

Factors Germane to City Consent Finance Division

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

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

Under Permit 919 with H.S. Seafoods, Inc., minimum rent obligations as of March 1, 2021 are \$3,369.37 per month, or \$40,432 per year. Effective March 1, 2022, and annually thereafter through the expiration of Permit 919 on February 28, 2026 (pending the exercise of two one-year options which would extend the expiration date to February 28, 2028), minimum rent obligations will increase by CPI, subject to any board-approved compensation resets. Over the remaining term of Permit 919 through February 28, 2026 and assuming one option exercise as well as 3% CPI, staff has estimated aggregate minimum rent obligations of \$261,534. At a discount rate of 10.0%, which is the Department's target rate of return on land, the present value of these minimum rent obligations is \$188,293.

On July 2, 2021, Erik Rosini, Owner and CEO of Standard Fisheries Corp., dba Standard Fish Company, submitted a request to assign Permit 919 to Standard Fish Company. Subsequently, on August 17, 2021, Erik Rosini provided the relevant information requested within Permit 919 in order to complete a permit assignment. In addition, Erik Rosini has agreed to pay an assignment fee of \$18,829.

On November 1, 2021, staff from the Financial Planning & Analysis division performed an in-person review of three years of unaudited financial statements and tax returns spanning January 1, 2018 through December 31, 2020 of Standard Fish Company, which is the proposed Permit 919 transferee. Staff reviewed Revenues, Operating Income, Net Income, Total Assets and Total Equity. In addition, staff also reviewed 9 months of income statement information for the period ending September 30, 2021. Based upon staff's review of these key financial metrics, Standard Fisheries Corp., appears to possess reasonably sufficient financial wherewithal to meet its obligations as Transferee under Permit 919.

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

Standard Fish Company is a family-owned business which has operated within the Port of Los Angeles since 1999. Owner and CEO, Erik Rosini is a native of San Pedro and veteran in the seafood industry. Standard Fish Company sources the highest quality fresh and frozen seafood to supply customers year-round, supports thriving commercial fisheries and works with local fisherman to unload and process fishing boats responsibly. Following drivers of an evolving market and consumer demand for foods associated with health benefits, Standard Fish Company sees the opportunity for increased production of seafood products

and business growth with projected revenue of \$2 - \$4 million per year over the next five years. Standard Fish Company appears to possess reasonable experience, knowledge and character to assume the operational responsibilities associated with Permit 919.

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

Continued use of the Permit 919 premises as a wet fish processing stall is consistent with the Port Master Plan as an existing permitted use. There are currently no conflicting existing legal duties of the Harbor Department that relate to the continued use of the Permit premises as a wet fish processing stall in the Municipal Fish Market.

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

Erik Rosini will continue to use the premises as a wet fish processing stall which is consistent with the terms and conditions of Permit 919.

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

Erik Rosini's Transfer Notice provided the information required by Subsection 113.3.1. The information provided in the Transfer Notice justifies consent of the proposed assignment based on the proposed tenant's financial standing, experience, and proposed use of the premises that is consistent with the Port Master Plan and the terms of Permit 919.

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

Erik Rosini has committed to complete the construction of the facility to begin operations of the wet fish processing. The current tenant did not complete the construction of the wet fish processing facility when he relocated into the Stall 4 from Stall 12. The Risk Management Plan within the Port Master Plan requires that H.S. Seafoods move to another stall because its location at Stall 12 was within the hazard footprint of an existing fuel tank located to the south of the Municipal Fish Market building and operated by The Jankovich Company.

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

HS Seafood has been in arrears since February 2020 in the amount of \$65,274 through October 31, 2021. HS Seafood has proposed to settle the unpaid rent by paying \$15,000 from the proceeds of the sale. HS Seafood's troubles began when its only vessel was demasted in rough seas in October 19, 2017: one crew was killed and one severely injured. Subsequently, in July 23, 2019 the boat caught fire during repairs and sank in Mexico. Further

compounding the problem was the lack of fishing in Los Angeles region for past few years. Tenant was not evicted for non-payment of rent due to eviction moratorium issued during current pandemic.

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

Staff has reviewed the following referenced websites and did not find any listing of the proposed tenant or affiliated companies on any such lists.

The Office of Foreign Assets Control - Special Designated Nationals and Blocked Person List: <https://sanctionssearch.ofac.treas.gov/>

**The Bureau of Industry and Security - Denied Persons List and Entity List:
<http://www.bis.doc.gov/dpl/dpl.txt>**

**The Office of Defense Trade Controls - Debarred Parties List:
https://www.pmddtc.state.gov/?id=ddtc_kb_article_page&sys_id=7188dac6db3cd30044f9ff621f961914**