENTAL TENANT SPECIFIC IMPROVEMENTS (TSIs) AT TENANT'S COST**

CORRIDOR HIGHWAY						
1	ADDRESSABLE SIGNAGE	6	EA	\$1,028,000	P	
2	OVERHEAD SIGN - DEDUCT	1	EA	(\$93,000)	P	
SUBTOTAL				\$ 935,000	\$ 935,000	\$0
STORAGE RAILROAD TRACKS						
1	TIM SYSTEM IN STORAGE YARD - NO INTERMEDIATE SENSORS	1	LS	\$558,000	P	
SUBTOTAL				\$ 558,000	\$ 558,000	\$0
BACKLAND - PHASE I NORTH (EXCLUDING WHARF & INTERMODAL YARD)						
1	MAIN AISLE K-RAIL	8,000	LF	\$166,000	P	
2	MAIN AISLE - GATES AT 72' WIDE AISLES	4	LF	\$14,000	P	
3	ADDRESSABLE SIGNAGE CAPABILITY (COND & FOOTING ONLY)	5	EA	\$119,000	P	
4	120' HIGH MAST LIGHT POLES (DELTA INCREASE FROM 100')	69	EA	\$821,000	P	
5	TASK LIGHTS ALONG WHARF HIGH MAST LIGHT POLES	56	EA	\$190,000	P	
6	MOVABLE SIGNS - COST FOR DUAL FACE ONLY	80	EA	\$48,000	P	
SUBTOTAL				\$1,358,000	\$1,358,000	\$0
INTERMODAL YARD						
1	TASK LIGHT IN INTERMODAL YARD	128	EA	\$494,000	P	
2	PAVED TURNOUTS	8	EA	\$108,000	P	
3	MOTION SENSORS ON BOTH SIDES OF MID-AISLE BREAK	1	LS	\$612,000	P	
SUBTOTAL				\$ 1,214,000	\$ 1,214,000	\$0
WHARF (3 BERTH)						
1	REDUNDANT POWER TO CRANES (ADDT'L 10 MVA TRANSF.)	1	EA	\$253,596	P	
SUBTOTAL				\$ 254,000	\$ 254,000	\$0
BUILDINGS- PHASE I						
1	PEDESTRIAN BRIDGE OVER TRUCK LANES	1	EA	\$1,124,000	P	
2	PEDESTRIAN BRIDGE OVER RAILROAD TRACKS	1	EA	\$1,179,000	P	
TOTAL BUILDINGS				\$ 2,303,000	\$ 2,303,000	\$0
BACKLAND - PHASE II						
1	MAIN AISLE K-RAIL	4,000	LF	\$83,000	P	
2	MAIN AISLE - GATES AT 72' WIDE AISLES	3	LF	\$11,000	P	
3	ADDRESSABLE SIGNAGE CAPABILITY (COND & FOOTING ONLY)	5	EA	\$119,000	P	
4	120' HIGH MAST LIGHT POLES (DELTA INCREASE FROM 100')	29	EA	\$345,000	P	
5	TASK LIGHTS ALONG WHARF HIGH MAST LIGHT POLES	56	EA	\$190,000	P	
6	MOVABLE SIGNS - COST FOR DUAL FACE ONLY	50	EA	\$30,000	P	
TOTAL PHASE I BACKLAND				\$778,000	\$778,000	\$0
TOTAL ADDITIONAL REQUESTED CHANGES				\$7,400,000	\$7,400,000	\$0



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CONTAINER YARD OPERATION PLAN

ATTACHMENT 8

PIER 400 CONTAINER TERMINAL TERMINAL LEASE AREA		THE PORT OF LOS ANGELES 1-2209 UM-2	
DATE: 08/07/2000 TIME: 11:56:30 DRAWN BY: Dave Walsh	SCALE: AS SHOWN SHEET NO: 1-2209 UM-2	SHEET NO: 1-2209 UM-2	SHEET NO: 1-2209 UM-2
1	2	3	4
5	6	7	8
9	10	11	12
13	14		

EXHIBIT H

Exhibit H

PIER 400

QUALITY STANDARDS FOR THE BUILDINGS and GATE FACILITIES

Prepared by the
PORT OF LOS ANGELES

July 11, 2000

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I. QUALITY STANDARDS FOR ALL BUILDINGS

GENERAL GUIDELINES

The Pier 400 Container Terminal – Buildings and Gate Facilities shall be designed and constructed at a quality standard equal or better than the Pier 300 Container Terminal – Buildings and Gate Facilities. The following pages illustrate the quality standard developed for the Pier 300 project and shall be applied to the Pier 400 project.

Names and model numbers of all manufacturers listed in brackets [.....] set the minimum level of quality expected for the Pier 400 project, if the customer decided to incorporate similar product into the project. The Pier 400 designers can select products that are equal or better than the products listed.

For example, on page 20 under the water closet section: If customer provide toilets that serve the truckers, then the toilets shall be made of stainless steel, with quality to be equal or better than Bradley model 7248 – ULF.

CODES, REGULATIONS AND GUIDELINES

The current applicable codes and ordinances are listed as follows, the latest edition /amendments shall govern:

City of Los Angeles Codes:

City of Los Angeles Planning and Zoning Code, 1996 Edition

City of Los Angeles Building Code, 1999 Edition

City of Los Angeles Mechanical Code, 1997 Edition

City of Los Angeles Plumbing Code, 1997 Edition

City of Los Angeles Electrical Code, 1999 Edition

National and State Codes:

American with Disabilities Act

Uniform Building Code, 1997 Edition

Uniform Fire Code (UFC)

NFPA-National Fire code

State and federal safety and health laws

State Department of Labor Requirements

South Coast Air Quality Management District (SCAQMD)

California Building Code, 1998 Edition

California Administrative Code

Other Applicable health and safety requirements, codes and regulations:

The South Coast Air Quality Management District (SCAQMD) Rule 1113 wherein manufacturer or supplier shall furnish certificates of compliance with requirements when using materials containing organic solvents.

Utility company requirements.

Los Angeles Harbor Department Engineering Design Guidelines (herein called Engineering Design Guidelines), Chapters 1 through 4, 1992 Edition. All references to usage and compatibility to CADAM is exempted from the guidelines.

RECORD DRAWINGS AND SPECIFICATIONS

Provide one copy of 24" x 36" vellum for all drawings and one copy of specifications to the Port. All construction revisions including but not limited to shop drawings, request for information, addenda, and other field changes shall be neatly incorporated into the Record Drawings. All record information shall be drafted in autocad. Clouds and handwritten remarks on the record set are not acceptable. Provide one vellum copy and two CD-ROM of the above to the Port.

Provide one copy of specifications. Include model numbers, manufacturer names, and phone numbers of all fixtures, products, and equipments actually incorporated into the project. Type or handwritten neatly all revisions into part 2 of the 3 part specs.

Provide one copy of Operations and Maintenance Manuals of all products and equipment to the Port.

Operations and Maintenance Manual of elevators, HVAC equipments, emergency generators, UPS, fire alarm system, fire sprinkler system, security system, public address/emergency annunciation system, and equipments noted on pages 27 through 32 shall include the following:

- a) As installed circuit, wiring diagram,
- b) Lubricating instructions, lubricants used,
- c) Parts catalog, including contact name and phone nos.,
- d) Diagnostic tools and instructions (elevators only),
- e) Location and function of components (elevators only).

GENERAL WARRANTY

Except noted otherwise in this manual, contractor shall provide one year of labor and material warranty on the entire project. The warranty shall begin on the "Substantial completion date" of the entire project. The Port and the customer shall mutually determine the "Substantial completion date".

During the warranty period, contractor shall commence work to correct any deficiency within 10 calendar days of written notification. The work shall be completed within a reasonable period of time. If contractor failed to comply, the Port or the customer can perform the work at contractor's expenses. In the event of emergencies where the health and safety of the City's employees, property, or licenses are at risk; the Port or the customer can undertake the work without prior notice to the contractor.

Warranties with more than one year of duration shall be transferrable to the Port after the first year.

ARCHITECTURAL

GENERAL

The final Architectural Drawings shall be stamped and signed by a California licensed Architect.

REFERENCE STANDARDS

Engineering Design Guidelines, Section 04.02.

DURABILITY OF MATERIALS AND FINISHES

Final selection of material finishes shall take into consideration the location of the site in an industrial marine environment. Exterior finishes shall be resistant to the effects of salt and exhaust fumes. This facility is expected to withstand a high level of wear and abuse common to container terminals. Building surfaces that will be subjected to contact with trucks, forklifts, and ILWU workers, particularly in shop and warehouse areas, shall be provided with durable material finishes that will clean and repair easily. Selection of these finishes shall balance cost with performance. Coating of surfaces from graffiti shall be in accordance with code, and may be deleted if a variance is obtained from the Department of Building and Safety.

ACOUSTIC DESIGN

Noise level control shall be provided through the use of appropriate building materials, sound insulation materials and/or the use of sound barriers such as sound walls, space separation and landscaping.

All habitable spaces (lobby, open office spaces, breakrooms, corridors, restrooms, and other related functions) shall be designed so that noise levels from adjacent spaces and/or external sources like container handling activities shall not cause ambient noise levels in excess of a modified Noise Criteria Curve NC 45 within said spaces.

All conference rooms and enclosed office spaces shall be designed so that noise levels from adjacent spaces and/or external sources like container handling activities shall not cause ambient noise levels in excess of a modified Noise Criteria Curve NC 42 within said spaces.

All special use spaces (machine shops, loading docks, parts rooms, etc.) that generate high noise levels shall be designed to minimize their noise impact on adjacent work spaces through the use of insulation, sound barriers and/or proper location and orientation.

The modified NC curves noted above are identical to the conventional NC in the important speech frequency range from 250 to 4000 hertz. The noise levels in the 63 and 125 hertz bands are allowed to exceed the conventional NC levels by 10 and 9 decibels, respectively. These exceedances do not in any significant way degrade speech intelligibility for direct face to face and telephone conversation.

EXTERIOR CONSTRUCTION

WALLS

Architectural finish are required over CONCRETE and MASONRY walls for the Gatehouse / Administration Building, Rail Operations Tower, Terminal Operations Tower, and Marine Operations Tower(s). Architectural finish shall also be applied to the Main Gate Guardhouse, if constructed.

Frame: Cement plaster shall be dash, roughcast, harling, and/or scraped finishes. Smooth, floated, and machine applied finishes not allowed. Apply plaster over exterior backer board over metal or wood studs. Consider acoustic requirements on size and spacing of studs. Frame buildings shall be located away from truck traffic unless the bottom 8 feet of the wall are constructed of concrete, masonry, or protected by guard posts as shown on page 10.

Concrete: Tilt-up or poured in place reinforced concrete panels. Consider acoustic requirements on concrete sizing. Panels shall be painted, see page 13.
(Architectural finish shall be medium sand blast finish or precast architectural finish.
Sandblasting can be applied at job site after wall erection or in the shop).

Masonry: Reinforced concrete masonry units (CMU). Consider acoustic requirements on CMU design. Water repellent sealer required over all exposed walls [Okon Inc., Colorado, Okon W-2] (Architectural finish shall be medium sand blast finish, sandblasting can be applied at job site after wall erection or in the shop).

Metal: Metal siding shall be at least 18 ga.in thickness, and be primed and painted per page 12 under PAINT section. The bottom 8 feet of the wall subject to truck traffic shall be constructed of concrete or masonry.

EXPANSION AND CONTROL JOINTS

Exterior building design shall consider temperature variation, concrete shrinkage, and the possibility of settlement. Construct control and expansion joints as required.

SOFFITS

Framed: Cement plaster over exterior backer board framing.

Exposed Soffits: Apply exterior paint per PAINT section on page 13.

EXTERIOR DOORS

Reference Standards: Steel Door Institute Publication SDI-100.

Entry Doors: Glass/Hollow Metal or hollow metal.

Overhead Coiling Doors: Steel.

Hardware: Heavy Duty commercial grade.

Locks and Locksets: Corbin Russwin is required for uniformity and ease of maintenance by the Port.

STOREFRONT

Reference Standards: Aluminum Association Standards and AAMA Coating Standards.

Aluminum with high performance organic coating [Duranar]. Contractor shall provide 2 years of labor and material warranty for storefront framing, see page 6.

WINDOW FRAMING

Aluminum with high performance organic coating [Duranar].

Contractor shall provide 2 years of labor and material warranty for window framing, See page 6.

GLAZING

Reference Standards: Glazing Manual of Flat Glass Marketing Association, Federal Specification 16CFR-1201.

Min. thickness shall be $\frac{1}{4}$ ".

Insulating glass: Contractor shall provide 10 years labor and material warranty, see pg.6.

Laminated glass: Contractor shall provide 5 years labor and material warranty, see pg.6.

Warranty shall cover defects such as edge separation, delamination obstructing vision through glass, blemishes exceeding ASTM C1172, and dust and moisture trapped in the interior surfaces of insulating glass.

ROOFING

Reference Standards:

National Roofing Contractors Association Roofing and Waterproofing Manual as modified by the Western States Roofing Contractors Association.

Min. 4-ply built-up modified bitumen roof or SBS roofing with mineral surface cap sheet.
Roof Slope: Min. $\frac{1}{2}$ " vertical per foot horizontal.

Specifications shall require roofing manufacturer to carry the following warranty:

Furnish roofing system manufacturer's no dollar limit 20 year single source warranty without ponding exclusion for the first 10 years of warranty. Warranty shall include insulation material, if applicable, beneath the roof material. If within the warranty period, roofing system becomes non-watertight, splits, tears, and/or separates because of defective materials and/or workmanship; repair or replacement of defective areas shall be the responsibility of the roofing manufacturer. If roofing manufacturer failed to perform repairs within 72 hours of written notification, emergency repairs performed by others shall be paid by roofing manufacturer, and will not void warranty, see page 6.

Metal roofing: Exposed metal roofing allowed for canopies not concealed by walls on all sides of the canopy. All other structures shall have metal roofing covered by roofing system as noted on the roofing system section above.

Min. 18 ga. steel for covered or exposed metal roofing.

Flashing and Sheet Metal: SMACNA "Architectural Sheet Metal Manual", current edition. Gutters, counterflashing, and clips shall be min. 22 ga. thick. galvanized steel.

Sealants and Caulking: ASTM Publication C920.

BOLLARDS

Locate bollards to protect all building and gate facilities from truck damage as follows:

Terminal inbound / outbound truck lanes, and building corners located adjacent to truck lanes:

Min. 12" diam. steel pipe filled with concrete, min. 5 feet high and embedded min. 5 feet underground inside min. 24" diam. concrete footing, painted yellow. See page 37.

Both sides of all vehicle roll up doors exposed to trucks and forklifts, and building corners located away from truck lanes:

Min. 8" diam. steel pipe filled with concrete, min. 4'-6" feet high and embedded min. 3 feet underground inside 24" diam. concrete footing, painted yellow. See page 38.

Both sides of all vehicle roll up doors and building corners not exposed to trucks and forklifts:

Min. 6" diam. steel pipe filled with concrete, min. 4'-6" feet high and embedded 3 feet underground inside 1'-8" diam. concrete footing, painted yellow. See page 38.

High mast light poles and/or fire hydrant:

Min. 12" diam. steel pipe filled with concrete, min. 8' feet high and embedded 4'-6" feet underground inside concrete footing, pipes connected by min. C 10 x 15.3, painted yellow. See pages 39, 40, and 41.

INTERIOR CONSTRUCTION

REFERENCE STANDARDS

Engineering Design Guidelines, Section 04.02.

Interior Doors Reference Standard: ANSI/NWMA I.S.I.

Gypsum Board Partitions Reference Standard: Gypsum Association Fire Resistance/Sound Control Design Manual (Publication: GA-600).

Casework and Cabinetry Reference Standard: Woodwork Institute of California (WIC) Manual of Millwork. Custom grade or better.

Tile Reference Standard: Tile Council of America Handbook for Ceramic Tile Installation.

INTERIOR WALLS

Typical Partitions: Min. 5/8" thick gypsum board, both sides.

Fire Rated Partitions: Min. 5/8 Type "X" gypsum board, both sides.

Walls to Receive Ceramic Tile: 5/8" Water resistant gypsum board in toilet rooms. 1/2" waterproof cementitious board "Greenboard" in showers.

Plumbing Walls:

With plumbing fixtures on both sides: Two typical walls with a 12" clear plumbing chase between studs.

With plumbing on one side: 6" metal studs at min. 16" o.c.

Concrete Masonry Unit Walls: Gypsum board cover or paint directly on wall.

Concrete Walls to Receive Ceramic Tile: Thin set mortar

INTERIOR WALL FINISHES

Typical Gypsum Board Walls: Paint per PAINT section in page 12.

Restroom Exposed Gypsum Board: Washable semi-gloss paint.

Areas to be tiled: Shower, Toilets, and Janitor's Closet. Floor to ceiling including ceiling for shower. Floor to 4 feet high min. for other rooms, floor to 6 feet high if sink or lavatory is located above or below the tiles.

Tile: Unglazed porcelain ceramic tile, semi-gloss or bright gloss finish.

Exposed Concrete: Painted

Baseboard: Rubber. Tile for Shower, Toilets, and Janitor's Closet.

INTERIOR DOORS

Typical Doors: Solid Core, plastic laminate facing, wood facing; or hollow metal.

Fire Rated Doors: Solid Core, labeled or certified.

Fire Rated Overhead Coiling Doors: Labeled or certified, automatic, steel.

Overhead Coiling Doors: Steel.

Locks and Locksets: Corbin Russwin for uniformity and ease of maintenance by the Port.

FLOOR FINISHES

Sub-Floor: Concrete

Carpet: Offices, Conference Rooms, and Office Corridors of Gatehouse/Admin. Building, see CARPET section below.

Resilient Flooring: Open work spaces, corridors, utility rooms, break rooms, and storage areas, and Janitor's Closet.

Carpet or Resilient Flooring: Offices, Conference Rooms, and Office Corridors of all buildings other than Gatehouse/Admin. Building.

Ceramic Tile: Showers, Toilets, and Janitor's Closet. Thin set.

Concrete in Shop Areas and Battery storage rooms: Hardener and sealer.

CARPET

Water vapor transmission of concrete slab subjected to carpeting shall not exceed 3 lbs./1000 sq. ft. / 24 hours, as determined by the # 625 calcium chloride test. Lay carpet with run of pile in the same direction as anticipated walking traffic, use min. 6" wide carpet strips.

Extra carpet must be manufactured from the same batch as original carpet.

Carpet shall be min. 32 oz./sq. yd, substrate attachment shall foster easy carpet replacement in the future without extensive effort.

RESILIENT TILE

Minimum 1/8" thick, containing no asbestos fiber, applied with waterproof and stabilize type adhesive [Manington Commercial, Essential, Vinyl Composition Tile, or Flexco Radial Rubber Tile]

CEILING FINISHES

Suspended Ceilings in Dry Areas: Acoustic lay-in tiles in modular dimensions, locate and dimension on plans in a defined pattern all lighting, fire alarm, speakers, signs, and sprinkler heads.

Suspended Ceilings in Damp Areas: Painted gypsum board.

Gypsum Board Ceilings or Soffits: Paint per PAINT section.

Exposed Structure: Paint per PAINT section.

CABINETRY

Structure: Plywood and Wood particleboard (MDF) for flat surfaces. Rails and braces of Solid Pine or Douglas Fir.

Countertops: High pressure laminate, solid color, min. 0.050" thick; or 18 ga. min. stainless steel; or solid polymer "Corian" material.

Cabinet Vertical Surfaces: Low pressure laminate, solid color, 0.035" thick min.

Cabinet Interiors: Low pressure laminate, solid color, 0.025" thick min.

PAINT

A total of 3 coats of paint are required for all walls, trims, and ceiling. Prime and finish coating color shall be different. [Dunn Edwards, ICI, Frazee].

Gypsum Board Wall and Ceiling: Flat or semi-gloss latex paint, washable.

Painted Trim and Wood: Semi-gloss paint.

Exposed Concrete: Washable latex acrylic paint over color pigmented sealer.

Exposed Metal: Factory coating only, field coating limited to touch up areas [Kynar 500, Tnemec, Dunn Edwards].

SPECIALTIES

Toilet Partitions: Steel, 11 ga. min., with baked enamel finish; or solid phenolic core with high pressure plastic laminate faces. Stainless steel hardware, ceiling hung. Provide structural framing to support partitions.

Toilet Accessories: Stainless Steel, 18-8, type 304.

Urinal Partitions: Steel, 11 ga. min., with baked enamel finish, or solid phenolic core with high pressure plastic laminate faces, stainless steel hardware, wall hung. Provide structural framing to support partitions.

Telephone Enclosures: Stainless steel, type 304; or plastic laminate over stainless steel. Phone company may install their own telephone enclosures.

Metal lockers: Baked enamel finish with sloped top to minimize dust collection.

Bulletin Boards: Fabric covered.

Fire Extinguisher Cabinets: Baked enamel finish.

Dry marker boards: Porcelain enamel finish, white.

Flagpoles: Cone tapered aluminum pole.

IDENTIFICATION, DIRECTIONAL, AND EVACUATION SIGNS

Min. 1/8" thick acrylic or min. 18 ga. aluminum.

Exterior signs shall have min. 1/8" diameter weep holes on sign bottom for drainage. Provisions shall be included to prevent oil canning. Signs shall have a smooth finish.

Lettering and graphics shall have smooth edges, sharp and true corners, and free from imperfections.

ELEVATORS

Elevators, where required by code, shall be either pre-engineered, telescoping multi-stage plunger cylinder type or overhead traction type. Fire retardant acoustic insulation on elevator cab shell. 3,500 lb. Capacity, 150 fpm, minimum 9'-0" ceiling, cab shall level within 1/4" of the building finish floor level, handrail on the back wall of elevator cab.

[Dover, Fujitec, Mitsubishi, Montgomery, Otis, Schindler]

In addition to the above manufacturers, hoistway entrance and cab interior can be fabricated by the following vendors, they shall be pre-approved by the elevator manufacturer before work began. All interior exposed metal work shall be at least 16 ga. thick, with edges ground smooth. All joints on interior panels shall be aligned.

[Brice Southern, Hauenstein and Burmeister, Tyler Elevator Products, Western Manufacturing Co.]

Elevator Machine room equipment shall be acoustically isolated.

Service contract:

Elevator manufacturer shall provide 5 years, 24 hours/day, 7 days/week full maintenance service including monthly preventive maintenance, repair and replacement of worn parts, lubrication, cleaning, and adjustments for proper elevator operations. Use only original factory parts. See page 6.

STRUCTURAL

GENERAL

The final structural plans and calculations shall be stamped and signed by a licensed structural engineer registered in the state of California.

REFERENCE STANDARDS

Engineering Design Guidelines, Section 04.05.

FOUNDATIONS

The project site is located on a manmade landfill, which is currently under construction and not fully consolidated. Foundation recommendations shall be based on geotechnical reports prepared and signed by a licensed Geotechnical Engineer. These shall be approved by the Port.

Seismicity of the site and proximity to the Palos Verdes fault shall be considered in the design of the foundation and superstructures. Liquefaction potential and differential settlements shall also be considered.

SLABS

All buildings shall have either structurally reinforced concrete slab or concrete slab on grade. All slabs shall have below slab moisture proof membranes to prevent ground water penetration into the slab.

In shop areas, slabs shall be hardened and sealed to prevent penetration of shop liquids into the slab. All shop and hazardous material storage flooring subject to cleaning with water hose shall be sloped to drains. The drains shall be connected to oil/water separator units. Slabs in other interior areas shall be flat. Underside of dock levelers, if levelers are provided, shall be sloped towards the front per leveler manufacturer's requirements.

MECHANICAL / HVAC SYSTEMS

REFERENCE STANDARDS

Engineering Design Guidelines, Section 04.03.

ASHRAE (American Society of Heating, Refrigeration and Air-Conditioning Engineers, Inc.) guide, climatic data, and other data publications.

ASME (American Society of Mechanical Engineers), Boiler and Pressure Vessel codes.

SMACNA (Sheet Metal and Air-Conditioning Contractors National Association) including:

HVAC duct construction standards,
Seismic Restraint Guidelines for Mechanical Systems,
Duct Liner Application Standards,
Flexible Duct Installation Standards

LOAD CALCULATIONS, DESIGN CONDITIONS

Energy compliance calculations. Title 24 calculation.

Latitude: 33 degrees N, Elevation 30 ft.

Indoor Conditions

General air conditioned areas:

Summer:	78° F
Winter:	70° F
Humidity:	Not controlled
Pressure:	Positive to outside areas
Air Filters:	60% minimum efficiency by ASHRAE test for Gatehouse / Administration Building 30% minimum efficiency by ASHRAE test for all other buildings

Equipment rooms (mechanical room, electrical room, etc.)

Summer:	105° F max.
Winter:	No heat supplied
Humidity:	Not adjusted

Air change shall be based on the actual heat gain of the space but not less than the minimums recommended by ASHRAE.

GENERAL

The design of the heating, ventilating and air-conditioning system for the facility shall be based on low maintenance, easy access, acoustics, and high reliability.

Due to the fact that the facility is next to the ocean, the HVAC equipment will be subject to a very corrosive atmosphere. All equipment exposed to the atmosphere or handling large amounts of outdoor air shall be coated with epoxy coating or other approved protective coating.

Due to the corrosive environment, no 100% outdoor air is allowed for any air-conditioning unit.

All duct work, piping and all mechanical equipment without moving parts shall be rigidly anchored to the building structure. Duct work and piping restraints shall be in accordance with SMACNA Standards. All mechanical equipment with moving parts shall have vibration bases or vibration isolators and shall have seismic restraints as required by code. Spring vibration isolators with seismic restraints shall be provided for the following equipment: air-conditioning units, suspended exhaust fans and floor-mounted exhaust fans.

Ventilation

All ventilation systems shall be mechanical forced-air type with powered exhaust fans and with air discharged to the outdoors.

The rest rooms shall have a powered exhaust system. The make-up air for the rest rooms shall come from adjoining rooms or outdoors.

Equipment rooms shall have individual exhaust fans or supply fans and make-up air from the outdoors.

The elevator machine room shall be exhausted with transfer air.

PLUMBING

SCOPE OF WORK

This section provides criteria for the interior building plumbing up to 5 ft. outside the building foundation. The systems described herein are:

- Drainage Systems
- Water systems
- Natural Gas System
- Storm Drainage System
- Compressed Air System
- Reefer Wash System
- Pneumatic Tube Communication System
- Piping
- Plumbing Fixtures and Equipment

REFERENCE STANDARDS

- American Society for Testing and Materials (ASTM)
- American National Standards Institute (ANSI)
- American Water Works Association (AWWA)
- Underwriters Laboratories (UL)
- Plumbing Drainage Institute (PDI)
- American Society of Mechanical Engineers (ASME)
- Los Angeles Harbor Department Engineering Guidelines, Section 04.04

Engineering Design Guidelines, Section 04.04 : Plumbing up to 5 feet outside the building's foundation.

Section II of this manual: Plumbing outside the building limit.

ENGINEERING CRITERIA.

Domestic water shall be sized to maintain a maximum velocity of 8 ft/s at design flow conditions.

A minimum of 35 psi shall be provided at all plumbing fixtures because of low flush toilets (1.6 gal/flush) requirement at the highest usage point in the building.

Hot water shall be provided to fixtures at the following temperatures:

- 100° F in all toilet facilities
- 110° F in all facilities with showers

The calculations for hot water are based on the minimum street main temperature 40° F.

Storm drainage design shall be based on a rainfall of 2 inches per hour.

Sanitary drainage and vent systems shall be based on fixture unit count with piping at a minimum slope of $\frac{1}{4}$ " per foot in order to achieve minimum scouring action at a velocity of 2 FPS.

Industrial waste system shall be provided for all oil and chemical waste.

SYSTEMS DESCRIPTIONS

Drainage Systems

Sanitary Drainage Systems: The sanitary (waste and vent) drainage system for this project consists of regular waste, indirect waste, and industrial waste.

Regular Waste: All cleanouts shall have maintenance access for drainage maintenance purposes.

Indirect Waste System: Indirect waste from mechanical equipment shall discharge into the sanitary drainage system through an indirect waste connection.

Industrial waste drainage from buildings shall be discharged into a grease and sand industrial clarifier before connection to the sanitary drainage system.

Waste Oil System from buildings shall be discharged into waste oil collection tank. See page 28 under Waste Oil Tanks.

Water Systems

Potable water shall include the building distribution system to plumbing fixtures, hose bibbs and water heaters. Each building water supply shall connect to the ON-SITE water main and may have separate water meters and reduced pressure backflow preventer. A master meter shall be provided for the entire terminal.

Industrialized Water System: The industrial water system shall include a cold water distribution system which is protected with a reduced pressure type backflow preventer, minimizing the possibility of backflow into the potable water system. The system shall supply the mechanical equipment make-up and irrigation systems.

Hot Water System: The hot water system shall include water heaters and plumbing fixtures. Zone valves and branch valves shall be provided for interior hot water distribution. In addition, a hot water circulating return equipped with a circulating pump controlled by a temperature limiting device shall be provided for long distribution runs. The water heater shall be provided with temperature and pressure relief valves with relief drain discharge into the nearest floor sink or floor drain.

Natural Gas System

Gas-fired mechanical equipment and, gas-fired water heaters shall be supplied from the interior gas distribution system, which shall be a low pressure system. The system shall be connected to the on-site medium pressure natural gas distribution system and shall have a gas pressure regulator assembly and building shut-off valve.

Storm Drainage System

Roofs shall drain through roof drains and internal downspouts connecting to the site storm drainage lines. A separate overflow drainage system shall be provided and located 2 inches higher than the adjacent roof drain. Drains shall not discharge over the sidewalk. Subsoil drainage piping, if necessary, shall be provided around the perimeter of the building and drained to the storm water drainage system, catch basin, or maintenance hole.

Provide drainage system under all truck scale pits connected to the storm drain system.

Compressed Air System:

Duplex Air Compressors mounted on a common receiver equipped with automatic control, they shall supply dust-free dehumidified air to air outlets for pneumatic operated hand tools and other equipment. Compressed air branch line shall have a drip leg with petcock and pressure regulator with gauge. See also page 28 under air compressors, receivers, and refrigerated air dryer.

Reefer Wash System:

Training shall be provided by vendor for maintenance and operations of the facility.

Pneumatic Tube Communication System , if provided:

The system shall be designed so that maintenance access is provided for all below grade installation.

PIPING

Domestic Water Piping Inside Building:

Seamless copper, Type L wrought copper, hard drawn, 95/5 solder with cast solder fittings.

Domestic Water Piping Outside Building and Underground:

Shall be coated, double cement-lined ductile iron push-on joint water pipe and class 350 ductile iron fittings with mechanical joints. Copper, type K, with silver brazed fittings is also acceptable.

Soil, Waste, Vent and Storm Water Piping Inside Building Below Ground:

Standard weight, cast iron, hub and spigot with compression type neoprene gasket joints. "Duriron" piping not allowed.

Soil, Waste, Vent and Storm Water Piping Inside Building Above Ground:

Standard weight, no-hub cast iron with neoprene gasket, asphaltum coated. For all types of roof material, Roof Drains shall have galvanized cast iron body with dome strainer. Gutter Drains shall have galvanized thread cast iron body. Gutters shall have 1/4" hardware cloth gutter screen in sheet metal frames. Piping shall be Schedule 40 galvanized steel with galvanized cast iron threaded fittings. "Duriron" piping not allowed.

Compressed Air: Type L copper. Black Steel, schedule 40, ASTM 53, with 150 pounds banded malleable iron screwed fittings is also accepted. Block all pipe with welding fittings.

Gas and Automobile Transmission Fluid Piping:

Schedule 40 black steel pipe, ASTM A-53, with 150 lbs. banded malleable iron screwed fittings. Piping 3 inches or larger may be welded using butt or socket type welding, mitered bends not permitted. Underground gas piping shall be properly taped and marked for ease of future location.

PLUMBING FIXTURES AND EQUIPMENT

Water Closet: Stainless steel [Bradley 7248 - ULF] for longshore and truckers' toilets. White vitreous china [American Standard 2257.103: 800-223-0068] for other restrooms. Siphon jet action, elongated bowl, wall mounted with top spud and open front seat. Carrier [J.R.Smith 100 or 400]. Flush valve [Sloan Royal 606-YO-Yc].

Urinal: Stainless steel [Bradley 8201 - ULF] for longshore and truckers' toilets. White vitreous china [American Standard 6541.132: 800-223-0068] for other restrooms. Siphon jet action, top spud, wall mounted integral trap, concealed wall hanger. Flush valve [Sloan Royal 606-Yo-Yc].

Lavatory: Stainless steel [Acorn Dura-ware 1951-1-CSG-9-GT-AB] for longshore and truckers' toilets. White vitreous china [American Standard 0356.015 or 0470.013] for other restrooms.

Service Sink: Corner model enameled cast-iron floor type with stainless steel rim guard, brass strainer with thread outlet, domed strainer, with a 3" (footed) trap, wall mounted faucets. [American Standard 7740.020].

Break Room Sink: Two-compartment, 18-gauge, type 302 stainless steel counter-to-self-rimming sink, soft satin with polished bowl edges and swing faucet.

Electric Drinking Fountain, if code required: Semi-recessed wall mounted, all-stainless steel with air-cooled condenser and hermetically sealed refrigeration system. [Sunroc SRF 7700].

Floor Drain: Square cover plate to eliminate cutting of tile to fit round plates. Cast-iron body with nickel bronze adjustable strainer and flashing collar, bottom outlet, trap primer connection as required. [J.R.Smith].

Hose Bibb: $\frac{3}{4}$ inch, all-brass construction with chrome-plated, finished, adjustable packing nut with deep stem guard, and loose key handle. Unit shall be equipped with vacuum breaker backflow preventer. Recessed mounted on exterior locations. [Acorn, Chicago, Potter Roemer].

Shower: Automatic shower limiter valve with single handle control, 2.5 gpm, 5 feet min. flexible hose. [Symmons 86-1-X Temptrol].

Emergency Shower: Galvanized steel support pipe, 30 gpm, ABS shower head and receptor, self closing shower valve. [Haws 8200 WC].

Water Heater: ASME constructed, UL listed, packaged unit with seismic tiedowns, temperature and pressure relief valve, drip pan, tank and pipe insulation, and expansion tank. [A.O. Smith].

Diesel, Gasoline, and Propane tanks: Comply with code, including Fire Department regulations, Caltrans requirements for traffic attenuation, and Los Angeles County for drainage. Locate tank assembly away from major traffic flow and potential train derailment.

FIRE PROTECTION

REFERENCE STANDARDS

City of Los Angeles Plumbing Code
Engineering Design Guidelines Section 04.07.

GENERAL

Each building, except noted below, shall have a fire alarm and fire sprinkler system as required by code. Submit 40 % completed drawings of all buildings and structures to FM Global, State of Washington , phone (425) 646-9623 to obtain approval and possible additional requirements above the code for insurance coverage to the Port.

Fire sprinkler system contractor shall be licensed by the State of California and regularly engaged in the subject installation, as listed by Underwriters Laboratories, Inc.

Patch and repair all penetration through walls, floors, and ceilings.

Canopies with no wall enclosure on all sides, and buildings that has no other function but toilet and / or exterior mounted phones, are excepted from the above requirements.

ELECTRICAL SYSTEMS

CODES AND REFERENCE STANDARDS

Institute of Electrical and Electronic Engineers (IEEE).
Illuminating Engineering Society's (IES) handbooks.
National Electrical Manufacturers Engineers (NEMA)
Underwriters' Laboratories, Inc. (UL).

Engineering Design Guidelines Section 04.07.

ELECTRICAL MAIN

The power to the facilities shall be 480Y/277 volts, 60 Hz. on the main switchgear constructed by the backlands contractor. The backlands contractor shall construct conduits and wiring from the main switchgear to the splice box about ten feet from the building footprint. The building contractor shall intercept the conduit and wiring from the splice box and extend them to the main building switchboard

Main building switchboard shall be located in the electrical rooms or closets. The switchboard for the Gatehouse/Admin. Building shall be distributed separately into power, lighting, building services (e.g. elevators, HVAC, water heater), emergency, and computer systems. The switchboard for other buildings shall be distributed separately into power and lighting systems. All systems shall be at 208Y/120v, 60 Hz by use of a 480V-208Y/120V, 60 Hz. dry type transformer.

Provide outlets in Elevator Machine Room for lighting in elevator cab and servicing.

EMERGENCY GENERATOR

Diesel engine driven generator shall be used to supply emergency power in the event of normal power failure. The generator shall have visual low-fuel signal and a low-fuel warning signal relayed to the fuel control computer monitor.

[Detroit Diesel, Navistar, Perkins].

In the TSI budget, the emergency generators power the following facilities:

a) Inbound and outbound gate lanes:

Emergency lighting, sign bridges, entrance / exit canopies cameras, AEI control panel, security system, public address system, lane pedestals, lane cameras, traffic control signals, toll gates, electronic message boards, and lane booths.

b) Gatehouse / Administration Building:

UPS, emergency lighting, HVAC, fire alarm control panel, security system, computer and telephone rooms FM-200 fire extinguishing system, public address system.

c) Rail Operations Tower:

UPS, emergency lighting, HVAC, fire alarm system, security system, computer and telephone rooms FM-200 fire extinguishing system, public address system, rail operation control room.

d) Terminal Operations Tower, Marine operations Tower, Secondary Marine Operations Tower:

UPS, emergency lighting, HVAC, fire alarm system, security system, computer and telephone rooms FM-200 fire extinguishing system, public address system, marine planner room.

e) Guardhouse:

UPS, emergency lighting, fire alarm system, security system, public address system

UNINTERRUPTABLE POWER SUPPLY (UPS)

UPS units with battery back-up.

[Square D, Ferrups].

In the TSI budget, UPS shall power the following facilities:

a) inbound and outbound gate lanes:

Lane booth computer outlets.

b) Gatehouse / Administration Building:

Computer equipment in main computer room, gate manager's office, gate clerk stations, and terminal strategic planning room.

c) Rail Operations Tower:

Computer equipment in main computer room, Rail operation control room.

d) Terminal Operations Tower, Marine operations Tower, Secondary Marine Operations Tower:

Computer equipment in main computer room, Marine planner room.

LIGHTING

The lighting system shall be rated at 480Y/277 volts. Adequate numbers of night lights and emergency lights shall be provided throughout the facilities. Night light circuits shall be separately wired and controlled from the panelboard.

Emergency light units shall be 90 minute rated with self-contained batteries and charger system for emergency egress as required by City of Los Angeles Electrical Code, including Article 700.

All light fixtures shall bear the label of Underwriters Laboratories, Inc.

Suspended ceiling light fixtures shall use min. 12 ga. steel wires hung from opposite corners of the fixture to the building structure.

Fluorescent fixtures shall utilize energy saving T-8 lamps with electronic ballast.

High Pressure Sodium (HPS) lighting fixtures shall be used in all process, maintenance and repair areas.

High pressure sodium lamps [General Electric].

Other lamps [General Electric, Sylvania, Phillips].

The minimum illumination levels shall be as follows:

Offices	100 fc
Toilets	30 fc
Electrical/Mechanical Equipment Rooms	30 fc
Storage Areas	50 fc
Shops	50 fc
Break Room	30 fc
Stairwells	20 fc

GROUNDING SYSTEM

Power system grounding shall be designed based on the City of Los Angeles Electrical Code, including Article 250.

Conductors shall be annealed copper and sized per National Electric Code, min. No. 12 AWG, green, 600 volt, THW insulation.

Isolated ground system shall be provided for computer and other sensitive electronic equipment.

All non-current carrying metal parts of electrical equipment shall be grounded.

FIRE ALARM SYSTEM

Each facility shall have fire detection and alarm system as required by the City of Los Angeles Electrical Code, including Article 760, and as required by FM Global, see page 23. The fire detection and alarm system, in general, shall consist of smoke detectors, heat detectors, manual pull stations (use of hammer not allowed), alarm bell/horns, audio/visual alarm devices, control and annunciator panel, all items above shall bear the label of Underwriters Laboratories, Inc.

Fire alarm system shall be connected to designated central alarm annunciator panel.

HVAC system: Duct smoke detectors and fan shutdown system shall be provided as required by code and NFPA.

Elevator lobbies and elevator machine rooms: Install heat and smoke sensing devices connected to fire alarm system.

Monitoring of sprinkler valve tamper switches and flow switches shall be provided.

Provide training on operation and maintenance of the entire system.

PUBLIC ADDRESS AND EMERGENCY ANNUNCIATION SYSTEM, if provided:

The system shall include exterior speakers; interior speakers are illustrated as follows:

High Volume - Warehouse Areas, Shops, Container Yard, 120 db at 4 ft.

[GAI-Tronics 13302-002]

Low Volume - Office Areas, Conference rooms, 55 db at 4 ft.

The system shall have both a master control from security office and local control in the respective buildings.

Provide grounding at all public address and emergency annunciation terminal backboards.

Remote intercom stations shall have speakers, microphone, horn, and call button protected from the weather.

Provide training on operation and maintenance of the system.

Provide 2 years labor and material warranty of the entire system including speakers.
[Stentofon Communications (816) 231-720, GAI-Tronics]

TELEPHONE/COMMUNICATION SYSTEM

Each Building shall have:

Telephone Backboard (min. 3/4 inch plywood), with a duplex receptacle and grounding at or beside each backboard.

SECURITY SYSTEM

The security system shall include but not be limited to lighting, area TV monitoring, electronic sensors, motion detectors, card readers, local and remote alarms.

Provisions shall be made for security alarm transmission to the designated central security panel.

Include training on operation and maintenance of the entire system.

AUTOMATED EQUIPMENT IDENTIFICATION (AEI) SYSTEMS

Customer shall be responsible for system design and continuity as well as the installation of AEI computers, readers, transmitters, wiring, cabling, pull boxes, raceways, terminals cabinets and all other such appurtenances required for complete and comprehensive installation.

CATHODIC PROTECTION SYSTEMS

The need for Cathodic protection on the site shall be evaluated by the geotechnical engineer by subsurface investigation of the corrosive nature and resistivity of the soil.

OPERATIONAL EQUIPMENTS

Waste Oil Tanks:

Double wall, above ground steel tank on steel channel support; with inlet, air vent, level sight glass and alarm, if required; leak detector, if required; waste oil cart, air service with pressure regulator. [Ace Tank and Equipment Company, AC 00500 UIRI]

Lube Oil Tanks (Gear Oil, Hydraulic Oil, Automatic Transmission Fluid):

Double wall, above ground steel tank on steel channel support [Ace Tank and Equipment Company]

Motor Oil Tanks, if provided:

Above ground steel tank, level guage, alarm, if required; leak detector, if required, air vents, pressure regulator [Ace Tank and Equipment Company]

Air Compressors:

Cast iron compressors, NEMA Frame, totally enclosed OSHA-type belt guards, automatic low oil shutdown switch, belt guard, after cooler, heavy duty dry-type inlet with 10 micron replaceable filter. Unit designed for exterior installation. Receivers and Refrigerated Air Dryer shall be provided with the compressors, see below. [Champion, HPA 25D-25, dual 25 hp two stage motors; or Champion, HP 1100-25, dual 10 hp two stage motors]

Receivers shall be vertical, 260 gal. tank, 150 psi, with seismic tie downs [Ace Boiler, S30-6: 714-437-9050]

Refrigerated Air Dryer shall be cycling type, 200 cfm at 38 degrees F, 1 hp, 208 V, single phase, activate at 110 - 115 psi and de-activate at 125 psi [Champion 200 CCD].

Service Reels:

Compressed Air and Industrial Water: 50', 3/8" heavy duty hose with automatic rewind, truck type tire inflator with quick disconnect, sliding roller outlets. [Balcrank BC 820425]

Hydraulic Oil & Motor Oil: 50', 1/2" hose with automatic rewind and sliding roller outlets, meter dispenser. [Balcrank BC 820415]

Gear Oil-: 50', 1/2" hose with automatic rewind and sliding roller outlets, meter dispenser. [Balcrank BC 820408]

Automatic Transmission Fluid: 50', 1/2" hose with automatic rewind and sliding roller outlets, meter dispenser. [Balcrank BC 820415]

Kansas Jacks:

25 Ton capacity and 100% safety factor. [Hallcraft, Inc. , Kansas Jack Model TD-330: 503-258-7297]

Include training in operation and maintenance of Kansas Jacks.
Concrete grade beam to support Kansas Jacks as recommended by jack manufacturer.
Protect below slab moisture barrier from damage by hole drilling.

Trolley Hoist:

Heavy-duty wire rope electric hoist, single speed, 30 fpm hoist for 2 ton and dual speed, 8 fpm and 24 fpm hoist for 5 ton capacity. Single speed, 50 fpm trolley. Noncorroding and nonsparking wire rope, hook, and trolley assembly. Controller shall have cable long enough to allow bottom of controller at 48 inch. max. above the floor.

12 months of service contract including monthly preventive maintenance such as repair / replacement of worn parts, lubrication, cleaning, adjusting of trolley hoists. Use only original factory parts. Provide 24 hours / day, 7 days / week emergency callback service. [American Monorail of California: 310-462-1655]

Bridge Cranes:

Similar to Trolley Hoist above. Single girder electric motorized dual drive crane with 10-ton Trolley.

Steam Cleaner:

Hot spray cleaning machine with hot pressure washing, 3.9 gpm, 2,000 psi, 6 hp motor, powerblast and steam cleaning.

[Landa ENG/ELP 4-20021A: 503-255-6508]

Battery Charging Stations:

Stations shall comply with the latest California Electrical Code Article 625.1 and the latest City of Los Angeles Electrical Code Article 625.

Forklift Lift:

20,000 pound capacity total, steel pipe plunger, 2 hp motor, hydraulic operation, above ground fluid storage, noise level less than 75 dba at 3 feet. Remote start / stop stations. Steel or copper air lines. Provide operations and maintenance training. [Excalibur]

Tractor Lift:

36,000 pound capacity total, 18,000 pound front jack, 18,000 pound rear jack, steel pipe plunger, 7-1/2 hp motor, hydraulic operation, above ground fluid storage. Noise level less than 75 dba at 3 feet. Three remote start / stop stations. Steel or copper air lines. Provide operations and maintenance training. [Rotary Lift Corporation, Model AT70EC: 800-445-5438]

Pick-up Truck Lift:

16,000 pound capacity total, 8,000 pound front jack, 8,000 pound rear jack, steel pipe plunger, 7-1/2 hp motor, hydraulic operation, above ground fluid storage. Noise level less than 75 dba at 3 feet. Remote start / stop stations. Steel or copper air lines. Provide operations and maintenance training. [Rotary Lift Corporation, Model AP50EC1: 800-445-5438]

Vehicle Lift Pit Cover Plates:

Cover plates for vehicle lifts with narrow openings similar to the above listed lifts shall have sufficient strength to support wheel loading of 1/4 the design capacity of the subject vehicle lift. Wide openings where the mechanics service the vehicles directly from the pit do not require cover plates.

Lift pit :

Lift pit shall have drain or sump connected to clarifier and sealed with sealer [Liquid Boot sealer]

Dock Levelers, if provided:

Mechanical dock leveler, 7 ft. wide X 8 ft. deep, 30,000 pound capacity with bumpers, hydraulic operation, and full range metal toe guards. Provide operations and maintenance training and 2 years labor and material warranty. [Serco/Casco W-Series: 714-572-0606]

Dock Bumpers, if provided:

Rubberized fabric truck tires cut to uniform size pads. Two per truck slot. [Chalfant Sewing Fabricators, Inc., Model B610-14, 6" x 10" x 14": 216-521-7922]

Truck Restraint Device, if provided:

Designed to capture and hold the truck's ICC bumper during loading and unloading. Control panel with illuminated exterior and interior signals to indicate the device's status to both the controller and truck driver. Provide operations and maintenance training and 2 years labor and material warranty. [Rite Hite Corporation, Model LDL-500 Dok-Lok]

Truck Scales:

10' x 87' platform, 200,000 pound capacity, 50,000 pounds per axle max., no mechanical weighing elements, critical parts constructed of stainless steel, wall mounted electronic reader at 20 pound increments. Weighbridge, load cells, digital instruments, printer, and associated accessories shall be manufactured by the same manufacturer.

Provide 2 years service contract covering the scales and readout instruments. Provide 2 years labor and material warranty for scale and readout instruments. [Mettler Toledo Scales, Model 8530: 614-438-4511]

Oil Pits:

Sealed with sealer [Crystal Seal]

Clarifiers:

Sealed with sealer [Crystal Seal]

II. QUALITY STANDARDS FOR BACKLANDS, GATES, AND PARKING

Coordinate with the Port's backlands and rail designers on design standards not listed below:

STRIPING

Engineering Design Guidelines Section 03.02

FENCING

Engineering Design Guidelines Section 03.02

GRADING

Engineering Design Guidelines Section 03.06

All areas of the terminal, except employee vehicle parking areas, shall be capable of supporting wheeled, top-pick, and rubber-tired gantry crane (RTG) operation.

In general, grades should not exceed 1 %. The grading design provided by POLA meets this criteria. Where possible, avoid or minimize catch basins or slot drains in top-pick operating areas. Avoid catch basins and slot drains in RTG runways

PAVEMENT

Engineering Design Guidelines Section 03.06

STORM DRAINS

Engineering Design Guidelines Section 03.07

SEWERS

Engineering Design Guidelines Section 03.08

LANDSCAPE

Engineering Design Guidelines Section 03.09

YARD STRUCTURES

Engineering Design Guidelines Section 03.10

MECHANICAL

Engineering Design Guidelines Section 03.11

WATER

Engineering Design Guidelines Section 03.12

ELECTRICAL

Engineering Design Guidelines Section 03.13

SITE LIGHTING

Engineering Design Guidelines Section 03.13

Place a fire hydrant at each light pole for quick hydrant location by the Fire Department. The light poles and fire hydrants shall be constructed adjacent to truck lanes for easy access.

Lighting should provide an average of five footcandle throughout the container yard with minimum of two footcandle at the worst locations, and a uniformity ratio of 2.3 to 2.8 maximum to minimum.

III. SPECIFICATIONS

The specifications shall comply with the Construction Specifications Institute (CSI) format and section numbering system, based on their latest Manual of Practice.

IV. AUTOCAD STANDARDS

- a) All work to be drawn in model space at full scale (1 to 1).
- b) Scaleable view of model space work to be shown through paper space viewport(s) created on the POLA border sheet.
- c) Viewports may overlap but should never be created inside one another.
- d) Never draw, add color or add linetype, freeze, turn off or lock layer "0".
- e) Never freeze, turn off or lock layer defpoints
- f) Color, Linetype, and or Line weight should be assigned using the "By Layer" option only.
- g) When creating entities in a drawing, entities alike should be assigned and separated on their own layers as much as possible. Ex: notes, lines, circles.
- h) Referenced drawing files are to be inserted in their own layer. (Ex. referenced drawing file base to be inserted in layer "xref-base).
- i) Referenced drawings are to reference using the "overlay" option only; do not use the "attach" option.
- j) Referenced drawing files are to be removed using the detach option; under no circumstances erase a referenced file to remove.
- k) Use fonts, text styles and text sizes specified by POLA. only, do not import fonts.
- l) When coping or burning drawing files that contain referenced drawing files to disks or CD's include all referenced files or use the "Pack 'n go" AutoCAD option.
- m) All drawings shall be done in 22" x 34" overall sheet sizes (20" x 32" within drawing borders) to conform with the Port's standard drawing sizes.

The Port requires that information be separate into the following drawings.

Floor Plan
Roof Plan
Reflected Ceiling Plan

REFERENCE DRAWING LISTINGS

The Port has assigned drawing number 1-2211 for the Pier 400 Buildings and Gate Facilities project. On the cover sheet of the drawing set, list the drawing numbers and title of all drawing sets related to the Buildings and Gate Facilities project, they shall include but not limited to the following:

Drawing Number	Title
1-2206	Transportation Corridor
1-2208	Pier 400 ICTF
1-2209	Berths 401-403 Backlands Improvements Phase I
	Berths 404-405 Backlands Improvements Phase II
1-2210	Pier 400 Container Wharf Phase I
	Pier 400 Container Wharf Phase II

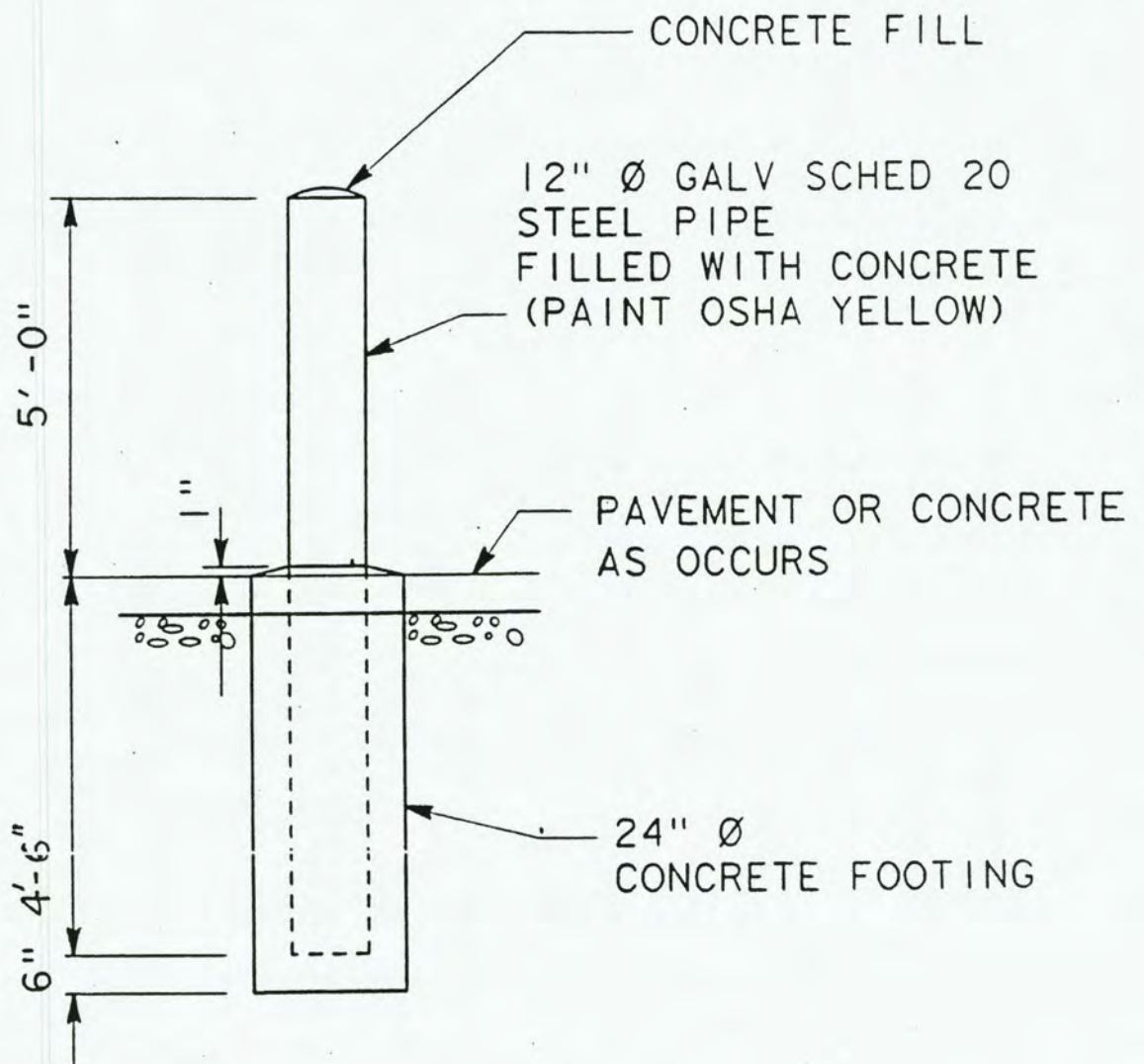
DRAWING DISCIPLINE

Buildings and structures:

- A = Architectural
- E = Electrical
- F = Fire Protection
- G = Signage and Graphics
- M = Mechanical
- P = Plumbing
- S = Structural

Site work:

- C = General information
- E = Site Electrical
- GP = Grading and Paving
- LS = Landscape Planting
- LI = Landscape Irrigation
- SP = Striping and Fencing
- UT = Site Utility (Water, sanitary sewer, storm drain, gas)



BOLLARD DETAIL

NOT TO SCALE

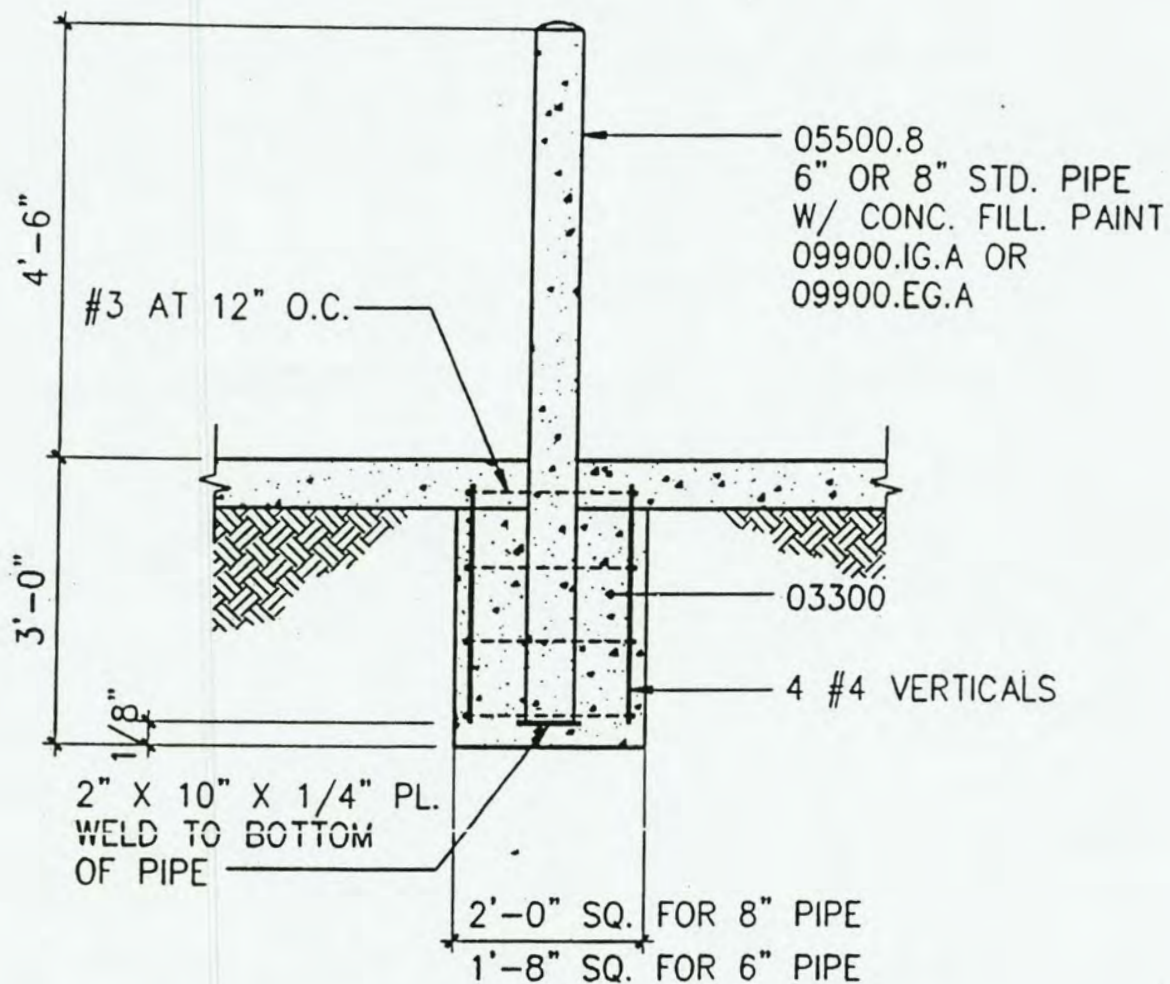
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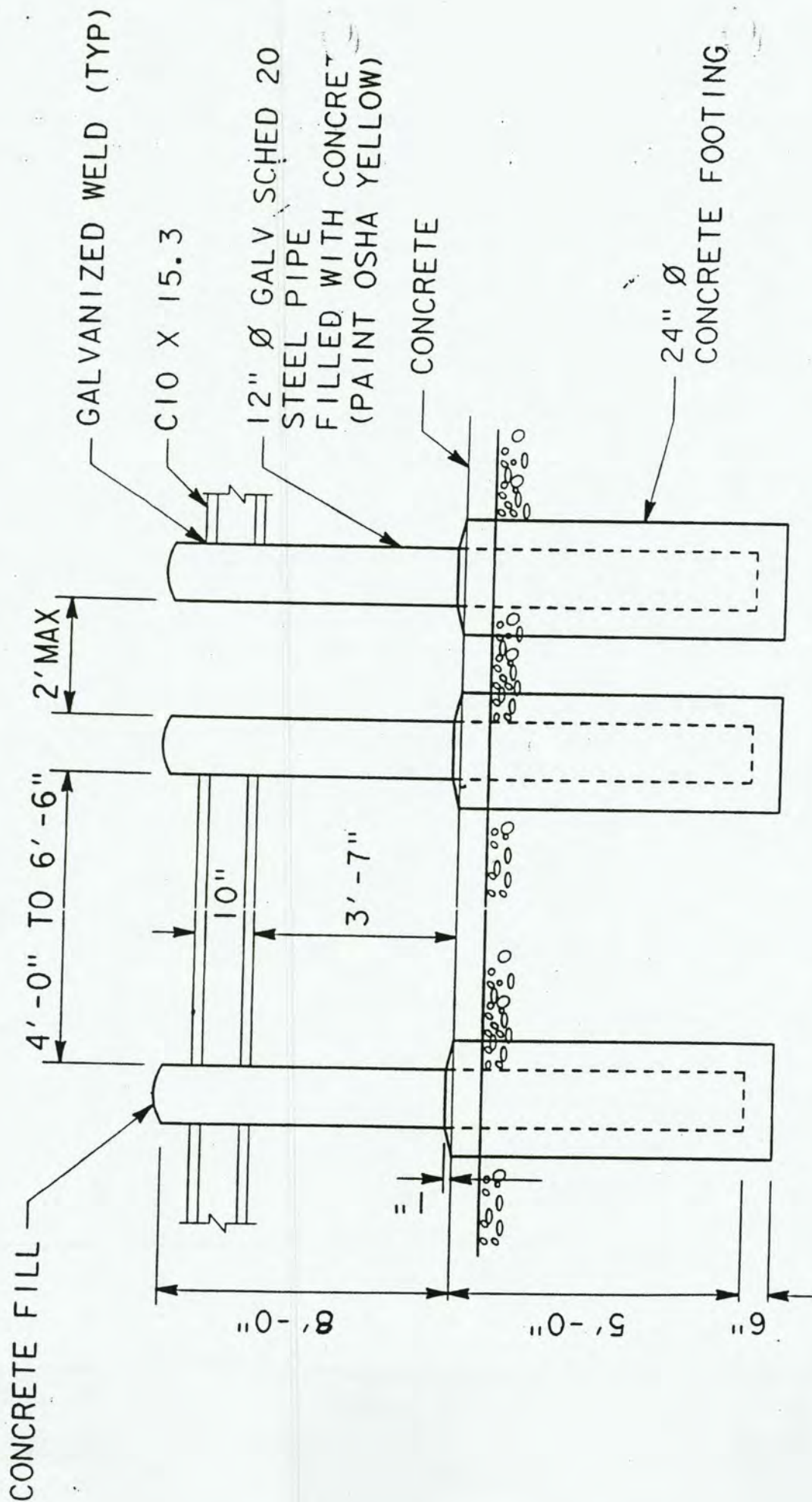
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CC-23

CC-31



7-TS-A100 STL. PIPE BOLLARD DET.
 1/2" = 1'-0"

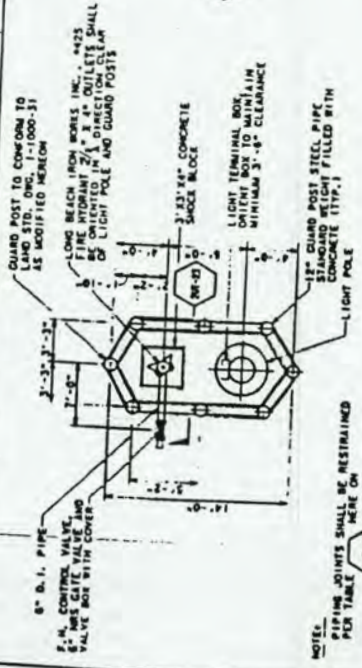


BOLLARD WITH RAIL DETAIL

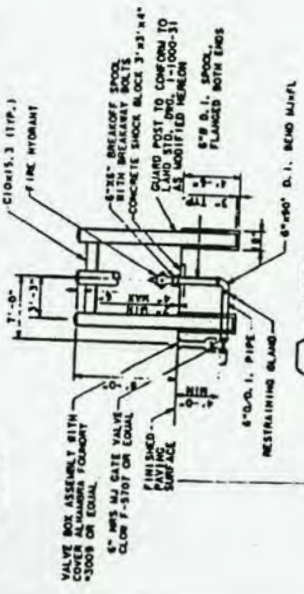
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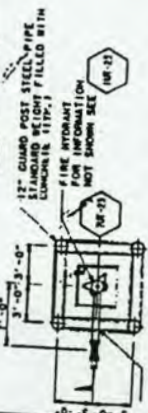
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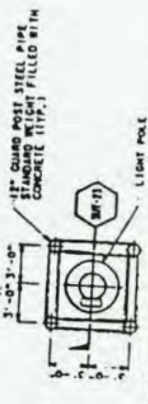
UT-17 PLAN-FLOOD LIGHT POLE, FIRE HYDRANT AND GUARD POST
NOT TO SCALE



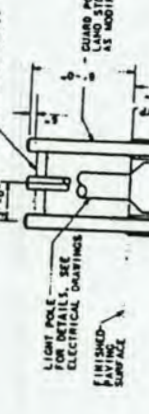
UT-18 PLAN-FLOOD LIGHT POLE, FIRE HYDRANT AND GUARD POST
NOT TO SCALE



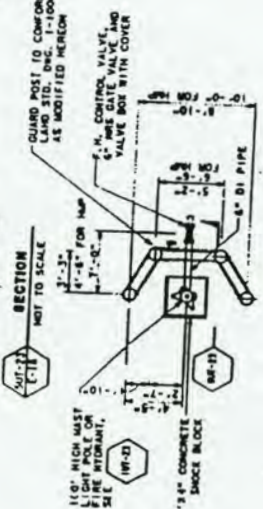
UT-21 PLAN-FIRE HYDRANT AND GUARD POST
NOT TO SCALE



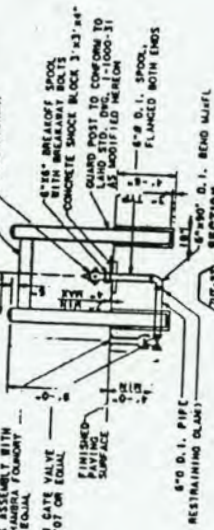
UT-22 PLAN-FLOOD LIGHT POLE AND GUARD POST
NOT TO SCALE



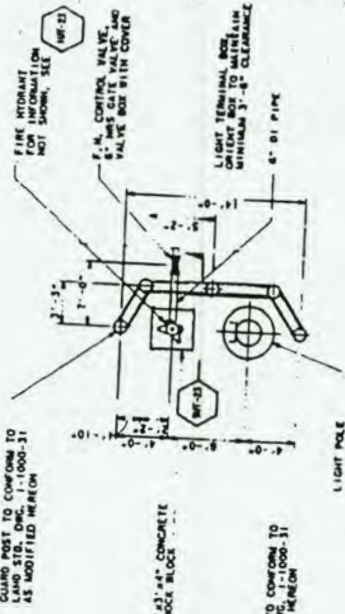
UT-23 PLAN-FLOOD LIGHT POLE AND GUARD POST
NOT TO SCALE



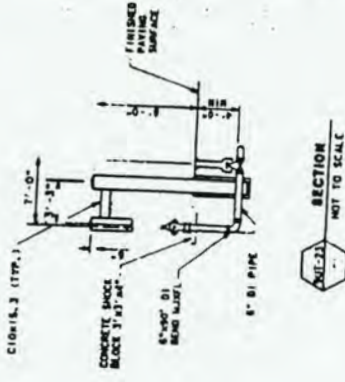
UT-24 PLAN-FIRE HYDRANT AND GUARD POST
NOT TO SCALE



UT-25 PLAN-FIRE HYDRANT AND GUARD POST
NOT TO SCALE



UT-26 PLAN-FLOOD LIGHT POLE, FIRE HYDRANT AND GUARD POST
NOT TO SCALE



UT-27 PLAN-FIRE HYDRANT AND GUARD POST
NOT TO SCALE

BUILDINGS AND GATE FACILITIES		BUILDINGS AND GATE FACILITIES	
AMERICAN PRESIDENT LINE, LTD.		AMERICAN PRESIDENT LINE, LTD.	
WORLDPORT LA		WORLDPORT LA	
1-2004 UT-28		1-2004 UT-28	

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EXHIBIT I

ORDINANCE 223
An Ordinance of the City of Los Angeles, California, authorizing the Los Angeles Harbor Department or MAERSK PACIFIC, LTD., after approval by the Los Angeles Harbor Department, to let contracts up to a total amount of \$87 million for terminal tenant specific improvements on Pier 400, and exempting the letting of such contracts from the provisions of Section 386 of the Los Angeles City Charter by reason of urgent necessity, and in addition, authorizing as an alternative procedure the letting of such contracts by MAERSK PACIFIC, INC., pursuant to a competitive sealed proposal method permitting negotiation, relating to the design, engineering, improvement and construction of the terminal tenant specific improvements intended to facilitate the nonexclusive occupancy of Pier 400 by MAERSK PACIFIC, LTD. and establishing the authority for MAERSK PACIFIC, LTD. to let such contracts for which it will be reimbursed by the Los

Angeles Harbor Department up to a maximum amount of \$87 million for terminal improvements on Pier 400 which will be owned by the City of Los Angeles.

WHEREAS, on October 28, 1999, MAERSK, INC. and the City of Los Angeles, acting by and through its Board of Harbor Commissioners, entered into a Memorandum of Understanding for the purpose of setting forth the terms and conditions of the nonexclusive terminal occupancy by MAERSK PACIFIC, LTD. of Pier 400 within the Los Angeles Harbor district; and

WHEREAS, pursuant to the terms of the October 28, 1999 Memorandum of Understanding, the City of Los Angeles, acting by and through the Board of Harbor Commissioners, has undertaken financial responsibility for terminal tenant specific improvements budgeted in the amount of \$87 million which will be utilized by MAERSK PACIFIC, LTD. in its nonexclusive occupancy of Pier 400; and

WHEREAS, MAERSK, INC. is the

parent corporation of MAERSK PACIFIC, LTD. and MAERSK, INC.'s current lease with the Port of Long Beach will terminate on or about April 2002 and the terminal tenant specific improvements necessary to accommodate MAERSK PACIFIC, LTD. must be substantially completed by that time to effectuate the movement of MAERSK from the Port of Long Beach to the Port of Los Angeles; and

WHEREAS, by reason of the aforementioned lease termination and the consequent necessity for MAERSK PACIFIC, LTD. to be able to occupy Pier 400 as its new marine terminal at the time its current lease terminates, it will be critically necessary to have achieved substantial completion of the terminal tenant specific improvements on or about April 2002; and

WHEREAS, it is the opinion of the Chief Engineer of the Los Angeles Harbor Department that the terminal tenant specific improvements to Pier 400 cannot be timely accomplished in the time frame

contemplated using the Harbor Department's traditional competitive bidding processes; and

WHEREAS, facilitating the completion of terminal tenant specific improvements to Pier 400 in the most time sensitive fashion will cause the generation of revenues from MAERSK PACIFIC, LTD.'s occupation of this terminal at the earliest possible date and will enhance the critical cash flow position of the Port of Los Angeles with respect to the Pier 400 project; and

WHEREAS, in order to expeditiously complete construction of the contemplated terminal tenant specific improvements, MAERSK was afforded the opportunity under the Memorandum of Understanding to elect to construct some terminal buildings paying prevailing wage, and complying with City Charter requirements; and

WHEREAS, MAERSK is desirous of constructing certain terminal tenant specific improvements within the boundaries of Pier 400 paying prevailing wages, and complying with Los Angeles City Charter requirements, the cost of which it is estimated shall not exceed \$87 million; and

WHEREAS, the City of Los Angeles, acting by and through the Los Angeles Board of Harbor Commissioners, has through its October 28, 1999 Memorandum of Understanding agreed to reimburse MAERSK for the design and construction of terminal tenant specific improvements and to provide MAERSK a credit to be paid over five (5) years for the difference between the total budgeted construction costs of the terms it constructs within the terminal tenant specific improvement budget and the actual construction costs of the terminal tenant specific improvements; and

WHEREAS, it is contemplated that certain contracts for terminal tenant specific improvements on Pier 400 may be let pursuant to a design-build or design-bid-build project delivery system, which may be created through the evaluation of competitive sealed proposals permitting negotiation which will be awarded to the proposer deemed to provide the best overall value in the terminal tenant specific improvements for the funds expended considering the resources of the proposer, the quality of the final product, the time sensitive character of the terminal improvement construction schedule and, the need for an expeditious construction schedule; and

WHEREAS, the City of Los Angeles, acting by and through the Board of Harbor Commissioners, and MAERSK PACIFIC, LTD., desire to facilitate construction of the best value terminal tenant specific improvements at Pier 400 in the most expeditious manner, and desire to enter into contracts through a process which achieves the construction of the best value terminal tenant specific improvements needed as early as possible; and

WHEREAS, Section 386(b) provides that the City Council of the City of Los Angeles may establish by ordinance monetary limits upon contracts to be let by the City and may condition the application of the provisions of Section 386 of the City Charter within such monetary limits as it may prescribe; and

WHEREAS, Section 386(f) of the Los Angeles City Charter also provides that the City Council may, by two-thirds vote, authorize the letting of contracts pursuant to a competitive sealed proposal method permitting negotiations in accordance with criteria established by the ordinance authorizing this alternative method; and

WHEREAS, the Board of Harbor Commissioners has declared the construction of the terminal tenant specific improvements on Pier 400 to be of urgent necessity by reason of circumstances set forth herein, pursuant to Los Angeles City Charter Section 386(a)(4); and

WHEREAS, the City Council additionally desires to authorize MAERSK PACIFIC, LTD. and the Los Angeles Harbor Department to utilize a competitive sealed proposal method permitting negotiations for the letting of contracts for the terminal tenant specific improvements at Pier 400; and

WHEREAS, the City Council desires to establish the criteria and procedures for letting of contracts for terminal tenant specific improvements at Pier 400 up to a maximum monetary limit of \$87 million in a manner which affords the best value and the most expeditious method for completion of these terminal tenant specific improvements.

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

Section 1. The City of Los Angeles, acting by and through the Board of Harbor Commissioners, MAERSK PACIFIC, LTD., or the City of Los Angeles, to award contracts for the construction of terminal tenant specific improvements pursuant to Section 386(a)(4) and Section 386(b) of the Los Angeles City Charter, up to a maximum monetary limit of \$87 million on Pier 400, without the necessity of complying with the provisions of Section 386 of the Los Angeles City Charter, and by reason of the Memorandum of Understanding dated October 28, 1999 under which the City of Los Angeles, acting by and through the City's Board of Harbor Commissioners proposes to reimburse MAERSK PACIFIC, LTD. for such terminal tenant specific improvements, approves the awarding of such contracts by MAERSK PACIFIC, LTD., subject to the conditions set forth in this Ordinance.

Section 2. The letting of such contracts for terminal tenant specific improvements on Pier 400 by MAERSK PACIFIC, LTD., or the Board of Harbor Commissioners, may be accomplished on the basis of an evaluation of competitive sealed proposals permitting the negotiation of the proposed contracts with one or more selected proposers after the opening of the proposals. Award of such a contract, may be made to the selected proposer based upon evaluation of the proposer's submittal and a determination by the Board of Harbor Commissioners that the proposal represents the best value to the City in the terminal tenant specific improvement being contemplated, given the quality of the construction proposed, the ultimate cost of the City, both present and future, associated with the proposal, and given the time sensitive character of the Pier 400 project and the time schedule proposed for construction of the terminal tenant specific facilities.

Section 3. Any decision by MAERSK PACIFIC, LTD. to utilize the competitive sealed proposal method permitting negotiation for contracts shall be supported by findings by the Board of Harbor Commissioners that adherence to the rule that the contract award be made to the lowest responsible bidder is not practicable or advantageous. The findings shall be accompanied by a description of the goals which the Board of Harbor Commissioners seeks to attain through the competitive sealed proposal process permitting negotiation, including the time sensitivity of the proposed project.

Section 4. The competitive sealed proposal method permitting negotiations described herein may be accomplished through the employment of a pre-qualification process entailing an evaluation of the potential firms, business organizations or consortiums which will be eligible to submit proposals for contracts.

Pre-qualification criteria may include (1) experience in designing and constructing comparable projects, (2) financial, work force, and equipment resources available to the proposer for the project, and (3) successful and timely completion of similar past projects. The proposal of any bidder or proposer previously delinquent or unfaithful in its performance of any former City contract, or any former contract for like or similar services, may be rejected. The Harbor Department and MAERSK PACIFIC, LTD., may evaluate the responses received based upon a Request for Qualifications with respect to a particular construction project and shall select those deemed qualified to submit proposals, and shall invite those respondents found qualified to submit proposals based upon a Request for Proposal for construction of the proposed terminal tenant specific improvements.

Section 5. A competitive sealed proposal method may be followed with respect to the award of any contract for construction of the terminal tenant specific improvements without the further adherence to any of the provisions of Section 386 of the Los Angeles City Charter under this authority up to a total cumulative expenditure of \$87 million.

Section 6. The competitive sealed proposal method contemplated by the authority conferred herein shall permit discussions after proposals have been opened in order to clarify and change the proposals, provided that adequate precautions are taken to treat each proposer fairly.

Section 7. The awarding of contracts made pursuant to the authority set forth herein shall be accompanied by a finding by the Board of Harbor Commissioners that the award of the contract represents the best value to the City among the competing proposals, given the circumstances within which the contract is contemplated to be awarded and the ultimate goals of the City in the award of the contract.

Section 8. The provisions of this Ordinance shall not become operative unless and until the Los Angeles City Council approves Term Permit No. 827 by and between the City of Los Angeles, acting by and through its Board of Harbor Commissioners and MAERSK PACIFIC, LTD. relating to the occupancy of Pier 400.

Sec. 9 The City Clerk shall certify 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, by a vote of not less than two-thirds of all of its members at its meeting of April 28, 2000.
J. MICHAEL CAREY, City Clerk
By MARIA KOSTRENCICH, Deputy
Approved: May 3, 2000
RICHARD J. RIORDAN, Mayor
Approved as to Form and Legality
JAMES K. HAHN, City Attorney
C.F. 00-0773

CN568430 173223 May 12, 2000
I hereby certify that this ordinance was passed by the Council of the City of Los Angeles, by a vote of not less than two-thirds of all of its members at its meeting of April 28, 2000.

EXHIBIT I

RESOLUTION NO. 5862

**RESOLUTION OF THE BOARD OF HARBOR COMMISSIONERS
DECLARING THE COMPLETION OF TERMINAL TENANT
SPECIFIC IMPROVEMENTS ON PIER 400
TO BE OF URGENT NECESSITY
PURSUANT TO SECTION 386(a)(4)
OF THE LOS ANGELES CITY CHARTER**

WHEREAS, the City of Los Angeles, acting by and through the Board of Harbor Commissioners, and MAERSK, INC. entered into a Memorandum of Understanding ("MOU") on October 28, 1999, for the purpose of setting forth the terms and conditions of the non-exclusive occupancy by MAERSK PACIFIC, LTD. of Pier 400 within the Los Angeles Harbor District; and

WHEREAS, in accordance with the terms of the MOU, the City has accepted financial responsibility to provide discrete tenant requested terminal tenant specific improvements amounting to \$87 million; and

WHEREAS, to expeditiously complete construction of the terminal tenant specific improvements in accordance with the agreed upon schedule, MAERSK was afforded the opportunity under the MOU to elect to construct terminal buildings and gates in accordance with City Charter requirements and paying prevailing wage; and

WHEREAS, The Board of Harbor Commissioners has requested the City Council to approve an ordinance authorizing MAERSK PACIFIC, LTD., after approval by the Los Angeles Harbor Department, to let contracts up to a total amount of \$87 million for terminal tenant specific improvements on Pier 400, and to exempt the letting of such contracts from the provisions of Section 386 of the Los Angeles City Charter, and in addition, to authorize an alternative procedure for the letting of such contracts by MAERSK PACIFIC, LTD., pursuant to a competitive sealed proposal method permitting negotiation, relating to the design, engineering, and construction of the terminal tenant specific improvements which are intended to facilitate the nonexclusive occupancy of Pier 400 by MAERSK PACIFIC, LTD., and to establish the authority for MAERSK PACIFIC, LTD. to let such contracts for which it will be reimbursed by the Los Angeles Harbor Department up to a maximum amount of \$87 million for terminal improvements on Pier 400 which will be owned by the City of Los Angeles; and

WHEREAS, MAERSK, INC. is the parent corporation of MAERSK PACIFIC, LTD. and MAERSK, INC.'s current lease with the Port of Long Beach will terminate on or about April 2002 and the terminal tenant specific improvements necessary to accommodate MAERSK must be substantially completed by that time to facilitate the movement of MAERSK from the Port of Long Beach; and

EXHIBIT J

EXHIBIT J

WHEREAS, by reason of the aforementioned lease termination and MAERSK's consequent necessity to occupy Pier 400 as its new marine terminal, it will be critically necessary for MAERSK PACIFIC, LTD. to have achieved substantial completion of the terminal tenant specific improvements on or about April 2002; and

WHEREAS, it is the opinion of the Chief Engineer of the Los Angeles Harbor Department that the terminal tenant specific improvements to Pier 400 cannot be timely accomplished in the time frame contemplated using the Harbor Department's traditional competitive bidding processes; and

WHEREAS, facilitating the completion of terminal tenant specific improvements to Pier 400 in the most time sensitive fashion will cause the generation of revenues from MAERSK PACIFIC, LTD's occupation of this terminal at the earliest possible date and will enhance the cash flow position of the Port of Los Angeles with respect to the Pier 400 project; and

WHEREAS, in order to expeditiously complete construction of the contemplated terminal improvements, MAERSK PACIFIC, LTD. was afforded the opportunity under the Memorandum of Understanding to elect to construct some terminal buildings paying prevailing wage, and complying with City Charter requirements; and

WHEREAS, MAERSK PACIFIC, LTD. is desirous of constructing certain terminal tenant specific improvements within the boundaries of Pier 400 complying with Los Angeles City Charter requirements, the cost of which it is estimated shall not exceed \$87 million; and

WHEREAS, it is contemplated that contracts for terminal tenant specific improvements on Pier 400 will be let pursuant to a design-build or design-bid-build project delivery system, which may be created through the evaluation of competitive sealed proposals permitting negotiation and which will be awarded to the proposer deemed to provide the best overall value in the terminal tenant specific improvements for the funds expended considering the resources of the proposer, the quality of the final product, the time sensitive character of the terminal improvement construction schedule and, the need for an expeditious construction schedule; and

WHEREAS, the City of Los Angeles, acting by and through the Board of Harbor Commissioners, and MAERSK PACIFIC, LTD., desire to facilitate construction of the best value terminal tenant specific improvements at Pier 400 in the most expeditious manner, and desire to enter into contracts through a process which achieves the construction of the best value terminal tenant specific improvements needed as early as possible;

NOW, THEREFORE, the Board of Harbor Commissioners of the City of Los Angeles declares the construction of the tenant specific improvements on Pier 400 to be of urgent necessity by reason of the conditions and findings set forth herein;

EXHIBIT J

IT IS FURTHER RESOLVED that by reason of the Declaration of Urgent Necessity, and the findings herein, and by reason of the time sensitive conditions necessitating the expeditious construction of tenant specific improvements on Pier 400 that the contracts let by MAERSK PACIFIC, LTD. or the Los Angeles Harbor Department to perform said work shall be awarded pursuant to Section 386(a)(4) of the Los Angeles City Charter without the requirement for advertising for bids or proposals and without the necessity for compliance with the requirements of Los Angeles City Charter Section 386.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Board of Harbor Commissioners of the City of Los Angeles at its meeting held MAR 16 2000.

Audrey H. Yamaki

AUDREY YAMAKI
Board Secretary

APPROVED AS TO FORM

March 16, 2000
JAMES K. HAHN, City Attorney

By *Richard M. Helgeson*
RICHARD M. HELGESON, Assistant

RMH:cw
3/16/00

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EXHIBIT J

EXHIBIT K

EXHIBIT K

City of Los Angeles Contract Requirements

Charter Sec:

- 262(a) The Controller shall, prior to approval of any demand, make inspection as to quality, quantity and condition of service, labor, materials, supplies or equipment received by any office or department of the City, and approve before payment all demands drawn upon the Treasury if the Controller has adequate evidence that:
- (1) the demand has been approved by every board, officer or employee whose approval is required by the Charter or ordinance;
 - (2) the goods or services have been provided, except that advance payment may be authorized by the Controller for specified categories of goods and services under Los Angeles Administrative Code section 5.47;
 - (3) the payment is lawful;
 - (4) the appropriation for the goods or services has been made;
 - (5) the prices charged are reasonable;
 - (6) the quantity, quality and prices correspond with the original specifications, orders or contracts; and
 - (7) any additional criteria established by ordinance have been satisfied.
- 370 Contracts over an amount specified by ordinance must be in writing. (Currently \$1,000.00.)
- 370 All contracts over \$ 1,000.00 must be approved as to form by City Attorney except contracts by the Harbor Department for the purchase of materials, supplies and equipment and the rental, repair and maintenance thereof involving the sum of \$100,000.00 or less.
- 370 The City is not bound by a contract that does not comply with the requirements of Charter Section 370 and all other applicable requirements of the Charter.
- 371(b) Competitive Sealed Proposals. As an alternative to an award pursuant to open and competitive bidding, a contract can be let pursuant to a competitive sealed proposal method, in accordance with criteria established by ordinance adopted by at least two-thirds vote of the Council. The competitive sealed bid proposal system may permit negotiations after proposals have been opened to allow clarification and changes in the proposal. Adequate precautions shall be taken to treat each proposer fairly. No award may be made pursuant to this alternative method to a proposer whose final proposal is higher as to the ultimate cost to the City, as above defined, than any other responsive proposal submitted. The contracting authority, in order to use this alternative method, must make a written finding supported by a written statement of facts that adherence to the rule that the award be made to the lowest responsive and responsible bidder is not practicable or advantageous and shall also state in writing the reason for the particular award. Consistent with competitive bidding requirements, design-build or other appropriate project delivery systems may be used when justified by the type of project and approved by the contracting authority.

- 371(e) Competitive bidding does not apply to contracts for professional, scientific, expert or technical services of a temporary and occasional character when the contracting authority finds that competitive bidding is not practicable or advantageous.
- 371(e) Competitive bidding does not apply in cases of "Urgent Necessity" as defined by Council. (See: Ordinance No. 173223.)
- 371(d) Notice inviting bids or proposals or qualifications must be published at least once in a daily newspaper circulated in the City of Los Angeles.
- 112 The notice inviting bids or proposals must specify the amount of bond to be given for faithful performance.
- 371(c) The City shall reserve the right to reject all bids or proposals.
- 371(c) The City shall reserve the right to waive any informality in the bid or proposal where to do so would be to the advantage of the City.
- 112 The notice shall specify the time and place for receipt of bids or proposals or qualifications.
- 112 Every bid or proposal must be accompanied by a certified check or cashier's payable to the order of City on a bank in the city of Los Angeles for not less than 10% of the aggregate bid or a satisfactory surety bond in like amount, guaranteeing the bidder or proposer will enter into the contract if awarded.
- 112 Every bid or proposal must include an affidavit that the bid or proposal is genuine, not sham or collusive, nor made in the interest or on behalf of any person not therein named, and that the bidder or proposer has not directly or indirectly induced or solicited any other bidder or proposer to put in a sham bid or proposal, or any other person to refrain from bidding or proposing, and that the bidder or proposer has not in any manner sought by collusion to secure for himself/herself an advantage over any other bidder or proposer.
- 112 After the opening of bids or proposals, no bid or proposal may be withdrawn and shall be subject to acceptance for 3 months thereafter or for such lesser period as designated in the notice of bids or proposals.
- 112 Bids and certain proposals shall be publicly opened.
- 112 Contracts shall be let to the lowest responsible bidder or proposer furnishing satisfactory security for its performance or in the manner required in LA Ordinance No. 173223.
- 112 Within 30 days after award or such lesser time as specified by Board, the successful bidder or proposer shall execute the contract and post the faithful performance bond.
- 112 The bid or proposal bond or faithful performance bond shall be executed by the contractor and by a responsible corporate surety company; or two or more individual sureties if and when approved by Board.
- 373 No contract for a term longer than specified by ordinance shall be entered into without Council approval. (Currently the term is three (3) years.)

- 375 Bidders may be prequalified in accordance with criteria provided by ordinance if the process is clearly described in the bid specifications or requests for proposals, and the contracting authority makes a written finding that utilization of such process would benefit the City.
- 377 All City contracts shall conform to the prevailing wage requirements of the State of California.
- 378 The City shall require that a living wage be provided to employees of those doing business with the City in a manner to be prescribed by ordinance.

City of Los Angeles Administrative Code Provisions

- 10.7.1 The Office of Contract Compliance shall administer and enforce the prevailing wage requirements.
- 10.8 The City of Los Angeles shall only contract with parties who comply with non-discrimination and Affirmative Action provisions of the laws of the United States of America, the State of California and the City of Los Angeles.
- 10.8.2 Every contract entered into on behalf of the City of Los Angeles shall require the contractor not to discriminate in his employment practices against any employee or applicant for employment because of the applicant's race, religion, national origin, ancestry, sex, sexual orientation, age, physical handicap, marital status, domestic partner status, or medical condition. Every subcontract shall also so require.
- 10.8.2.1 The City shall not enter into any contract with any contractor that discriminates in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits as well as any other benefits between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered in accordance with the law. All contracts shall contain specified language regarding these equal benefits provisions.
- 10.8.4 Every contract in excess of \$5,000.00 shall contain Affirmative Action Program language as provided in this section.
- 10.10 Every contract shall contain a provision obligating the contractor or subcontractor to fully comply with all applicable State and Federal employment reporting requirements for the contractor or subcontractor's employees.
- 10.13 Every contract shall conform to the MBE/WBE (Minority Business Enterprise/Woman Business Enterprise) policy of the Board of Harbor Commissioners which is consonant with the provisions of this section.
- 10.14 Every contract shall conform to the subcontractor listing provisions of this section.
- 10.17 Except as otherwise provided by ordinance, in all cases where bids are not required by the Charter, competitive proposals or bids shall be obtained as far as reasonably practicable and compatible with the City's interests.
- 10.32 Contracts for goods, supplies and equipment shall allow and not arbitrarily exclude products that contain recycled material.

- 10.34 In accordance with the provisions of this Article 8, the City shall not contract with any entity who observes the Arab boycott of Israel.
- 10.36 Every contract shall comply with the service contractor worker retention provisions of Article 10.
- 10.38* The City shall not enter into any lease where the lessee has failed to obtain a Tax Registration Certificate as required.
- 10.38 In accordance with the provisions of Article 12, the City shall restrict its contracting for goods and services with persons or entities that do not do business with Burma.

Note: The foregoing is a paraphrase of relevant laws, rules and regulations applying to City contracts and the exact text should be consulted before incorporation in any legal document.

EXHIBIT L

EXHIBIT "L"

CONTRACTORS' INSURANCE REQUIREMENTS

1. LIABILITY AND PROTECTION AND INDEMNITY INSURANCE

(a) Contractor shall furnish a policy of comprehensive general liability insurance, including products and completed operations, and automobile liability insurance, in which the City of Los Angeles, its boards, officers, employees and agents, are named insured or are included as additional insureds with the Contractor, and in which Tenant, its boards, officers, employees and agents, are named insured or included as additional insureds with the Contractor. Such policy shall fully protect and save harmless the additional insureds from any and all claims for damages for bodily injury, including wrongful death, as well as from claims for property damages, which may arise from operations under and in connection with the contract, whether such operations be by the Contractor or by any subcontractor or anyone directly or indirectly employed by either of them and whether liability is attributable to the Contractor or any of the named insureds. Such policy shall protect the City of Los Angeles, the Los Angeles Harbor Department and Tenant, their officers, employees and agents while acting within the scope of their duties against all claims arising out of or in connection with the work. Such policy shall not, however, require indemnity coverage for the active negligence of City or the Harbor Department.

(b) The minimum limits of liability insurance shall be the limits normally carried by the Contractor but not less than \$5,000,000 combined single limit for property damage and bodily injury including death. If the submitted policies contain aggregate limits, the Contractor 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 his designee may permit a deductible amount when it is justified by the financial capacity of Contractor. Any deductible amount so authorized shall be paid solely by Contractor.

(c) Nothing contained herein shall be construed as limiting in any way the extent to which Contractor may be held legally responsible for damages to persons or property.

(d) When the work of the contract requires the use of watercraft, Contractor must additionally provide protection and indemnity insurance in the amount of \$5,000,000 combined single limit for marine liability, subject to the same terms as (a), (b) and (c), above.

(e) If the work of the contract requires the removal and disposal of hazardous materials, Contractor must additionally provide environmental pollution liability insurance in the amount of \$1,000,000 combined single limit for pollution liability, subject to the same terms as (a), (b) and (c), above.

2. BUILDER'S RISK INSURANCE

Before requesting payment for permanently installed work [except as listed below], Contractor shall provide builder's risk insurance in an amount at least equal to the value of all such work, and shall make the policy of such insurance payable, in case of loss, to the City of Los Angeles as security for Contractor's obligation to repair damage. Contractor shall keep such insurance in force until the work is completed and accepted by Board. Contractor is not required to provide earthquake or tidal wave coverage, but shall be obligated to rebuild and complete all work required by the contract, even if a loss results from such perils.

Contractor need not insure, but shall be required to rebuild, if damaged, the following parts of the work: fills, excavations, rockwork, concrete or masonry walls or bulkheads, retaining earth, foundations entirely below ground or in earth fill, pipe, sewer systems, conduit, electrical light and power systems entirely below ground or submerged, ballast and grading for railroad tracks or in earth, pavements, sidewalks, pits on solid earth or in fill outside of buildings, incombustible poles, area lighting, metal fencing not attached to exteriors or interiors of buildings.

3. WORKERS' COMPENSATION

(a) Contractor shall secure the payment of compensation to employees injured while performing the work or labor necessary for and incidental to performance of the contract in accordance with California Labor Code section 3700.

(b) Prior to commencing any work under the contract, Contractor shall file with Harbor Engineer one of the following: (i) a certificate of consent to self-insure issued by the Director of Industrial Relations, State of California, or (ii) a certificate of workers' compensation insurance issued by an admitted insurer, or (iii) an exact copy or duplicate of the policy certified by the Director or by the insurer.

(c) Where Contractor has employees covered by the United States Longshore and Harbor Workers' Compensation Act, Contractor shall provide proof of such coverage to the Harbor Engineer.

(d) All workers' compensation insurance shall include an endorsement providing that any carrier paying benefits thereunder agrees to waive any rights of subrogation it may have against City.

4. PROFESSIONAL LIABILITY INSURANCE

When the law establishes a professional standard of care for the services to be performed under the contract, the Contractor [or Consultant] shall provide proof of

professional liability insurance in the amount of One Million Dollars (\$1,000,000) covering claims, damages and liabilities arising from any error, omission or negligent act in the work performed pursuant to the contract by the Contractor [or Consultant], or any of its officers, agents, employees or subcontractors. This insurance coverage shall remain in effect at all times during the performance of the contract work and for a period of two (2) years following acceptance of the completed construction project by the Board of Harbor Commissioners.

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EXHIBIT M

MAERSK CONSTRUCTION CREDIT & REALLOCATION OF TSI COSTS

EXAMPLES:

A) DOWNSIZE OF BUILDINGS

If only a downsize in square footage:

1. The cost savings can be reallocated to other TSI's. No credit towards compensation is earned by Tenant.

Gatehouse/Administration Building (budget)	27,000 s.f.	\$ 8,761,000
Gatehouse/Administration Building (revised)	20,000 s.f.	
Reduction in s.f.	7,000 s.f.	
% Reduction	25.9%	2,271,370
Revised budget		\$ 6,489,630

Savings may be reallocated to other TSI's or to any terminal imp. \$ 2,271,370

B) SAVINGS FROM LOWER CONSTRUCTION COSTS OF BUILDINGS

1. If the buildings are constructed to the same standards and specifications as budgeted under the original TSI budget, then credit is earned by Tenant. This credit can be used to build additional TSI's or applied to compensation over the first five years of permit.

Gatehouse/Administration Building (budget)	27,000 s.f.	\$ 8,761,000
Gatehouse/Administration Building (actual)	27,000 s.f.	7,200,000
Amount of Credit Due Tenant.		<u>\$ 1,561,000</u>

C) REEFERS CONSTRUCTION BY CITY AT LOWER CONSTRUCTION COSTS

1. In this event, where the number of reefers are constructed at a lower cost than originally budgeted, this cost savings may be reallocated. No credit towards compensation is earned by Tenant.

Reefers (budget)	1,200 units	\$ 11,427,000
Reefers (budget)	600 units	5,713,000
Total Reefers (budget)	1,800 units	\$ 17,140,000
Total Reefers (actual cost)	1,800.00 units	15,200,000
Savings from lower construction costs		<u>\$ 1,940,000</u>

EXHIBIT M

MAERSK CONSTRUCTION CREDIT & REALLOCATION OF TSI COSTS

D) REEFERS CONSTRUCTION COSTS REDUCED DUE TO REDUCTION IN REEFER COUNT

1. In this event, the percentage reduction from the original budget is first determined by taking the proportionate amount of reefers reduced to the original total of reefers in the budget. This percentage is then applied against the original \$ budget to determine the \$ amount of savings that can be reallocated to other TSI's or other city improvements. No credit towards compensation is earned by Tenant.

Reefers (budget)	1,200 units	\$ 11,427,000
Reefers (budget)	600 units	5,713,000
Total Reefers (budget)	1,800 units	\$ 17,140,000
Reefers (revised budget)	1,000 units	
Reefers (revised budget)	400 units	
Total Reefers (revised budget)	1,400 units	
Reefer Reduction	400 units	
% Reefer Reduction	22.2%	\$ 3,808,889
Total Reefers (revised budget)	1,400 units	\$ 13,331,111
Savings may be reallocated to other TSI's. No credit earned.		\$ 3,808,889

E) Exchange Between Types of Buildings

<u>Unit Cost</u>			
\$ 324.48	Gatehouse/Administration Building (budget)	27,000 s.f.	\$ 8,761,000
\$ 259.25	Maintenance & Repair Shop (budget)	24,000 s.f.	6,222,000
	Total of the two above buildings (budget)	51,000 s.f.	\$ 14,983,000
\$ 324.48	Gatehouse/Administration Building (revised)	17,000 s.f.	\$ 5,516,185
\$ 259.25	Maintenance & Repair Shop (revised)	34,000 s.f.	8,814,500
	Total of the two above buildings (revised)	51,000 s.f.	\$ 14,330,685
	Savings may be reallocated to other TSI's or other city improvements. No credit towards compensation is earned by Tenant.		\$ 652,315

EXHIBIT M

EXHIBIT N

EXHIBIT "N"
MARINE TERMINAL MAINTENANCE PROVISIONS

I. Structural Maintenance & Repair Performed by City at City's Expense* Within Lease Area

1. Roofs
2. Exteriors of structures, including exterior painting
3. Wharf structure (as defined), including mooring bollards and timber bull rail
4. Wharf bulkheads
5. Rock slopes
6. Maintenance dredging
7. Replacement of deteriorated electrical conduit and pipeline system
8. High and low voltage systems, including switchgear and crane power trench
9. Fire protection sprinkler systems, fire hydrant systems, standpipe systems, fire alarm systems
10. Potable water system and backflow devices

II. Maintenance & Repair Performed by City at Tenant's Expense Within Lease Area

1. Fender system repair (wharf damage procedure)

III. Operational Maintenance & Repair to be Performed by the Tenant. Port Will Perform if Forces Available by Accommodation Work Order Within Leased Area at Tenant's Expense. Tenant, However, Remains Responsible for Sufficiency of All Work

This portion of the Exhibit describes the maintenance and repair of items commonly found on terminal premises granted to Tenants. Not all items listed below may be present on all terminal premises. This list is only illustrative of the items which Tenant must maintain.

1. All landscaping, including irrigation systems
2. Daily janitorial service***
3. Relamping of terminal wharf and backland light standards**
4. Interior painting
5. Elevator and escalator maintenance**
6. Clarifier maintenance & servicing***
7. All toxic waste removal***
8. Storm drain inlet maintenance and cleaning
9. Cleaning clogged drains, including toilet/urinal stoppages
10. Pneumatic tube system maintenance**
11. Emergency generator unit maintenance**
12. Mooring capstans
13. Mechanical ramps and loading dock boards
14. Passenger gantries**, baggage systems**, conveyor systems**
15. Replacement of all light bulbs
16. Traffic and backland area striping (requires permit & approval by Harbor Engineer)
17. Weigh scales**
18. Wheel stop maintenance
19. Fence and gate maintenance
20. Rolling and sliding door maintenance
21. Window, door glass replacement
22. Carpet, tile, and vinyl floor replacements
23. All mechanical, electrical, hydraulic and air equipment and devices used by Tenant to maintain Tenant-owned machinery and equipment
24. Gate house equipment, including gate arms and mechanical/electrical equipment therein
25. Recharging and servicing of fire extinguishers
26. Surface paving, wharf and backland (as defined in agreement), exclusive of pavement failures
27. All underground and above ground tanks, pipelines and appurtenances unless the Agreement specifically otherwise provides
28. Refrigerated receptacle outlet (reefer) maintenance
29. HVAC servicing and repair
30. Intermodal Rail Facility, including storage track area, pavement, and all tracks and switches on the causeway serving the premises, exclusive of defective or deficient materials or work

* To be inspected periodically and maintained by City; to be repaired at Tenant's expense, if damaged by Tenant.

** To be maintained by Tenant at Tenant's expense and subject to periodic audits and inspection by the Port of Los Angeles

*** At no time does Port provide or perform

[8/07/00]

EXHIBIT 0

AFFIRMATIVE ACTION PROGRAM

A. Definitions

The following definitions shall apply to the terms used in this Exhibit:

"Affirmative Action" means the taking of positive steps by a contractor or subcontractor to ensure that its practices and procedures will promote and effectuate the employment, retention and advancement of a particular class or category of employee, generally referred to as a minority group, including women and any person or group described by race, religion, sex, sexual orientation, ancestry, national origin, age, and physical handicap. The action may also involve the concept, when applicable, of remedying the continuing effects of past discrimination.

"Affirmative Action Plan" means a plan, program, scheme, or policy setting forth in detail acts to be taken, procedures to be followed, and standards to be adhered to to establish an Affirmative Action Program. It may include provisions for positive recruitment, training and promotion, and procedures for internal auditing and reporting to ensure compliance and measure the success of the program.

"Awarding Authority" means any Board or Commission of the City of Los Angeles, or any authorized employee or officer of the City of Los Angeles, including the Purchasing Agent of the City of Los Angeles, who makes or enters into any contract or agreement for the provision of any goods or services of any kind or nature whatsoever for or on behalf of the City of Los Angeles.

"Contract" means any agreement, franchise, lease, or concession, including agreements for any occasional professional or technical personal services, for the performance of any work or service, the provision of any materials or supplies, or the rendition of any service to the City of Los Angeles or to the public, which is let, awarded or entered into with, or on behalf of, the City of Los Angeles or any awarding authority thereof.

"Contractor" means any person, firm, corporation, partnership, or any combination thereof, who submits a bid or proposal or enters into a contract with any awarding authority of the City of Los Angeles.

"Employment Practices" means any solicitation of, or advertisement for, employees, employment, change in grade or work assignment, assignment or change in place or location of work, lay-off, suspension or termination of employees, rate of pay or other form of compensation including vacation, sick and compensatory time, selection for training, including apprenticeship programs, any and all employee benefits and activities, promotion and upgrading, and any and all actions taken to discipline employees for infractions of work rules or employer requirements.

"Office of Contract Compliance" is that office of the Department of Public Works of the City of Los Angeles created by Article X of Chapter 13 of Division 22 of the Los Angeles Administrative Code.

"Subcontractor" means any person, firm or corporation or partnership, or any combination thereof who enters into a contract with a contractor to perform or provide a portion or part of any contract with the City.

B. During the performance of this 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, age or physical handicap.

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 or subcontractor agrees to post a copy of paragraph B hereof in conspicuous places at its place of business available to employees and applicants for employment.

C. 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, age or physical handicap.

D. At the request of the awarding authority or the Office of Contract Compliance, the contractor shall certify, on a form to be supplied, that the contractor has not discriminated in the performance of this contract against any employee or applicant for employment on the basis or because of race, religion, ancestry, national origin, sex, age or physical handicap.

E. 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 of this contract, and on their or either of their request to provide evidence that it has or will comply therewith.

F. The failure of any contractor or subcontractor to comply with the Affirmative Action Program of this contract may be deemed to be a material breach hereof. 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 or subcontractor in accordance with the provisions of Section 22.359.3 of the Los Angeles Administrative Code.

G. Upon a finding duly made that the contractor or subcontractor has breached the Affirmative Action Program of this contract, this 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 or subcontractor is an irresponsible bidder pursuant to the provisions of Section 386 of the Los Angeles City Charter. In the event of such determination, such contractor or subcontractor shall be disqualified from being awarded a contract with the City of Los Angeles for a period of two years, or until he shall establish and carry out a program in conformance with the provisions hereof.

H. In the event of a finding by the Fair Employment Practice 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 or subcontractor has been guilty of a willful violation of the Fair Employment Practice Act of California, or the Affirmative Action Program of this contract, there may be deducted from the amount payable to the contractor or subcontractor by the City of Los Angeles under this 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 this contract.

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

J. The office of Contract Compliance shall promulgate rules and regulations and forms for the implementation of the Affirmative Action Program of this contract, 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.

K. Nothing contained in this contract shall be construed in any manner so as to require or permit any act which is prohibited by law.

L. At the time its bid is submitted, the contractor shall submit an AFFIRMATIVE ACTION PLAN to the awarding authority which shall meet the requirements of this ordinance. The awarding authority may also require contractors and suppliers to take part in a pre-bid 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 next succeeding the date of contract award or the date of first approval by the Office of Contract Compliance, whichever is the earliest.

L.(1). Every contract or subcontract in excess of \$5,000 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.

L.(2). A contractor may establish and adopt as its own Affirmative Action Plan, by affixing his signature thereto, an Affirmative Action Plan prepared and furnished by the Office of Contract Compliance.

M. Contractors and suppliers who are members in good standing of a trade association which has negotiated an Affirmative Action Program with the Board of Public Works, Office of Contract Compliance may make the program of such association their commitment for the specific contract upon approval of the Office of Contract Compliance, without the process of a separate pre-bid or pre-award conference. Such an association agreement shall be effective for a period of twelve months next succeeding the date of approval by the Office of Contract Compliance. Trade associations shall provide the Office of Contract Compliance with a list of members in good standing in such association.

N. The Office of Contract Compliance shall annually supply the awarding authorities of the City with a list of contractors and suppliers who have developed approved Affirmative Action Nondiscrimination 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.

O. The Affirmative Action Plan required to be submitted hereunder and the pre-bid 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 program are functioning, and other on-the-job training for nonapprenticeable occupations;
2. Classroom preparation for the job when not apprenticeable;
3. Preapprenticeship education and preparation;
4. Upgrading training and opportunities;
5. Encouraging the use of contractors, subcontractors and suppliers of all 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; and

6. The entry of qualified women and minority journeyman into the industry.

7. The provision of needed supplies or job conditions to permit persons with some unusual physical condition to be employed, and minimize the impact of any physical handicap.

P. Any adjustments which may be made in the contractor's or supplier's work force to achieve the requirements of the City's affirmative action contract compliance program in purchasing and construction shall be accomplished by either or both an increase in the size of the work force or replacement of those employees who leave the work force by reason of resignation, retirement, or death and not by termination, lay-off, demotion, or change in grade.

Q. Affirmative Action Agreements resulting from the proposed Affirmative Action Plan or the pre-bid or pre-award conferences shall not be confidential and may be publicized by the contractor at his 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.

R. 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, subcontractors or suppliers engaged in the performance of City contracts.

EXHIBIT P

MINORITY BUSINESS ENTERPRISE/WOMEN BUSINESS ENTERPRISE

It is the policy of the City of Los Angeles to provide Minority Business Enterprises (MBEs), Women Business Enterprises (WBEs)¹ and all other business enterprises an equal opportunity to participate in the performance of all City contracts. Bidders and proposers shall assist the City in implementing this policy by taking all reasonable steps to ensure that all available business enterprises, including local MBEs and WBEs, have an equal opportunity to compete for and participate in City contracts. Bidders' or proposers' good faith efforts to reach out to MBEs, WBEs and all other business enterprises shall be determined by the following factors:

(1) The bidder's or proposer's efforts to obtain participation by MBEs, WBEs and other business enterprises could reasonably be expected by the Awarding Authority to produce a level of participation by interested subcontractors, including 18 percent MBE and 4 percent WBE as established by the Awarding Authority.

(2) The bidder or proposer attended pre-solicitation or pre-bid meetings, if any, scheduled by the Awarding Authority to inform all bidders or proposers of the requirements for the project for which the contract will be awarded. The Awarding Authority may waive this requirement if the bidder or proposer certifies it is informed as to those project requirements.

(3) The bidder or proposer identified and selected specific items of the project for which the contract will be awarded to be performed by subcontractors to provide an opportunity for participation by MBEs, WBEs and other business enterprises. The bidder or proposer shall, when economically feasible, divide total contract requirements into small portions or quantities to permit maximum participation of MBEs, WBEs and other business enterprises.

(4) The bidder or proposer advertised for bids or proposals from interested business enterprises not less than 10 calendar days prior to the submission of bids or proposals, in one or more daily or weekly newspapers, trade association publications, minority or trade-oriented publications, trade journals, or other media specified by the Awarding Authority.

¹ Minority Business Enterprises (MBEs) and Women Business Enterprises (WBEs) - for the purposes of this City policy, Minority Business Enterprises and Women Business Enterprises are defined as any business, bank or financial institution which is owned and operated by a minority group member or woman, or such business, bank or financial institution of whom 50% or more of its partners or stockholders are minority group members or women. If the business is publicly owned, the minority members or stockholders must have at least 51% interest in the business and possess control over management capital earnings.

(5) The bidder or proposer provided written notice of its interest in bidding on the contract to those business enterprises, including MBEs and WBEs, having an interest in participating in such contracts. All notices of interest shall be provided not less than 10 calendar days prior to the date the bids or proposals were required to be submitted. In all instances, the bidder or proposer must document that invitations for subcontracting bids were sent to available MBEs, WBEs and other business enterprises for each item of work to be performed.

The Mayor's Office of Small Business Assistance shall be available to help identify interested MBEs, WBEs and other business enterprises.

(6) The bidder or proposer documented efforts to follow up initial solicitations of interest by contacting the business enterprises to determine with certainty whether the enterprises were interested in performing specified portions of the project.

(7) The bidder or proposer provided interested enterprises with information about the plans, specifications and requirements for the selected subcontracting work.

(8) The bidder or proposer requested assistance from organizations that provide assistance in the recruitment and placement of MBEs, WBEs and other business enterprises not less than 15 days prior to the submission of bids or proposals.

(9) The bidder or proposer negotiated in good faith with interested MBEs, WBEs and other business enterprises and did not unjustifiably reject as unsatisfactory bids or proposals prepared by any enterprise, as determined by the Awarding Authority. As documentation, the bidder or proposer must submit a list of all sub-bidders for each item of work solicited, including dollar amounts of potential work for MBEs, WBEs and other business enterprises.

(10) The bidder or proposer documented efforts to advise and assist interested MBEs, WBEs and other business enterprises in obtaining bonds, lines of credit, or insurance required by the Awarding Authority or contractor.

Achievement of expected levels of participation in paragraph (1) above may only be used as one of the 10 indicia, above, of whether a bidder or proposer has made a good faith effort to recruit MBEs, WBEs and other business enterprises. If the Awarding Authority has established expected levels of participation for MBE and WBE contractors, failure to meet those levels shall not by itself be the basis for disqualification of the bidder or proposer. An Awarding Authority's determination of the adequacy of the bidder's or proposer's good faith effort must be based on due consideration of all indicia of good faith as set forth above.

In the event that an Awarding Authority is considering awarding away from the lowest bidder or not awarding a contract to a proposer because the bidder or the

proposer is determined to be nonresponsive for failure to comply with the good faith indicia set forth above, the Awarding Authority shall, if requested, and prior to the award of the contract, afford the bidder or proposer the opportunity to present evidence to the Awarding Authority in a public hearing of the bidder's or proposer's good faith efforts in making its outreach. In no case should an Awarding Authority award away pursuant to this program if a bidder or proposer makes a good faith effort but fails to meet the expected levels of participation.

CITY OF LOS ANGELES
Office of the City Administrative Officer,
Living Wage Section
111 North Hope Street, Room 625
Los Angeles, CA 90012

DECLARATION OF COMPLIANCE
Service Contract Worker Retention Ordinance and the Living Wage Ordinance

Los Angeles Administrative Code (LAAC) Sections 10.36 et seq. and 10.37 et seq. provide that all employers (except where specifically exempted) under contracts primarily for the furnishing of services to or for the City and that involve an expenditure in excess of \$25,000 and a contract term of at least three months; leases; licenses; or, certain recipients of City financial assistance, shall comply with all applicable provisions of the Ordinances.

During the performance of this agreement, the contractor, lessee, licensee, or City financial assistance recipient certifies that it shall comply and require each subcontractor hereunder to comply with the provisions of the above referenced Ordinances. The contractor shall provide to the City a list of all subcontractors and a list of all employees under the agreement (including employees of subcontractors) within 10 days after execution. The list of employees shall include the name, position classifications and rate of pay for each employee. An updated list shall be submitted upon demand and upon termination of the contract. A completed Declaration of Compliance from each subcontractor subject to the Living Wage Ordinance must be provided to the City Administrative Officer within 90 days of execution of the subcontract. In case of a successor service contract, a successor contractor shall retain for a 90-day transition employment period, employees who have been employed by the terminated contractor or its subcontractor, if any, for the preceding 12 months or longer, pursuant to Section 10.36.2.

The contractor, lessee, licensee, or City financial assistance recipient further agrees:

(a) To pay covered employees a wage no less than the minimum initial compensation of \$7.51 per hour (adjusted July 1, 1999) with health benefits, as referred to in (c) below, or otherwise \$8.76 per hour (adjusted July 1, 1999), pursuant to Section 10.37.2(a). Such rates shall be adjusted annually and shall become effective July 1.

(b) To provide at least 12 compensated days off per year for sick leave, vacation or personal necessity at the employee's request, and at least 10 additional days per year of uncompensated time off pursuant to Section 10.37.2(b) and Regulation 4(e)(3);

(c) Where so elected under (a) above, to pay at least \$1.25 per hour per employee toward the provision of health benefits for the employees and their dependents pursuant to Section 10.37.3;

(d) To inform employees making less than \$12 per hour of their possible right to the federal Earned Income Tax Credit (EITC) and make available the forms required to secure advance EITC payments from the employer pursuant to Section 10.37.4;

(e) To permit access to work sites for authorized City representatives to review the operation, payroll and related documents, and to provide certified copies of the relevant records upon request by the City; and,

(f) Not to retaliate against any employee claiming non-compliance with the provisions of these Ordinances and to comply with federal law prohibiting retaliation for union organizing.

Failure to complete and submit this form to the Awarding Authority and to the City Administrative Officer may result in withholding of payments by the City Controller, or contract termination.

Check box only if applicable: ☐ I certify under penalty of perjury that I do not have any employees earning less than \$15 per hour working on this City agreement.

Company Name		Signature of Officer or Authorized Representative	
Company Address and Phone Number		Type or Print Name and Title	
Date	Contract Number	Awarding City Department	Type of Service

CITY OF LOS ANGELES
Office of the City Administrative Officer
Living Wage Section
111 North Hope Street, Room 625
Los Angeles, CA 90012
(213) 367-5077

**NOTICE TO EMPLOYEES
WORKING ON CITY CONTRACTS
RE: LIVING WAGE ORDINANCE AND
PROHIBITION AGAINST RETALIATION**

"Section 10.37.5 Retaliation Prohibited" of the Living Wage Ordinance (LWO) provides that any employer that has a contractual relationship with the City **may not** discharge, reduce the pay of, or discriminate against his or her employees working under the City contract for any of the following reasons:

1. Complaining to the City if your employer is not complying with the Ordinance.
2. Opposing any practice prohibited by the Ordinance.
3. Participating in proceedings related to the Ordinance, such as serving as a witness and testifying in a hearing.
4. Seeking to enforce your rights under this Ordinance by any lawful means.
5. Asserting your rights under the Ordinance.

Also, you may not be fired, lose pay or be discriminated against for asking your employer questions about the Living Wage Ordinance, or asking the City about whether your employer is doing what is required under the LWO. If you are fired, lose pay, or discriminated against, you have the right to file a complaint with the City's Living Wage Section, as well as file a claim in court.

For more information, or to obtain a complaint form, please call the Living Wage Section at (213) 367-5077.

EXHIBIT Q

GUARANTY OF PERMIT NO. 827

This Guaranty of Permit No. 827 ("Guaranty") is made by MAERSK, INC., a New York corporation, Giralda Farms, Madison Avenue, P.O. Box 880, Madison, New Jersey 07940-0880 ("Guarantor") to and for the benefit of the City of Los Angeles ("City").

WHEREAS, City has been requested to grant Permit No. 827 ("Permit") to MAERSK PACIFIC, LTD., a California corporation, whose address is 570 Harbor Scenic Way, Long Beach, California 90802 ("Tenant") for the use and occupancy of premises owned by City located at Pier 400 in the Harbor District of the City of Los Angeles, as set forth in the said Permit; and

WHEREAS, Tenant is a wholly owned subsidiary of Guarantor; and

WHEREAS, City requires, as a condition to the grant of the Permit to Tenant, that Guarantor execute and deliver this Guaranty to City;

NOW THEREFORE, in consideration of the grant of the Permit to Tenant by City, Guarantor agrees as follows:

1. Guarantor hereby unconditionally and irrevocably guarantees to City the prompt performance by Tenant of all financial obligations and responsibilities, including the prompt payment of all rent and other sums payable by Tenant to City, and the prompt and faithful performance and discharge of each and every term, condition, covenant and obligation required of Tenant pursuant to the said Permit.

2. The terms of the said Permit may be altered, amended, assigned in accordance with the terms thereof, modified or changed by agreement between City and Tenant without notice to or consent of Guarantor, and this Guaranty shall thereafter be fully applicable to guarantee the performance of the Permit as altered, amended, modified or changed.

3. In the event of any failure by Tenant to pay rent or other sums payable to City or failure to perform or discharge any other term, condition, covenant or obligation required of Tenant by the Permit, Guarantor shall, upon thirty (30) days' written notice of default by Tenant and demand by City, promptly pay, perform and discharge each of the terms, conditions, covenants and obligations required by the Permit.

4. Following such written notice of default and demand by City, City shall have the right to proceed immediately against Guarantor to enforce the provisions of the Permit and this Guaranty, regardless of whether or not City, at its sole option, proceeds against Tenant for default or breach of the Permit or for the enforcement of any other right which may have accrued to City against Tenant.

5. This Guaranty shall not be released, modified or affected by failure or delay by City to enforce any right or remedy under the Permit or which City may otherwise

have at law or in equity.

6. This Guaranty and the rights and obligations of the parties hereto shall be governed and interpreted in accordance with the laws of the State of California; any action or proceeding whatsoever arising hereunder shall be determined by a court of competent jurisdiction located within the State of California.

Dated: August 8, 2000

MAERSK, INC.

By /s/Philip V. Connors
Executive Vice President
(Print Name/Title)

Attest /s/Bo Vestbirk Laub
Corporate Secretary
(Print Name/Title)

APPROVED AS TO FORM

August 9, 2000
JAMES K. HAHN, City Attorney

By /s/Catharine H. Vale
CATHARINE H. VALE, Assistant

State of _____)
County of _____)

On _____, before me, the undersigned, a Notary Public in and for said State, personally appeared _____ and _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons who executed the within instrument as _____ President and _____ Secretary, on behalf of _____, the corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.

Signature: /s/

August 9, 2000

Audrey H. Yamat
SECRETARY



Executive Director's
Report to the
Board of Harbor Commissioners

DATE: AUGUST 4, 2000

SUBJECT: PROPOSED PERMIT NO. 827 WITH MAERSK PACIFIC, LTD. FOR
PREMISES AT PIER 400, TERMINAL ISLAND

RECOMMENDATION:

1. Adopt the Order approving and authorizing the execution of proposed Permit No. 827 to Maersk Pacific, Ltd. based on the following terms and conditions:

Premises. Nonexclusive preferential use of Berths 401-406 and adjacent container terminal. Phase I of the terminal development, to be available for occupancy approximately April 2002, includes 316.09 acres of container terminal with a 96-car intermodal rail facility and 3,300 lineal feet of berthing area. An additional 671 lineal feet of berthing (two (2) acres of wharf premises) will be available approximately four months after completion of Phase I. Phase II of the terminal development, to be available for occupancy approximately April 2004, includes 166.72 acres of container terminal area and an additional 3,219 lineal feet of berthing. Also preferentially assigned is a transportation corridor, area primarily located on the causeway leading to Pier 400 used for the purpose of a 126-car storage track compound, arrival and departure tracks, and dedicated truck queuing lanes.

Upon notification by Maersk of its intended use, the Port will initiate an investigation of adding approximately 200 acres reasonably proximate to the 484.81-acre terminal. Upon the Port receiving all environmental approvals, clearances and permits, the Port will undertake the implementation of development contingent upon reaching a mutually acceptable amendment to this permit.

Permitted Uses. Docking and mooring of vessels and for the assembling, distributing, loading and unloading of goods, wares and merchandise on and from such vessels, and purposes incidental thereto.

Term. Twenty-five years, effective approximately April 30, 2002, upon completion of the Port's Phase I construction and Maersk's construction of terminal buildings, but no later than August 30, 2002, if Phase I construction is substantially complete. In addition, Maersk has three, five-year options to extend occupancy.

Compensation. Reset at five-year intervals, the initial five years as follows:

DATE: AUGUST 4,2000

PAGE 2 OF 5

SUBJECT: PROPOSED PERMIT NO. 827 WITH MAERSK PACIFIC, LTD. FOR
PREMISES AT PIER 400, TERMINAL ISLAND

In lieu of the tariffs wharfage, dockage, storage and demurrage charges on containerized cargo, compensation consists of twenty-foot equivalent unit (TEU) charges. The TEU charges are calculated according to the total number of TEUs handled by Maersk per acre, per year, using a sliding scale of rates based on throughput efficiency. The greater the average TEUs per acre of terminal area (i.e., that portion of the premises exclusive of the preferentially assigned 39.96-acre intermodal rail facility and transportation corridor), the lower the rate per TEU. TEU charges contribute to the Minimum Annual Guarantee (MAG).

MAG of \$123,000 per acre of terminal area exclusive of 39.96-acre intermodal facilities. Upon full build-out of the facility, the area subject to MAG and TEU charges will total 444.85 acres. The area consists of 276.13 acres upon completion of Phase I development, with an additional two (2) acres, four months later. Upon completion of Phase II construction, an additional 166.72 acres will be added. During any year that TEU charges received by the Port are less than \$118,000 per acre, Maersk will pay the difference. Any shortfall between \$118,000 and \$123,000 can be deferred until the end of the fifth year. During the five-year period, TEU compensation and non-containerized wharfage and dockage charges received by the Port that exceed the annual requirement of \$123,000 will offset the amount of the accumulated deferred MAG deficiency.

Non-containerized cargo is subject to payment of 50% of the tariffs wharfage and dockage charges. These charges contribute toward the MAG.

If the Port exercises its right to put a vessel at the terminal that is not under contract with Maersk, wharfage and dockage charges collected by the Port for that vessel will contribute toward Maersk's MAG and TEU efficiency scale.

Empty containers in excess of 17% percent of Maersk's total throughput per year will not be charged at the TEU rate or contribute toward the TEU efficiency scale. These containers will be charged at the tariffs empty container rate.

The 39.96-acre intermodal rail yard is chargeable at \$42,000 per acre per year.

In consideration of the phased terminal construction schedule and incomplete terminal facilities available for use by Maersk, the Port will provide a credit of \$15 million, allocated \$3 million for each of the initial five years of occupancy. If Maersk requests the Port to construct certain improvements, listed in the permit as Supplemental Terminal Specific Improvements, the cost of said improvements, up to \$7.4 million, will be offset against the net present value of the \$15 million (\$12,846,380) at the time of completion of Phase II development.

DATE: AUGUST 4,2000

PAGE 3 OF 5

SUBJECT: PROPOSED PERMIT NO. 827 WITH MAERSK PACIFIC, LTD. FOR
PREMISES AT PIER 400, TERMINAL ISLAND

Building Construction. Maersk will contract for the design and construction of the gate complex and all terminal buildings within a budgeted \$69,860,000, which is based on a conceptual terminal design and layout. The Port will reimburse Maersk monthly during the construction period for its construction costs. Maersk may modify building sizes and designs of the building elements and reallocate projected costs within the budgeted amount. Any savings by Maersk within the budgeted amount from the projected cost for each element of the conceptual terminal design and layout may be reallocated to the construction of additional improvements. If a building is constructed having the same square footage as detailed in the proposed terminal design and layout, and Maersk's construction costs are less than projected in the budget, the savings can be credited back to Maersk over a five-year period or reallocated to additional site improvements deemed necessary by Maersk. In addition, Maersk may reallocate for additional site improvements any savings that the Port realizes from its \$17,140,000 projected cost to construct all improvements necessary to provide 1,800 reefer outlets.

If Maersk requests additional terminal improvements within the Phase I and Phase II areas after completion of Phase II construction, the cost of the improvements will be equally shared subject to Port concurrence that the improvements are necessary for promotion of additional throughput. Any cost savings described in the above paragraph that is not reallocated for additional improvements or credit will be carried forward and contribute toward Maersk's responsibility for shared costs.

Guarantee. Maersk Inc., the parent company of Maersk Pacific, Ltd., will guarantee the terms and conditions of Permit No. 827.

2. In accordance with City Charter Section 607 (a), find that a term longer than 30 years would be in the best interest of the City and recommend that the City Council so find by a vote of two-thirds (2/3) of its members.
3. Direct the Board Secretary to transmit the Order and Permit No. 827 to the City Council for approval pursuant to Charter Section 654(a) requiring a 4/5 approval of the Board and a 2/3 vote of the City Council.
4. Authorize the Executive Director and Board Secretary to execute proposed Permit No. 827 upon Board approval contingent upon approval by the City Council.

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DISCUSSION:

1. On October 28, 1999, Maersk, Inc. and the Board of Harbor Commissioners entered into a Memorandum of Understanding (MOU) for the purpose of setting forth the terms and conditions of non-exclusive occupancy by Maersk of Pier 400. Based on the guidelines set forth in the MOU, it is proposed to grant Maersk a term permit for the use and occupancy of 484.81 acres at Pier 400 for container handling and rail purposes, as well transportation corridor area providing rail and truck queuing support
2. Upon completion of Phase II construction, the Port will have constructed 7,190 lineal feet of wharf, site utilities and pavement, a transportation corridor that includes a four-lane highway approaching the terminal as well as storage tracks for the intermodal rail yard, the working track area of the intermodal rail yard located within the terminal, and 1,800 reefer outlets.
3. On March 8, 2000, the Board adopted Resolution No. 5862 declaring the completion of terminal buildings to be of urgent necessity pursuant to Section 386(a)(4) of the Los Angeles City Charter. The Los Angeles City Council subsequently approved Ordinance No. 173223 authorizing Maersk to construct the buildings pursuant to the City Charter's Section 386, subsections (b) and (f). Maersk will let the contracts in accordance with a design-build system, with the buildings of a quality acceptable to the Port. These improvements presently include a gate complex with 45 in-bound/out-bound gate lanes, 20 truck scales, and an administration/gate building, three marine buildings, a rail operations tower, a roadability/maintenance/fuel station complex, a reefer wash building, a dispatch canopy and longshore facility, and a hazardous cargo canopy. The Port will reimburse Maersk for its construction costs up to a budgeted \$69,860,000. Terms and conditions of the permit are as described above.
4. This agreement is in conformance with the City of Los Angeles Living Wage Ordinance.
5. The Director of Environmental Management has determined that this activity was addressed as part of the Pier 400 Container Terminal and Transportation Corridor Project, and was adopted by the Board on October 5, 1999. In accordance with Article III, Section 21 of the Los Angeles City CEQA Guidelines, no further environmental review is necessary.
6. The Permit and Board Order were prepared and approved as to form by the Office of the City Attorney.

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7. Proposed Permit No. 827 has been submitted to the Mayor in accordance with Executive Directive No. 39.

TRANSMITTAL:

1. Permit No. 827
2. Board Order



SID ROBINSON
Director of
Property Management



ALBERT B. FIERSTINE
Director of
Business Development

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bl25kl

APPROVED:



LARRY A. KELLER
Executive Director

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COMMISSIONERS