



Executive Director's
Report to the
Board of Harbor Commissioners

DATE: **SEPTEMBER 19, 2017**

FROM: **CARGO & INDUSTRIAL REAL ESTATE**

SUBJECT: **RESOLUTION NO. _____ - APPROVE ACCESS AGREEMENT
WITH WELLS FARGO EQUIPMENT FINANCE, INC. FOR PREMISIES
UNDER PERMIT NO. 827 WITH APM TERMINALS PACIFIC, LTD.**

SUMMARY:

Staff requests approval of the Access Agreement with Wells Fargo Equipment Finance, Inc. (WF) to protect the security interest in ship to shore cranes owned by California United Terminals, Inc. (CUT), a subsidiary of Hyundai Merchant Marine, located at APM Terminals Pacific, Ltd. (APMT) Pier 400 on Terminal Island. No payment is to be made for such right.

CUT, a sublessee at APMT, recently ceased operations at Pier 400. APMT desires to use the four ZPMC cranes that CUT financed through WF in order to utilize the premises vacated by CUT. In order to do so, WF has required that APMT (a) assume CUT's obligations under the financing contracts it earlier issued to CUT, and (b) obtain access from the City of Los Angeles Harbor Department (Harbor Department) to the cranes to protect WF's security interest in the cranes.

The proposed agreement will provide such access to WF while protecting the Harbor Department's interests, and minimize business interruption at APMT.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners (Board):

1. Find that the proposed action is administratively exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines as determined by the Director of Environmental Management;
2. Approve the Access Agreement with Wells Fargo Equipment Finance, Inc.;
3. Authorize the Executive Director to execute and the Board Secretary to attest to the Access Agreement; and
4. Adopt Resolution No. _____.

SUBJECT: ACCESS AGREEMENT TO WELLS FARGO EQUIPMENT FINANCE, INC. FOR PREMISES AT PIER 400, TERMINAL ISLAND

DISCUSSION:

Background – APMT operates the container terminal at Pier 400 pursuant to Permit No. 827 (Permit), approved by the Board in 2000. In 2010, the Board approved a Third Amendment to the Permit and affirmed a sublease of a portion of the premises at Pier 400 to CUT. From 2010 until mid-2017, CUT undertook container terminal operations at the subleased premises, and in connection with those operations, financed the purchase of four container cranes through WF. The Permit requires APMT, and through the sublease, CUT, to furnish all gear, tackle, and labor necessary to undertake terminal operations at its own expense. That obligation includes the four cranes.

CUT provided written notice in July 2017 that it would cease operations at Pier 400. APMT intends to retain the former sublease premises to its operations, and intends to use the four container cranes CUT financed through WF. In order to do so, WF has required that APMT assume CUT's obligations under the financing contracts and that it obtain the access necessary to the cranes to protect the security interest of WF in the cranes.

The Access Agreement (Transmittal 1) provides such access to WF, under conditions that protect the Harbor Department's interests in minimizing business interruption, safety, and permitting. Approval of the Access Agreement will facilitate APMT's ability to place the four cranes into use at Pier 400 (Transmittal 2), and to mitigate any negative impacts caused by CUT's closure.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of an Access Agreement with WF. As an administrative activity, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of CEQA in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

As a condition of APMT assuming CUT's financial obligations under its crane equipment financing agreement with WF, APMT is required to obtain permission from the Harbor Department to access the cranes. The proposed action granting access will facilitate the orderly transition of APMT's assumption of four CUT cranes so that they may be put to use by APMT in its container operations without further delay. The Harbor Department has no property interest in the cranes such that APMT will fully bear all operating and maintenance costs associated with the cranes. The action will help to mitigate any negative impacts caused by CUT's closure and minimize business interruption of APMT.

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INC. FOR PREMISES AT PIER 400, TERMINAL ISLAND

CITY ATTORNEY:

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

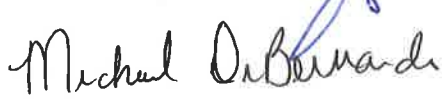
TRANSMITTALS:

1. Access Agreement
2. Site Map



JACK C. HEDGE
Director of Cargo & Industrial Real Estate

FIS Approval:  (Initials)
CA Approval:  (Initials)



MICHAEL DiBERNARDO
Deputy Executive Director

APPROVED:



EUGENE D. SEROKA
Executive Director

ES:MD:JH:ST:raw
Author: Sumita Thappa
BL690raw Wells Fargo Access Agreement