

Eubank Avenue Parcel
1 Acre

ILWU
±9 Acres

Broad Avenue Hall
1.3 Acres



0 375 750 1,500
Feet

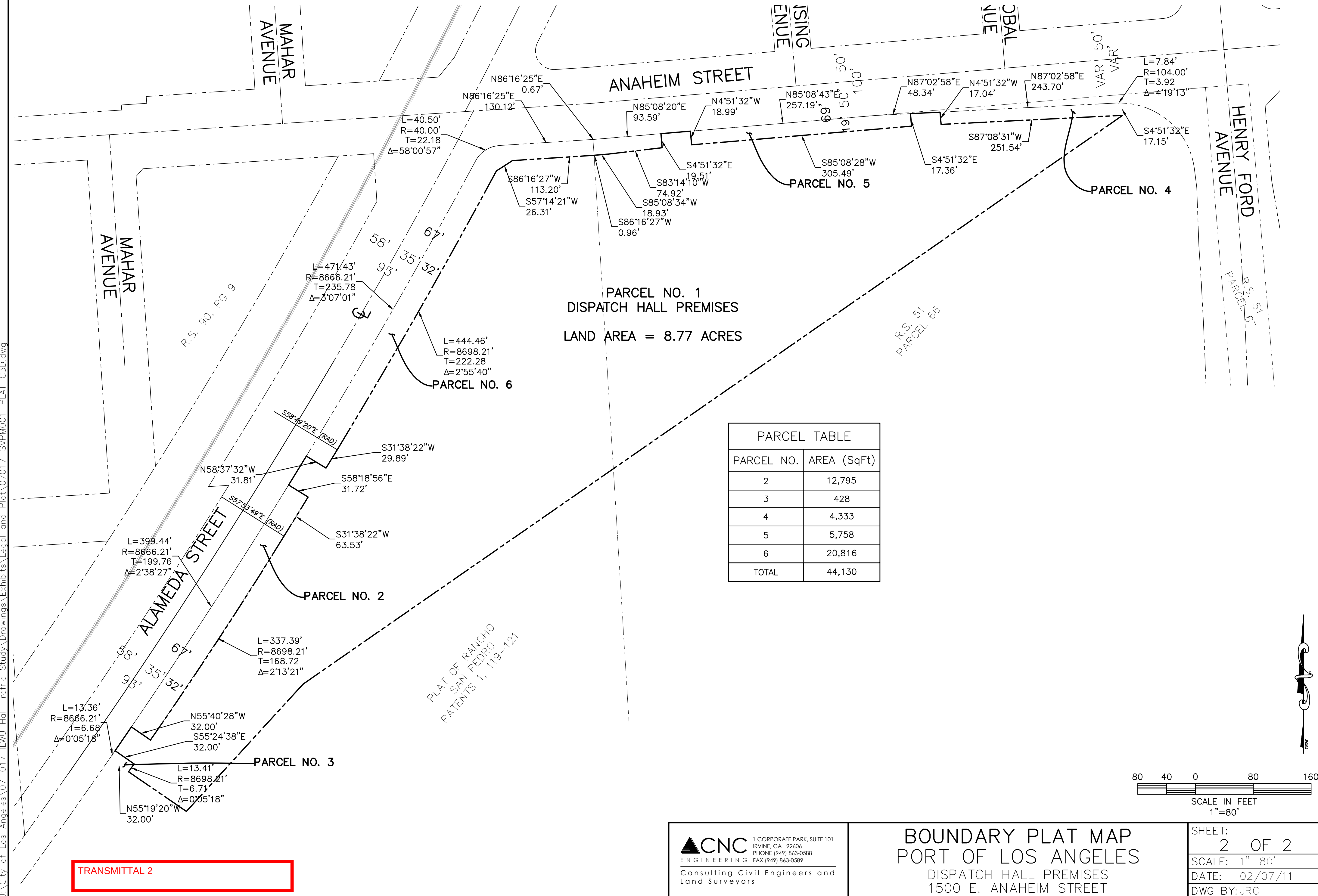
Harbor Department
Planning & Economic Development
Map Produced 3/2011





BOUNDARY PLAT MAP

IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES



J:\City of Los Angeles\07-017 ILWU Hall Traffic Study\Drawings\Exhibits\Legal and Plat\07017-SVPM001_PLAT_C3D.dwg

PERMIT NO. 893
GRANTED BY THE CITY OF LOS ANGELES
TO
PACIFIC MARITIME ASSOCIATION

THIS PERMIT ("Agreement") is made and entered into this ____ day of _____, 20____, by and between THE CITY OF LOS ANGELES, a municipal corporation ("City") acting by and through its Board of Harbor Commissioners ("Board"), and PACIFIC MARITIME ASSOCIATION, a California corporation, 555 Market Street, 3rd floor, San Francisco, California 94105 ("Tenant").

Section 1. Agreement.

City hereby delivers, and Tenant hereby accepts, the Premises hereinafter described, subject to the terms and conditions provided herein.

Section 2. Effective Date; Term and Holdover.

2.1 Effective Date. This Agreement shall become effective ("Effective Date") on the date of its approval by the City Council of City ("Council") pursuant to Sections 606 and 607 of City's Charter.

2.2 Term. The term of this Agreement shall commence on the Effective Date, and shall expire on _____ which is ("Expiration Date") thirty-two (32) years from the Effective Date (unless sooner terminated), as follows. In no event shall the term of this Agreement, be longer than thirty-two (32) years.

2.2.1 Construction Phase. The period commencing on the Effective Date and expiring on the Construction Phase Completion Date, as defined below, shall be known as the "Construction Phase." Tenant, at its sole cost and expense, shall complete the Improvements as defined in Section 7.1.4 and shall comply with the following timelines: (a) within twelve (12) months after the Construction Effective Date (defined below), Tenant shall commence construction of the Improvements; and (b) within thirty-six (36) months after the Construction Effective Date, Tenant shall complete the construction of the Improvements and secure and deliver to Executive Director a certificate of occupancy for the improvements described in Section I of Exhibit "B" (Dispatch Hall Improvements") from City's Department of Building and Safety. Failure to meet any of the above deadlines shall terminate this Agreement and any subleases issued hereunder including but not limited to the JPRLC Sublease as defined in Section 13.1 below, automatically without further action of City, Board, Council, Tenant, or Subtenant, as defined in Section 5.3, and Upon such termination neither the City nor Tenant shall have any further obligations or liabilities hereunder except for: 1) such obligations and liabilities which specifically state herein that they survive termination of this Agreement; and 2) Tenant's restoration obligations under Section 11 and all remedies available to City under this Agreement and at

law if Tenant fails to perform such restoration obligations. The date Tenant receives the Mineral Rights Agreement Notice (as defined in Section 3.3.8) shall be known as the "Construction Effective Date;" provided however, in no event shall the Construction Effective Date be later than eighteen months (18) months following the Effective Date. The date on which Tenant completes construction of the Improvements and delivers the certificate of occupancy for the Dispatch Hall Improvements to Executive Director shall be known as the "Construction Phase Completion Date."

2.2.2 Operations Phase. Operations Phase of the dispatch hall shall commence the day following the Construction Phase Completion Date and shall continue for no more than thirty (30) years from the Construction Phase Completion Date. Provided, however, that if the Construction Phase lasts more than two (2) years (e.g. as provided in Section 2.2.1(b)) then the thirty (30) year period shall be reduced proportionately on a day-by-day basis, such that the term of this Agreement shall not exceed thirty-two (32) years from the Effective Date.

This Agreement and JPLRC Sublease, as defined in Section 13.1, shall terminate automatically and without further action of City, Board, Council, Tenant, or Subtenant, upon: (i) the cessation of the International Longshore Warehouse Union as the representative of longshore labor for marine cargo terminals operated by members of Tenant at the Port of Los Angeles. The determination of such cessation shall be in the Executive Director's reasonable discretion; or (ii) any material change in the Permitted Uses, as defined Section 4.1, which materiality shall be determined by the Executive Director in his or her reasonable discretion.

2.3 Holdover After Expiration Date. Tenant shall not hold over any part of the Premises after the Expiration Date unless it submits a written request to hold over all or part of the Premises to the Executive Director of City's Harbor Department ("Executive Director"), and Executive Director thereafter approves such request in writing. Any holdover shall be deemed an extension of this Agreement on a month-to-month basis and on the same terms and conditions as set forth in this Agreement, except that, if Executive Director, prior to the Expiration Date, has not provided written approval of a written request from Tenant to hold over, the Rent (as defined in Section 5) applicable at the commencement of such holdover, at the sole and absolute discretion of Executive Director, may be increased up to one hundred fifty percent (150%) of the Rent last in effect before such holdover commenced. If Executive Director has provided written approval of a written request from Tenant to hold over prior to the Expiration Date, the Rent applicable at the commencement of such holdover shall be the Rent last in effect before such holdover commenced. City and Tenant acknowledge and agree that: (a) this Section 2.3 shall neither be deemed nor treated as a limitation or waiver of any rights or remedies of City provided in this Agreement or at law (all of which are reserved, including, without limitation, an action for unlawful detainer), an option to extend the Agreement, express or implied commitment to pursue or issue any approvals or entitlements, or express or implied permission for Tenant to remain on the Premises after the Expiration Date; and (b) City expressly reserves the right to require Tenant to surrender possession of the Premises to City as provided in

this Agreement on the Expiration Date or sooner termination of this Agreement. Nothing stated herein shall relieve Tenant from its obligations to restore the Premises as required under Section 11 of this Agreement and at law.

Section 3. Premises.

3.1 Description. Tenant is permitted to occupy the lands (hereinafter called "Premises" located in the City of Los Angeles, County of Los Angeles, California more particularly described on Exhibit "A-1" attached hereto and incorporated herein by reference and depicted on the Boundary Plat Map attached hereto as Exhibit "A-2" and incorporated herein by reference. The Premises consist of: (a) the real property designated as Parcel No. 1 and more particularly described on Exhibit "A-1" and depicted on Exhibit "A-2" ("Dispatch Hall Premises"); and (b) as the real property designated as Parcel Nos. 2 through 6 and more particularly described on "Exhibit A-1" and depicted on Exhibit "A-2" ("Bike Path Premises"). Tenant acknowledges and agrees that Exhibits "A-1" and "A-2" are subject to final approval by Executive Director on or before thirty (30) days of the Effective Date.

Upon Tenant's written notice to City, that Tenant has completed construction of the improvements described in Section II of Exhibit "B" ("Bike Path Improvements"), and after approval by the Executive Director in his or her sole discretion that such improvements are complete, City shall delete the Bike Path Premises from the Premises, with no further action of the Board or Council, and thereafter the Premises shall consist solely of the Dispatch Hall Premises.

3.2 Premises Subject to Tariff. Tenant accepts the Premises and shall undertake the Permitted Uses set forth in Section 4.1 subject to each and every of the terms and conditions provided herein, and to each and every of the rates, terms and conditions of Tariff No. 4 of City's Harbor Department as it now exists or may be amended or superseded ("Tariff"). Tenant represents and warrants that it has received, read and understands the rates, terms and conditions of Tariff and covenants that, at all times during the term of this Agreement, it shall maintain a complete and current Tariff at the address set forth in Section 15.9 below. Except as otherwise set forth in this Agreement, Tenant is contractually bound by all Tariff rates, terms and conditions as if the same were set forth in full herein. City in its sole and absolute discretion shall determine if a conflict exists between a provision of this Agreement and a Tariff provision. In the event of such conflict, this Agreement shall at all times prevail.

3.3 Reservations. This Agreement and the Premises are and shall be at all times subject to the reservations listed below and additional reservations City may reasonably require after the Effective Date, of which Tenant shall receive advance written notice, for which Tenant shall receive no compensation unless otherwise provided.

3.3.1 Utility or other Rights-of-Way. Rights-of-way for sewers, pipelines (public or private), conduits for telecommunications, electric, gas, and power lines, as may from time to time be determined to be 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 and with as minimal interference with the Permitted Uses as possible. If Board makes such determination of necessity, City shall issue a written right of entry or other entitlement to the applicable third-party requiring it and/or its parent to name Tenant and/or Subtenant as an additional insured on any insurance policies required by City and to defend and indemnify Tenant and/or Subtenant from and against any claims, demands, actions, proceedings, losses, liens, costs and judgments of any kind and nature whatsoever, including expenses incurred in defending against legal action that arise from or are related to such third-party's entry onto the Premises.

3.3.2 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.

3.3.3 Prior Exceptions. All prior exceptions, reservations, grants, easements, leases or licenses of any kind whatsoever that 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.

3.3.4 Mineral Rights Excluded. All minerals and mineral rights of every kind and character now known to exist or hereafter discovered, including, without limiting the generality of the foregoing, oil, gas and water rights, together with the full, exclusive and perpetual rights to explore for, remove and dispose of said minerals, or any part thereof, from the Premises.

3.3.5 Homeland Security. Access, temporary occupancy and other rights reasonably necessary to comply with homeland security or related requirements of local, state and federal law enforcement agencies or City's Harbor Department. City reserves the right to install, maintain and operate on the Premises equipment related to homeland security and/or public safety with seventy-two (72) hours' prior written notice to Tenant.

3.3.6 Environmental Initiatives. Access, temporary occupancy and other rights reasonably necessary to comply with environmental initiatives and/or policies of City, local, state and federal agencies or the City's Harbor Department, provided that the exercise of such rights do not materially interfere with the Permitted Uses.

3.3.7 Telecommunication Equipment. Access, temporary occupancy and the right of City or third-parties selected by City in its sole and absolute discretion to install, operate, maintain and repair telecommunication equipment, without compensation to Tenant unless otherwise agreed to in writing by City. City shall minimize any interference with the Permitted Uses to the extent possible.

3.3.8 Existing Drilling Rights. Pursuant to the conveyance agreement from Union Pacific Land Resources Corporation to City, dated March 24, 1980, effective March 31, 1980, which was recorded in the Official Records of Los Angeles County, California, as Document No. 80-325185, the City of Long Beach, as successor in interest to Union Pacific Land Resources Corporation, currently owns certain mineral rights and surface rights with respect to the Premises as follows: (a) mineral rights and surface rights with respect to existing oil wells located on the Premises in the areas identified as Annex 2: Parcels 35, 38, 47, 63, and 64 on Exhibit "C" attached hereto and incorporated herein by reference ("Annex 2 Rights"); and (b) mineral rights and surface access rights with respect to future mineral facilities which may be located on the Premises in the areas identified as Annex 3: Areas X-1 and X-2 on Exhibit "C" attached hereto and incorporated herein by reference ("Annex 3 Rights"). Tenant acknowledges and agrees that Exhibit "C" is subject to final approval by Executive Director on or before thirty (30) days of the Effective Date.

The City of Long Beach and the City are in current negotiations with respect to such Annex 2 Rights and Annex 3 Rights whereby the City is attempting to reach an agreement with the City of Long Beach pursuant to which City of Long Beach would quitclaim to City its surface rights to the Premises ("Mineral Rights Agreement"). Consequently, in the event that the Mineral Rights Agreement Conditions (as defined below) have not been satisfied on or before July 1, 2011, Tenant may terminate this Agreement and any subleases issued hereunder automatically by written notice to City without further action of City, Board, Council or Subtenant ("Section 3.3.8 Termination Notice"). Upon providing such Section 3.3.8 Termination Notice, neither Tenant nor City shall have any further obligations or liabilities under this Agreement except for such obligations and liabilities which specifically state herein that they survive termination of this Agreement and Tenant's obligations as provided under Section 11.1; provided, however, under no circumstances shall Tenant have any further obligations or liabilities arising from or relating to Section 5.3 or Section 7 (provided further however, that Tenant shall comply with Section 7.1.1 if prior to the 3.3.8 Termination Notice Tenant has commenced construction and encountered contaminated soil and/or groundwater).

For purposes herein, the term "Mineral Rights Agreement Conditions": shall mean (a) the City and the City of Long Beach shall have executed and delivered a Mineral Rights Agreement, in form and substance acceptable to Tenant in its sole and absolute discretion, and Tenant shall have provided written notice of such approval to the City; and (b) Tenant shall have received written notice from the City stating that all required governmental approvals required to be obtained to make said Mineral Rights Agreement effective as to both the City and the City of Long Beach have been obtained ("Mineral Rights Agreement Notice"). Tenant shall provide written notice of its approval or disapproval of said Mineral Rights Agreement as set forth in clause (a) above within fifteen (15) days

of delivery of the same to Tenant by the City. Tenant's written notice of disapproval shall serve as the Section 3.3.8 Termination Notice.

Notwithstanding anything to the contrary set forth herein, in no event shall City transfer any liabilities to Tenant with respect to any rights and/or obligations it receives under said Mineral Rights Agreement including without limitation any liability for maintenance or repair of abandon oil wells other than Tenant's obligations under Section 7.1.2.

3.4 Inspection by Tenant. Tenant has inspected the Premises in contemplation of occupying them for the Permitted Uses set forth in Section 4.1 and acknowledges and agrees that:

(a) The Premises are suitable for the Permitted Uses. No individual of or affiliated with City has made any representation or warranty with respect to the Premises, or improvements existing or planned, unless the nature and extent of such representation or warranty is described in writing and attached hereto.

(b) With respect to acreage or improvements delivered by City, if any, and in Tenant's possession, any modification, improvement, or addition to the Premises and any equipment installation required by the City Fire Department, City Department of Building and Safety, Air Quality Management District, Regional Water Quality Control Board, United States Coast Guard, Environmental Protection Agency, Department of Homeland Security or any other local, regional, state or federal agency in connection with Tenant's undertaking of the Permitted Uses shall be constructed or installed at Tenant's sole cost and expense.

3.5 Board-Authorized Additions to Premises. Land and/or water not exceeding ten percent (10%) of the area granted (as specified in Section 3.1 above) or 20,000 square feet, whichever is greater, may be permanently added to or deleted from the Premises by mutual written agreement of Board and Tenant subject to the following conditions:

(a) So long as such change in area is not temporary within the meaning of Tariff Item 1035 (or its successor) or not temporary as determined by City in its sole reasonable discretion, then the Rent determined according to the provisions of Section 5 shall be increased or decreased pro rata to reflect any such addition or deletion; and

(b) If permanent changes in the area of the Premises are made on more than one occasion, the cumulative net change in area may not exceed ten percent (10%) or 20,000 square feet, whichever is greater, of the originally designated area.

3.6 Radio Equipment. Tenant shall coordinate with City's Harbor Department prior to installing any radio or telecommunications equipment to ensure that frequencies do not interfere with public safety communications or radio frequencies.

3.7 City Right of Inspection. City's authorized representatives shall have access to the Premises at any and all reasonable times to determine whether or not Tenant is complying with the terms and conditions of this Agreement, including but not limited to fire and police/homeland security purposes, to investigate any incidents involving personal injury or property damage, or for any other purpose incidental to the rights and/or duties of City. The right of inspection hereby reserved to City shall impose no obligation on City to make inspections to ascertain the condition of the Premises, and shall impose no liability upon City for failure to make such inspection.

Section 4. Uses.

4.1 Permitted Uses. The Premises shall be used for the following purposes and no others: The construction and operation of a dispatch hall facility to be used by the JPLRC as subtenant as defined in Section 5.3, at which general office, administrative functions, and union hall meetings may be carried out and no other uses ("Permitted Uses").

4.2 Limitations on Use. Tenant shall not use or allow the Premises or any part thereof to be used for purposes other than the Permitted Uses without the prior written approval of Board (which approval may be withheld by the Board in its sole and absolute discretion), and subject to such restrictions, limitations and conditions as may be imposed by Board.

4.3 Compliance with Applicable Laws. At all times in its use and occupancy of the Premises and in its conduct of operations thereon, Tenant shall comply with all applicable federal, state, county, City or government agency laws, statutes, ordinances, standards, rules, requirements or orders in force on the Effective Date or thereafter enacted, promulgated or issued ("Applicable Laws"). In addition to the foregoing, Tenant shall comply immediately with any and all directives issued by Executive Director or his or her authorized representative under authority of any such law, statute, ordinance, rule or regulation.

4.4 Increased Insurance Risks. Following the Effective Date, should an event occurring in or about the Premises cause either cancellation or increased rates with respect to any insurance that City may have on the Premises or on adjacent premises, or cause either cancellation or increased rates with respect to any other insurance coverage for the Premises or adjacent premises, upon receipt of written notice from City that cancellation of insurance or increased insurance rates is threatened or has occurred, Tenant immediately shall take appropriate steps to ensure that City is not adversely affected. In City's sole reasonable discretion, such steps may include Tenant: correcting the condition; providing any necessary insurance; paying the increased cost of City's insurance; and/or indemnifying City against any uninsured or underinsured loss on a claim.

4.5 Waste or Nuisance. Tenant shall not use the Premises in any manner that constitutes waste or nuisance.

4.6 State Tidelands Act. This Agreement, the Premises and Tenant's use and occupancy thereof shall at all times be subject to the limitations, conditions, restrictions and reservations contained in and prescribed by the Act of the Legislature of the State of California entitled "An Act Granting to the City of Los Angeles the Tidelands and Submerged Lands of the State Within the Boundaries of Said City," approved June 3, 1929, (Stats. 1929, Ch. 651), as amended, and Article VI of the Charter of the City of Los Angeles relating to such lands. Tenant shall not undertake any use of the Premises, even a Permitted Use, which is or will be inconsistent with such limitations, conditions, restrictions and reservations.

4.7 Wilmington Truck Route. City and Tenant acknowledge that Tenant does not directly control the trucks serving the Premises. However, Tenant shall make its best efforts to notify truck drivers, truck brokers and trucking companies that trucks serving the Premises must confine their route to the designated Wilmington Truck Route of Alameda Street and Harry Bridges Boulevard; Figueroa Street from Harry Bridges Boulevard to "C" Street; and Anaheim Street east of Alameda Street. Exhibit "D" hereto is a copy of the Wilmington Truck Route, and may be modified from time to time at the sole and absolute discretion of the Executive Director with written notice to Tenant.

4.8 Tenant to Supply Necessary Labor and Equipment. Tenant shall, at its sole cost and expense, provide all equipment and labor necessary to undertake the Permitted Uses; provided, however, that nothing contained herein shall prevent Tenant from using such equipment as may be installed by City at the Premises upon the payment to City of all applicable charges.

4.9 Maintenance Areas. Tenant shall not conduct or permit any maintenance of mobile or portable equipment on the Premises except in full compliance with Section 6.5.

4.10 Liens. Except where contested by Tenant in good faith in a court of competent jurisdiction, and except for non-delinquent liens arising from taxes or tax assessments, Tenant shall keep the Premises free from liens of any kind or nature arising out of its use and/or occupancy of the Premises, including any liens arising out of any labor performed for or materials furnished to or on behalf of Tenant on the Premises. Tenant agrees that it will at all times defend and indemnify City from and against all claims for labor or materials in connection with the construction, erection or installation of improvements made by Tenant upon the Premises, or from additions or alterations made thereto, or the repair of the same, by or at the direction of Tenant, and the costs of defending against any such claim, including reasonable attorneys' fees. If a mechanic's or other similar lien shall at any time be filed against City's interest in the Premises, which is not contested by Tenant in good faith in a court of competent jurisdiction, Tenant shall cause the same to be discharged of record within thirty (30) days after the date of filing the same or otherwise free the Premises from such claim or lien and any action brought to foreclose such lien or Tenant shall promptly furnish City with a bond in the amount of the lien plus twenty-five percent (25%) thereof issued by a surety company acceptable to Executive Director, securing City against payment of

such lien and against any and all loss or damage whatsoever in any way arising from the failure of Tenant to discharge such lien.

Section 5. Compensation

5.1 Definitions.

5.1.1 CPI. CPI shall mean Consumer Price Index for All Urban Consumers for the Los Angeles-Riverside-Orange County, California area, 1982-84=00 as published by the U.S. Department of Labor, Bureau of Labor Statistics ("CPI"), or a successor index selected by Executive Director in his or her sole reasonable discretion.
CPI

5.2 Rent.

Until July 1 of the fifth year following the Effective Date, Tenant shall pay City as rent ("Rent") the sum of One Dollar (\$1.00) per calendar year for use and occupancy of the Premises.

Rent shall be adjusted, in no event downward, pursuant to the Consumer Price Index (CPI) for All Items Pursuant to Section 607 of City's Charter, on July 1 of the fifth year following the Effective Date and every fifth anniversary of the that date (collectively referred to as "Adjustment Date" or "Adjustment Dates") thereafter, the amount Tenant shall pay to City as Rent., Such adjusted amount of Rent shall be equal to the product obtained by multiplying the Rent amount in effect on the Adjustment Date by a fraction, the numerator of which is the July 1 CPI index on the Adjustment Date and the denominator of which, for the first adjustment, is the July 1 CPI index for the calendar year in which the Effective Date occurs, and for all subsequent adjustments is the July 1 CPI index of the prior Adjustment Date.

$$\begin{array}{rcccl} & & \text{Rent Amount as} & & \text{July 1 CPI Index of the Adjustment Date} \\ & & \text{of Adjustment} & & \\ \text{Adjusted Rent} & = & \text{Date} & \times & \\ & & & & \hline & & & & \text{July 1 CPI Index of the Effective or Prior} \\ & & & & \text{Adjustment Date} \end{array}$$

Such adjustments shall occur by written notice to Tenant from Executive Director.

Tenant shall render all payments required pursuant to this Section 5, in advance on or before the first day of every calendar year.

5.3 Additional Compensation. In consideration of the provisions of this Agreement, and as a condition precedent to the effectiveness of this Agreement, City, in its sole and absolute discretion, shall receive as additional compensation either (a) Tenant's conveyance of all right, title and interest, including, without limitation, the fee interest in the current casual hall owned by Tenant and utilized by the Los Angeles-Long Beach Longshore Joint Port Labor Relations Committee ("JPLRC" or "Subtenant"), comprised of Tenant and the International Longshore and Warehouse Union, Local 13 ("ILWU 13") and located at 826 Eubank, Wilmington, California 90744 ("Current Casual

Hall”), or (b) Tenant’s irrevocable consent to opening for public use (at Tenant’s sole cost and expense) the current dispatch hall owned by Tenant and utilized by the JPLRC and located at 343 N. Broad Avenue, Wilmington, California 90744 (“Current Dispatch Hall”) at times and dates to be agreed upon by City and Tenant in writing. Without further action of Board or Council, Executive Director shall provide written notice of City’s election within one hundred eighty days (180) days following the Effective Date. In the event City elects Tenant’s conveyance of the Current Casual Hall (i) such conveyance shall occur within fifteen (15) months of the Construction Phase Completion Date; and (ii) promptly after such election Tenant and Executive Director shall execute and deliver a transfer agreement in the form of Exhibit “E” attached hereto and incorporated herein by reference (“Current Casual Hall Transfer Agreement”), without further action of Board or Council, and said conveyance shall be made by Tenant to City pursuant to the terms and conditions of said Current Casual Hall Transfer Agreement. In the event City elects Tenant’s opening of the Current Dispatch Hall for public use, such opening shall not commence until transfer of the Current Casual Hall as provided in the Current Casual Hall Transfer Agreement.

Notwithstanding anything to the contrary set forth herein, in the event that this Agreement is terminated for any reason whatsoever prior to the Construction Phase Completion Date, including, without limitation, Tenant’s default, or Tenant’s delivery of a Section 3.3.8 Termination Notice, Tenant shall have no further obligations or liabilities under this Section 5.3, including, without limitation, any obligation to transfer the Current Casual Hall to the City or make the Current Hiring Hall available for public use.

5.3.1. Subject to satisfaction of the Access Conditions (as defined below), from and after the Effective Date until the date the City makes its election whether or not to accept the transfer of the Current Casual Hall as provided in Section 5.3 above, City, its agents, employees, consultants and contractors shall have a license to enter the Current Casual Hall to conduct any investigations, inspections and tests of the Current Casual Hall as City deems reasonably necessary in order to determine the condition and suitability of the Current Casual Hall for City’s intended use (collectively, “Current Casual Hall Investigations”). For purposes hereof, the term “Access Conditions” means (i) City has provided Tenant at least three (3) days’ prior notice of its intent to enter the Current Casual Hall together with a description of the investigation or testing City intends to perform on the Current Casual Hall, and (ii) City shall have obtained a policy of commercial general liability insurance (“City Insurance Policy”) covering any and all liability of City and its employees, agents, contractors, suppliers, consultants or other related parties with respect to or arising out of any investigative activities on the Current Casual Hall. Such Insurance Policy shall name Tenant as an additional insured and shall have liability limits of not less than One Million Dollars (\$1,000,000), combined single limit per occurrence, for bodily injury, personal injury and Current Casual Hall damage liability. Such insurance policy shall be in form and substance reasonably satisfactory to Tenant, and shall be issued by an insurance company that is licensed to do business in the State of California and is otherwise satisfactory to Tenant. City shall deliver to Tenant a certificate or other evidence

of such coverage as reasonably requested by Tenant, which coverage shall contain a provision that the company writing the policy will give to Tenant thirty (30) days' notice in writing, in advance, of any cancellation, modification or amendment of such policy.

All Current Casual Hall Investigations made by City will be at City's sole cost and expense and will be performed without causing any damage to the Current Casual Hall. City shall restore the Current Casual Hall in a timely manner at City's sole cost to the condition that existed immediately prior to the Current Casual Hall Investigations. Tenant understands, and it is agreed, that the Current Casual Hall Investigations may include surveying and engineering studies and a Phase I environmental site assessment certified to City. City will promptly provide Tenant, with a copy of any report or evaluation ("Current Casual Hall Investigations Reports") with respect to the Current Casual Hall. To the maximum extent permitted by law, City agrees to keep confidential and not to disclose the results of its Current Casual Hall Investigations or the contents of any Current Casual Hall Investigations Reports. In conducting such Current Casual Hall Investigations, City shall take reasonable steps not to interfere with the normal operation of the Current Casual Hall.

City assumes all risks associated with the Current Casual Hall Investigations and hereby agrees to indemnify, defend and hold Tenant and any and all of its members, boards, officers, agents and employees harmless against any and all claims, actions, suits, demands, losses, liabilities, damages, costs and/or expenses (including, without limitation, reasonable attorneys' fees and costs) on account of any act, omission or negligence by City or City's agents or employees in connection with the Current Casual Hall Investigations. The foregoing indemnity shall not include any claims, demands, causes of action, losses, damages, liabilities, costs or expenses (including, without limitation, reasonable attorneys' fees and expenses) that result from the mere discovery, by City, including, its consultants or representatives, of existing conditions on the Current Casual Hall during such inspections or tests conducted pursuant to the terms of this Agreement. The provisions of this Section 5.1.1 shall survive termination of this Agreement.

5.4 Requirements Applicable to Tenant's Payment of Compensation.

5.4.1 Tenant's obligations to pay compensation to City according to the terms and conditions of this Section 5 shall be absolute and unconditional and shall be unaffected by any circumstance, including, without limitation, off-set, counterclaim, recoupment, defense or other right which Tenant may have against City.

5.4.2 Tenant shall render its payments at City's Harbor Department Administration Building or any other place that City from time to time may designate in writing. Payment shall be made in U.S. Dollars, either in the form of

a check (drawn on a bank located in the State of California) or via electronically transmitted funds.

Section 6. Tenant's Environmental Obligations During Term of Agreement.

6.1 Definitions.

6.1.1 Environmentally Regulated Material. "Environmentally Regulated Material" shall mean any hazardous or toxic substance, material, or waste at any concentration that is or becomes regulated by the United States, the State of California, or any local or governmental authority having jurisdiction over the Premises. Environmentally Regulated Material includes but is not limited to:

(a) Any "hazardous substance" as that term is defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA") (42 U.S.C. Sections 9601-9675) in its present or successor form;

(b) "Hazardous waste" as that term is defined in the Resource Conservation and Recovery Act of 1976 ("RCRA") (42 U.S.C. Sections 6901-6992k) in its present or successor form;

(c) Any pollutant, contaminant, or hazardous, dangerous, or toxic chemical, material or substance, within the meaning of any other applicable federal, state, or local law, regulation, ordinance or requirement (including consent decrees and administrative orders applicable to the Premises imposing liability or standard of conduct concerning any hazardous, dangerous or toxic waste, substance or material, now or hereinafter in effect);

(d) Radioactive material, including any source, special nuclear, or byproduct material as defined in 42 U.S.C. Sections 2011-2297g-4 in its present or successor form;

(e) Asbestos in any form or condition;

(f) Polychlorinated biphenyls ("PCBs") and substances or compound containing PCBs; and

(g) Petroleum products.

6.1.2 Environmental Laws. "Environmental Laws" shall mean the environmental laws and implementing regulations which are a subset of the Applicable Laws defined in Section 4.3 and which are applicable to the Premises and/or Tenant's use and/or occupancy thereof, in their form as of the Effective Date or as subsequently amended, or as may be promulgated during the term of

this Agreement or any holdover. Such Environmental Laws include but are not limited to:

- (a) CERCLA and its implementing regulations;
- (b) RCRA and its implementing regulations;
- (c) The federal Clean Water Act (33 U.S.C. Sections 1251–1376, *et seq.*) and its implementing regulations;
- (d) The California Porter Cologne Water Quality Control Act (California Water Code, Division 7) and its implementing regulations;
- (e) The federal Clean Air Act (42 U.S.C. Sections 7401-7601) and its implementing regulations;
- (f) The California Clean Air Act of 1988 and its implementing regulations;
- (g) The California Lewis-Presley Air Quality Management Act of 1976 (California Health and Safety Code Section 40400, *et. seq.*) and its implementing regulations; and
- (h) Any other applicable federal, state, or local law, regulation, ordinance or requirement (including consent decrees and administrative orders imposing liability or standard of conduct applicable to the Premises) now or hereinafter in effect which concerns Environmentally Regulated Material, the Premises and/or Tenant's use and/or occupancy thereof (including the use by any sublessee including but not limited to Subtenant and/or any other, transferee, assignee and/or any invitee of Tenant or any of the aforementioned).

6.1.3 Term Release. "Term Release" shall mean a spill, discharge or any other type of release of Environmentally Regulated Material that occurs on the Premises during the term of this Agreement or any holdover, whether caused by Tenant, Subtenant or a third-party that contaminates or threatens to contaminate the Premises, Improvements, adjacent harbor waters, soil, sediment, groundwater or air of the Premises or of adjacent premises (including soil, sediment, groundwater or air of those adjacent premises) ; provided, however, that Term Releases shall not include: (a) Environmentally Regulated Materials that migrate onto the Premises as a result of releases that were not caused by Tenant, Subtenant, or any other sublessee or transferee and/or any invitees of any of the foregoing; (b) releases of Environmentally Regulated Materials or solely caused by City.

6.1.4 Term Contamination. "Term Contamination" shall mean all contamination of improvements, adjacent harbor waters, soil, sediment,

groundwater or air of the Premises or of adjacent premises (including soil, sediment, groundwater or air of those adjacent premises) resulting from all Term Releases.

6.1.5 Term Characterization Work Plan. "Term Characterization Work Plan" shall mean the written work plan submitted by Tenant to City, the sufficiency of which is subject to City's reasonable approval, that details all work (including sampling and analysis) necessary to generate a written characterization of the nature and extent of contamination (including contamination of air, soil and water) caused by a Term Release or Term Releases and that includes detailed programs for sampling and chemical analysis of soil and groundwater, which programs shall conform with Environmental Laws established regulatory protocols and the Port of Los Angeles "Site Characterization Guidance Manual" as it exists as of the Effective Date or as it may be subsequently amended ("Site Characterization Guidance Manual"). Tenant acknowledges receipt of a copy of such Manual and further agrees to forward a copy of such Manual to Subtenant. Following the Effective Date, Tenant shall be solely responsible for obtaining and maintaining the current version of the Site Characterization Guidance Manual.

6.1.6 Term Characterization Report. "Term Characterization Report" shall mean the written report submitted by Tenant to City, the sufficiency of which is subject to City's reasonable approval, that details all findings made as a result of performing the Term Characterization Work Plan and that conforms with Environmental Laws and the Site Characterization Guidance Manual.

6.1.7 Term Remediation Action Plan. "Term Remediation Action Plan" shall mean the written plan submitted by Tenant to City, the sufficiency of which is subject to City's reasonable approval, that addresses remediation of all contamination caused by Term Contamination as identified in the Term Characterization Report, that conforms with Tenant's obligations as set forth below in Section 6.2 and that includes a discussion of remediation alternatives for restoration of the Premises and a timetable for each phase of restoration. The Term Remediation Action Plan shall comply with Environmental Laws, established regulatory protocols, and the Site Characterization Guidance Manual.

6.1.8 Pre-existing Contamination. "Pre-existing Contamination" shall mean contamination of soil, sediment, groundwater or air of the Premises which existed prior to the Effective Date, including but not limited to that shown in the Baseline Condition defined below.

6.2 Tenant Responsibility for Term Contamination.

6.2.1 Tenant shall remediate or cause the remediation of any Term Releases by removing or effecting the removal of all contaminated soil, water, groundwater, sediment or other material it may place or may have placed on site such that no encumbrances, such as deed or land use restrictions, be imposed

on the property by the applicable regulatory agency with jurisdiction over the Port of Los Angeles, as a result of such Term Releases and/or Term Contamination.

6.2.2 Subject to Section 6.2.3 and 6.2.5, Tenant bears sole responsibility for full compliance with any and all Applicable Laws regarding the use, storage, handling, distribution, processing, and/or disposal of Environmentally Regulated Material, regardless of whether the obligation for such compliance or responsibility is placed on the owner of the land, on the owner of any improvements on the Premises, on the user of the land, or on the user of the improvements including for conditions of the Premises that existed prior to the Effective Date. Tenant agrees that any claims, damages, fines or other penalties asserted against or levied on City and/or Tenant and/or Subtenant as a result of Tenant and/or Subtenant's noncompliance with any Applicable Laws shall be the sole responsibility of Tenant and that Tenant shall indemnify and hold City harmless from any and all such claims, damages, fines and penalties, as well as any costs expended to defend against such claims, damages, fines and penalties, including attorneys' fees. City, at its sole option, may pay such claims, damages, fines and penalties resulting from Tenant and/or Subtenant's noncompliance with any of the aforementioned authorities, and Tenant shall indemnify and reimburse City for any such payments.

6.2.3 Tenant acknowledges and agrees that it has reviewed the Phase II Site Characterization Report prepared by the Source Group Inc., dated June 16, 2008 ("Phase II") attached hereto as Exhibit "F," which document constitutes the written depiction of the environmental condition of the Premises on June 16, 2008. Tenant may conduct additional investigation of the environmental condition of the Premises, including soil, soil gas and groundwater sampling, within ninety (90) days of the Effective Date ("Environmental Assessment"). Tenant shall provide City a copy of any report of Tenant's Environmental Assessment, which shall be subject to City's reasonable approval ("Environmental Assessment Report"). The Phase II and any Environmental Assessment Report shall be collectively referred to herein as the "Baseline Report", and the depiction of the environmental conditions in the Baseline Report shall constitute the "Baseline Condition," and shall become an exhibit to this Agreement without further action of Board or Council. Upon completion of the Environmental Assessment, Tenant may, in its sole and absolute discretion, on or before one hundred and twenty (120) days of the Effective Date, terminate this Agreement based upon the Environmental Assessment, by written notice to City without further action of City, Board, Council or Subtenant and any sublease issued hereunder shall also automatically terminate. Upon providing a termination notice pursuant to this Section 6.2.3, neither Tenant nor City shall have any further obligations or liabilities under this Agreement, except those obligations herein that survive the expiration or earlier termination of the Agreement.

6.2.4 Tenant acknowledges and agrees that a presumption shall exist that any contamination not specifically depicted and/or analyzed in the Baseline

Report and/or the Updated Baseline Report as defined in Section 7.1.1, if one has been prepared, constitutes Term Contamination for which, as between City and Tenant, Tenant is solely responsible (even if Subtenant is occupying the Premises). City shall provide written notice of the existence of any such contamination to Tenant. Tenant may rebut such presumption by providing to City, within one hundred twenty (120) days of City's written notice, conclusive evidence demonstrating that such contamination is not Term Contamination. (Tenant's obligation to remediate Pre-existing Contamination encountered during construction of the Improvements pursuant to Section 6.2.5 below is not subject to the rebuttal rights in this Section 6.2.4.) Otherwise, such presumption shall be deemed confirmed making Tenant solely responsible for such contamination. Whether any information submitted by Tenant rebuts the aforementioned presumption shall be within City's sole and absolute discretion, exercised reasonably and in good faith. This provision shall survive the expiration or earlier termination of this Agreement.

6.2.5 Pre-existing Contamination. In the event that Pre-existing Contamination is encountered in soil and/or groundwater on the Premises during site preparation activities and/ or construction of the Improvements as described in Section 7.1, Tenant, at its sole cost and expense, shall:

- (a) Cause such soil to be removed and/or remediated in compliance with Environmental Laws and Section 7.1.1;
- (b) Install building mitigation systems (e.g., vapor barriers) required pursuant to Environmental Laws for the construction and operation of the Dispatch Hall Improvements,
- (c) Discharge of extracted groundwater in compliance with Environmental Laws, and obtain any applicable discharge permits and treat the extracted groundwater to levels established by the permits prior to discharge of the extracted groundwater.

Other than as provided in Sections 6.2.4, 6.2.5 and 7.1.1, Tenant is not responsible for Pre-existing Contamination.

6.3 Environmentally Regulated Material on Premises.

Tenant shall not cause or permit any Environmentally Regulated Material to be generated, brought onto, handled, used, stored, transported from, received or disposed of (hereinafter sometimes collectively referred to as "handle" or "handled") in or about the Premises, except for: (a) Environmentally Regulated Materials handled and stored in the normal course of operation of a dispatch hall, including, limited quantities of standard office and janitorial supplies containing chemicals categorized as Environmentally Regulated Material, and (b) in connection with Tenant's obligations pursuant to Section 6.2.5. Tenant shall handle all such Environmentally Regulated Material in strict compliance with Environmental Laws in effect during the term of this Agreement or any holdover.

6.4 Tenant Obligations In the Event of a Term Release.

6.4.1 Upon occurrence of a Term Release, Tenant, at its sole cost and expense, shall initiate and complete the procedure set forth below in Sections 6.4.2 through 6.4.11. Executive Director may alter, supplement or delete any of the procedures set forth in Sections 6.4.2 through 6.4.11 at his or her sole reasonable discretion.

6.4.2 Immediately, to facilitate emergency or other response, and in accordance with Environmental Laws and in no event later than fourteen (14) calendar days following its discovery of the Term Release, Tenant shall provide a written report to City that details all known information regarding such release and any resultant contamination, which information shall include but not be limited to: (i) the date, time and specific location of the release; (ii) the specific type and quantities of materials released; (iii) the cause(s) or suspected cause(s) of the release; (iv) photographs of the release and any and all equipment or fixtures involved; (v) corrective action taken or planned to be taken by or on behalf of Tenant to address the cause or suspected cause of the release; and (vi) the names and contact information of individuals and entities acting for or on behalf of Tenant to address the release, including environmental consultants.

6.4.3 According to a schedule prescribed in writing by Executive Director or the applicable governmental agency with jurisdiction, Tenant shall make or cause to be made any and all necessary corrective actions to address the cause or suspected cause of the Term Release, including but not limited to equipment repairs and/or replacements.

6.4.4 Within thirty (30) calendar days following its discovery of the Term Release, Tenant shall provide written notification of the Term Release and any resultant contamination to all applicable regulatory agencies as required by Environmental Laws, with copies of such notification(s) to City;

6.4.5 Within thirty (30) calendar days following its discovery of the Term Release, Tenant shall provide written notification to City of the consultant(s), if any, Tenant plans to utilize in connection with the Term Characterization Work Plan. Such written notification shall set forth the names of the individuals forming the consultant team, and their qualifications. City shall approve such consultants in its sole reasonable discretion.

6.4.6 Subject to any schedule or protocol required by any governmental agency with jurisdiction which schedule or protocol shall take precedence over these Sections 6.4.6 through and including 6.4.11, within thirty (30) calendar days following City's approval of Tenant's consultant, Tenant shall submit the Term Characterization Work Plan to City for its written approval. Provided Tenant delivers to City a complete Term Characterization Work Plan as hereinabove required, City shall use its best reasonable efforts to expeditiously

approve or disapprove such plan. Tenant shall provide additional information upon request of City if City deems the Term Characterization Work Plan inadequate.

6.4.7 Within forty-five (45) calendar days following City's transmittal of its written approval of the Term Characterization Work Plan, Tenant shall commence and complete investigation and testing in accordance with the plan, and shall provide to City the results of such investigation and tests as they become available.

6.4.8 Within one hundred twenty (120) calendar days following City's written approval of the Term Characterization Work Plan, Tenant shall submit the Term Characterization Report to City for its written approval. Tenant shall provide additional information upon request of City if City deems the Term Characterization Report inadequate. Concurrently, Tenant shall submit a report detailing all corrective action taken by Tenant to address the cause or suspected cause of the Term Release. Tenant shall supplement such corrective action if so requested by City.

6.4.9 If the Term Characterization Report results in a finding that Term Contamination exists and if so requested in writing by Executive Director, within sixty (60) calendar days following such request, Tenant shall prepare at its sole cost and expense and submit to City for its approval the Term Remediation Action Plan, together with a list of the consultants Tenant proposes to execute such plan and such consultants' qualifications (both organizationally and broken down by consultant team member), both of which City shall approve in its sole reasonable discretion. Provided Tenant delivers to City a complete Term Remediation Action Plan, City shall use its best efforts to approve or disapprove such plan in a timely manner. Tenant shall provide additional information upon request of City if City deems the Term Remediation Action Plan inadequate.

6.4.10 Within a timeframe reasonably established and communicated to Tenant by City following City's written approval of the Term Remediation Action Plan, Tenant shall complete or cause the completion of all work contemplated by the Term Remediation Action Plan. If, in the sole and absolute determination of Executive Director, such contamination resulting from the Term Release cannot be remediated on site to the satisfaction of City, Tenant shall remove and properly dispose of all soil, water, groundwater, sediment or other material contaminated by the Term Release and, in the cases of soil or sediment contamination, replace same with clean soil or material suitable to City.

6.4.11 The adequacy of Tenant's execution of any Term Remediation Action Plan shall be within the sole reasonable discretion of Executive Director. Tenant shall notify Executive Director in writing when it believes it has completed all work contemplated by the Term Remediation Action Plan. If, upon investigation, Executive Director reasonably concludes that additional tasks must be fulfilled in order to complete all work contemplated by the Term Remediation

Action Plan, Tenant shall complete such tasks forthwith. Upon fulfillment of such tasks, Tenant again shall notify Executive Director in writing, which will re-initiate the approval process for execution of a Term Remediation Action Plan.

6.4.12 If Tenant fails to wholly or partially fulfill any obligation set forth in the preceding Sections 6.4.2 through 6.4.11, City may (but shall not be required to) take all steps it deems necessary to fulfill such obligation. Any action taken by City shall be at Tenant's sole cost and expense and Tenant shall indemnify and pay for and/or reimburse City for any and all costs (including any administrative costs) City incurs as a result of any such action it takes.

6.5 Environmental Compliance.

6.5.1 In its use and occupancy of the Premises, Tenant shall comply (and shall immediately halt and remedy any incident of non-compliance) with: (a) all Environmental Laws; and (b) all applicable environmental policies, rules and directives of City's Harbor Department ("Port Environmental Policies") as set forth on Exhibit "G" hereto.

6.6 Environmental Audits. City shall have the right to conduct, at its sole cost and expense, periodic audits of Tenant's compliance with Section 6.5 and management of Environmentally Regulated Material. Tenant shall provide access to backup materials necessary for City to conduct such audits, with the exception of attorney-client privileged materials. City shall provide Tenant with copies of any written reports or results of such audits promptly upon completion of such documents.

6.7 Waste Disposal. In discharging its obligations under this Section 6, if Tenant disposes of any soil, material or groundwater contaminated with Environmentally Regulated Material, within thirty (30) days of Tenant's receipt of original documents, Tenant shall provide City copies of all records, including a copy of each uniform hazardous waste manifest indicating the quantity and type of material being disposed of, the method of transportation of the material to the disposal site and the location of the disposal site. The name of the City of Los Angeles, the Port of Los Angeles or the City's Harbor Department shall not appear on any manifest document as a generator of such material.

6.8 Laboratory Testing. In discharging its obligations under this Section 6, Tenant shall perform any tests using a State of California Department of Health Services certified testing laboratory or other similar laboratory of which City shall approve in writing. By signing this Agreement, 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 6.8, "Tenant" includes agents, employees, contractors, subcontractors, and/or invitees of the Tenant.

6.9 Restoration and Performance Bond. Tenant shall provide a cash deposit, certificate of deposit in the name of the City, surety bond, irrevocable letter of credit from an issuer approved by Executive Director in his or her sole discretion, or other form

of security in the name of the City and acceptable to the Executive Director and City Attorney in the amount of One Million Dollars (\$1,000,000) payable to the City of Los Angeles ("Restoration and Performance Bond"), to guarantee, upon the Expiration Date and/or any earlier termination, revocation or forfeiture of this Agreement and/or any holdover period, the restoration of the Premises, including but not limited to: (i.) the removal of the Dispatch Hall Improvements and any other works, structures and other improvements on the Premises; and, (ii.) remediation of soil and/or ground water in, on or about the Premises. Said Restoration and Performance Bond shall be in a form acceptable to and subject to the approval of the City Attorney. Tenant shall renew the Restoration and Performance Bond if it expires at any time during the term of this Agreement and shall submit documentation to City annually, in a form acceptable to City, to demonstrate that the financial instrument used to comply with this section is in effect. No interest is payable by City on deposits. Executive Director reserves the right to increase the amount of the required Restoration and Performance Bond annually pursuant to the CPI.

6.10 Survival of Obligations. Except as otherwise provided in this Section 6, this Section 6 and the obligations herein shall survive the expiration or earlier termination of this Agreement.

Section 7. Construction of Improvements by Tenant During Construction Phase.

7.1 Site Preparation. Tenant, at its sole cost and expense, shall prepare the Premises (including but not limited to the work described in Sections 7.1.1, 7.1.2, and 7.1.3 (collectively, "Site Preparation")) before the commencement or in connection with construction of the Dispatch Hall Improvements and Bike Path Improvements on the Premises:

7.1.1 Remediation of the Premises. Remediation of the contaminated soil and/or groundwater encountered during Tenant's construction of the Improvements shall be in accordance with Section 6.2.5 and the requirements of the Regional Water Quality Control Board ("RWQCB") and shall be completed subject to the approval of the RWQCB ("Remedial Action"). Tenant shall provide a remedial action plan, soil management plan or other work plan ("RAP") as required by the RWQCB to City for its review and approval, which approval shall not be unreasonably withheld or delayed, prior to submittal of the RAP to RWQCB. Tenant shall copy City on all correspondence and reports by and between Tenant and/or Subtenant, and RWQCB, and/or any other applicable oversight agencies. Prior to the completion of remediation activities, if excavated soil and/or groundwater is treated and reused on the Premises, Tenant is to document, in a form acceptable to the City, where treated soil is placed within the Premises and to demonstrate that said soil is in conformance with the City and/or RWQCB's requirements ("Tenant Soil Records"). City reserves the right to take split samples or City's own samples during and after Remedial Action and prior to construction at the Premises to confirm the soil is in conformance with the City and/or RWQCB's requirements; provided however, the City shall use good-faith efforts to minimize interference with Tenant's

construction activities. Within six (6) months of receipt of a written confirmation from the RWQCB that the RAP has been completed to the satisfaction to the RWQCB, City is to update the Baseline Report with an updated baseline report ("Updated Baseline Report"). The Updated Baseline Report shall be a compilation of: 1) the Baseline Report; 2) Tenant Soil Records; 3) the results of any additional sampling performed by City; and 4) the results of samplings performed by Tenant as agreed to be added by City in writing, in its reasonable discretion. This provision shall survive the expiration or earlier termination of this Agreement; provided, however, that if Tenant has not commenced construction of the Improvements, Tenant shall have no obligations arising from or relating to this Section 7.1.1.

7.1.2 Oil Wells. Tenant shall identify all oil wells in, on, under or about the Premises including but not limited to any subsurface oil wells located below the Premises and shall leak test all oil wells to the extent required by the City Department of Building and Safety (LADBS) and the State of California's Division of California Oil, Gas, Geothermal Resources (DOGGR) for construction of the Dispatch Hall Improvements and/or Bike Path Improvements, as well as plug and/or carry out an abandonment or re-abandonment of oil wells, to the extent required by DOGGR for construction of the Dispatch Hall Improvements and/or the Bike Path Improvements.

7.1.3 Substation. Tenant is to remove the existing electrical substation located on the Premises and provide a replacement power supply to a relocation site shown on Exhibit "H". Tenant's removal of the existing power substation and establishment of the replacement power supply is subject to the prior written approval by City, City's Department of Water and Power (DWP), and LADBS.

7.1.4 Construction. Tenant shall construct, at its sole cost and expense the Improvements subject to the time requirements set forth in Section 2.2.1 and Section 2.2.2 and shall obtain and comply with all permits and authorizations including those set forth in Section 7.2.1, below. For purposes of this Agreement the term "Improvements" shall collectively mean the Site Preparation (defined in Section 7.1.1), the Dispatch Hall Improvements (defined in Section 2.2.1), and the Bike Path Improvements (defined in Section 3.1). Upon Tenant's written notice to City that Tenant has completed construction of the Bike Path Improvements and after approval by the Executive Director in his or her sole discretion that such improvements are complete, the Bike Path Improvements shall be deleted from the term "Improvements" as used in this Agreement and thereafter the term "Improvements" shall consist solely of the Dispatch Hall Improvements. Tenant hereby covenants and agrees that the Dispatch Hall Improvements shall be designed to Leadership in Energy and Environmental Design NC V2.2 GOLD performance standards with the intent of achieving a rating as close as possible to said Leadership in Energy and Environmental Design NC V2.2 GOLD performance standards (the "LEED Gold Rating"). Promptly following the Construction Phase Completion Date, Tenant

shall apply for the LEED Gold Rating and diligently prosecute said application. In the event that said application for the LEED Gold Rating is denied, Tenant shall make such revisions or additions to the Dispatch Hall Improvements as are required to obtain such LEED Gold Rating and shall reapply same and diligently prosecute said reapplication.

7.2 Further Alterations by Tenant Require City Authorization. Tenant acknowledges City's interest in controlling the manner in which physical changes are made to the Premises after the Construction Phase Completion Date and covenants that, other than maintenance and repair undertaken in compliance with Section 8, it shall make no improvements, alterations, additions or changes to the Premises including the changing of the grade of the Premises ("Alteration") without obtaining City's prior written authorization to undertake such Alteration.

7.2.1 Authorization Procedure. Tenant shall obtain written authorization to undertake an Alteration according to the following procedure:

7.2.1.1 If Tenant desires to undertake an Alteration, Tenant shall submit to City a complete Application for Discretionary Projects that attaches a complete set of drawings, plans, and specifications reflecting the proposed Alteration. Such drawings, plans and specifications shall be prepared and stamped by a licensed engineer registered in the State of California. Tenant bears sole responsibility for the completeness of such submittal.

7.2.1.2 The Harbor Engineer shall have the right to require changes to the drawings, plans and specifications Tenant submits in connection with such Application for Discretionary Projects. If Harbor Engineer orders such a change and Tenant believes that such a change will have any detrimental effect on the structural integrity of the works, project or improvements, or increase any hazard to life or property, Tenant shall promptly notify him/her. If Tenant fails to provide such notification, the drawings, plans and specifications shall be treated for all purposes as if they had been originally prepared by Tenant, as changed. Harbor Engineer's approval of Tenant's submittal, if any, will be reflected by issuance of a Harbor Engineer's General Permit.

7.2.1.3 Tenant acknowledges that, in addition to obtaining a Harbor Engineer's General Permit, Tenant additionally may be required to obtain permits and authorizations with respect to the proposed Alteration from City, federal and state bodies ("Non-Harbor Department Permits"), the issuance of which City's Harbor Department does not control. In any event, obtaining the Harbor Engineer's General Permit and any Non-Harbor Department Permits necessary to undertake the proposed Alteration is and shall be the sole responsibility of Tenant. Pursuant to Section 4.3, every Alteration made by Tenant shall conform with Applicable Laws, as well as with the plans and specifications as approved by Harbor Engineer.

7.2.1.4 Tenant acknowledges that issuance of the Harbor Engineer's General Permit by City's Harbor Department shall be conditioned upon, among other things, Tenant's demonstration that it has obtained all other permits and authorizations with respect to the proposed Alteration as may be required by entities other than City's Harbor Department.

7.2.1.5 Upon completion of all work necessary to construct the Alteration, Tenant shall provide City with written confirmation that such work conformed with all permits issued, and "as-built" plans and/or drawings for such work in a form acceptable to Harbor Engineer. Tenant acknowledges that City may perform inspections of the Alteration to ensure that such Alteration conformed with the permits issued. Tenant shall undertake any corrective measures reasonably requested by City as a result of such inspections.

7.3 Notice of Commencement and Completion of Work. Tenant shall give advance written notice to Harbor Engineer of the date it will commence any construction. Within thirty (30) days of completion of construction, Tenant shall provide written notice to Harbor Engineer of the date of such completion, copies of "as-built" plans for such construction, copies of all permits issued in connection with such construction and copies of all documentation issued in connection with such completed construction, including but not limited to inspection reports and certificates of occupancy.

7.4 Cost of Permits. Tenant, at its sole cost and expense, shall obtain all permits necessary for such construction 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.

7.5 Cost of Construction. All construction by Tenant pursuant to the terms and conditions of this Agreement shall be at Tenant's sole cost and expense. Tenant shall keep the Premises and improvements constructed free and clear of liens for labor and materials and shall hold City harmless from any responsibility in respect thereto.

7.6 Property of Tenant. All property brought onto the Premises by Tenant, or in the care, custody or control of Tenant, to undertake the Permitted Uses or otherwise shall be and remain the property of Tenant, subject to the terms and conditions contained herein, and shall be there at the sole risk of Tenant. Tenant hereby waives all claims against City with respect to such property, except for injury or damage to such property caused by City's sole negligence or willful misconduct.

7.7 Signs. Tenant shall not erect or display, or agree to be erected or displayed, on the Premises, or upon works, buildings and improvements made by Tenant, any advertising matter of any kind, including signs, without first obtaining the written consent of Executive Director and a Harbor Engineer's General Permit, which consent shall not be unreasonably withheld. Tenant shall post, erect and maintain on the Premises such signs as Executive Director may direct.

Section 8. Maintenance and Repair.

Tenant, at its sole cost and expense, shall keep and maintain the Premises and Dispatch Hall Improvements, and all other works and improvements of any kind thereon, if any, in good and substantial repair and condition and shall be responsible for and perform all necessary inspection, maintenance and repair thereof, including preventive maintenance, using materials and workmanship of similar quality to the original improvements. Tenant shall obtain any permits, including but not limited to those issued by City, necessary for such maintenance and repair.

8.1 Failure to Maintain. If Tenant fails to make any repairs or to perform required maintenance within thirty (30) days after receipt of notice from City to do so, City may, but shall not be obligated to, make such repairs or perform such maintenance. Tenant shall reimburse City for City's costs (as defined in Section 8.2) within thirty (30) days after receipt of City's invoice for work performed. In the event Tenant shall commence such repairs and diligently prosecute the same to completion or shall begin to perform the required maintenance within the thirty (30) day period, City shall refrain from commencing or prosecuting further any repairs or performing any required maintenance until the work has been completed by Tenant. Tenant shall thereafter pay on demand City's costs incurred pursuant to this Section 8.1 prior to Tenant's commencement of repair or maintenance. The making of any repairs or the performance of maintenance by City, which is the responsibility of Tenant, shall in no event be construed as a waiver of the duty or obligation of Tenant to make future repairs or perform required maintenance as herein provided.

8.2 City's Costs. "City's costs" for purposes of this Section 8 shall include, in City's sole reasonable discretion, the cost of maintenance or repair or replacement of property neglected, damaged or destroyed, including direct and allocated costs for labor, materials, services, equipment usage, and other indirect or overhead expenses arising from or related to maintenance, repair or replacement work performed by or on behalf of City.

8.3 Litter and Debris. Tenant, at its sole cost and expense, shall provide sufficient dumpsters or other like containers for trash collection and disposal and keep the Premises free and clear of rubbish, debris and litter at all times. Tenant shall perform monthly inspections and cleaning of the Premises, including storm water catch basins (including filters), maintenance holes, and drains, in connection with Tenant's undertaking of the Permitted Uses. Tenant, at its sole cost and expense, further shall keep and maintain the Premises in a safe, clean and sanitary condition in accordance with all applicable federal, state, municipal and other laws, ordinances, rules and regulations.

8.4 Fire Protection Systems. All fire protection sprinkler systems, standpipe systems, fire hoses, fire alarm systems, portable fire extinguishers and other fire-protective or extinguishing systems, with the exception of hydrant systems, or

appliances which have been or may be installed on the Premises shall be maintained and repaired by Tenant, at its cost, in an operative condition at all times.

8.5 Services and Utilities. Tenant shall pay all charges for services furnished to the Premises or used in connection with its use and occupancy, including but not limited to heat, gas, power, telephone, light, and janitorial services, and pay all deposits, connection fees, charges and meter rentals required by the supplier, including City.

Section 9. Default and Termination.

9.1 Tenant's Default. The occurrence of any of the following shall constitute a default by Tenant under this Agreement:

(a) Tenant's failure to pay when due any Rent required to be paid under this Agreement if the failure continues for three (3) days after written notice of the failure from City to Tenant;

(b) Tenant's failure to perform any other obligation under this Agreement, if Tenant fails to commence to cure the failure within thirty (30) days after delivery of written notice of the failure from City to Tenant, or if the failure continues for ninety (90) days after delivery of such notice;

(c) Tenant's abandonment of the Premises, including but not limited to Tenant's absence from the Premises for three (3) consecutive days (excluding Saturdays, Sundays, and California legal holidays) while in default of any provision of this Agreement.

(d) To the extent permitted by law:

(1) A general assignment by Tenant or any guarantor of the Agreement for the benefit of the creditors without written consent of City;

(2) The filing by or against Tenant, or any guarantor, of any proceeding under an insolvency or bankruptcy law, unless (in the case of an involuntary proceeding) the proceeding is dismissed within sixty (60) days;

(3) The appointment of a trustee or receiver to take possession of all or substantially all the assets of Tenant or any guarantor, unless possession is unconditionally restored to Tenant or that guarantor within thirty (30) days and the trusteeship or receivership is dissolved;

(4) Any execution or other judicially authorized seizure of all or substantially all the assets of Tenant located on the Premises, or of Tenant's interest in this Agreement, unless that seizure is discharged within thirty (30) days;

(e) The undertaking of any use of the Premises other than the Permitted Uses.

9.2 Replacement of Statutory Notice Requirements. When this Agreement requires service of a notice, that notice shall replace rather than supplement any equivalent or similar statutory notice, including any notices required by Code of Civil Procedure Section 1161 or any similar or successor statute. If City serves a statutory notice pursuant to Code of Civil Procedure Section 1161 et seq. to declare Tenant's default, City may proceed to obtain a judgment and/or order for possession and/or for any other remedy available at law and/or equity without further notice. When a statute requires service of a notice in a particular manner, service of that notice (or a similar notice required by this Agreement) in the manner required by Section 15.9 shall satisfy the statutory service-of-notice procedures, including those required by Code of Civil Procedure Section 1162 or any similar or successor statute.

9.3 City's Remedies on Tenant's Default. On the occurrence of a default by Tenant, City shall have the right to pursue any one or more of the following remedies in addition to any other remedies now or later available to City at law or in equity. These remedies are not exclusive but are instead cumulative.

9.3.1 Termination of Agreement. City may terminate this Agreement and recover possession of the Premises. Once City has terminated this Agreement, Tenant shall immediately surrender the Premises to City. On termination of this Agreement, Tenant shall comply with the restoration obligations in Section 11, and City shall have all other rights and remedies provided in this Agreement and at law and equity.

In addition, pursuant to Civil Code Section 1951.2 or its successor, City may recover from Tenant all of the following:

(a) The worth at the time of the award of any unpaid Rent that had been earned at the time of the termination, to be computed by allowing interest at the rate set forth in Item 270 of the Tariff but in no case greater than the maximum amount of interest permitted by law;

(b) The worth at the time of the award of the amount by which the unpaid Rent that would have been earned between the time of the termination and the time of the award exceeds the amount of unpaid Rent that Tenant proves could reasonably have been avoided, to be computed by allowing interest at the rate set forth in Item 270 of the Tariff but in no case greater than the maximum amount of interest permitted by law;

(c) The worth at the time of the award of the amount by which the unpaid Rent for the balance of the term of the Agreement after the time of the award exceeds the amount of unpaid rent that Tenant proves could reasonably have been avoided, to be computed by discounting that

amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award plus one percent (1%);

(d) Any other amounts, in addition to or in lieu of those listed above, that may be permitted by Applicable Law; and

(e) Any other amount necessary to compensate City for all the detriment proximately caused by Tenant's failure to perform obligations under this Agreement, including, without limitation, restoration expenses, expenses of preparing the Premises for a new tenant (whether for the same or a different use), brokerage commissions, and any special concessions made to obtain a new tenant.

9.3.2 Continuation of Agreement in Effect. City shall have the remedy described in Civil Code Section 1951.4, which provides that, when a tenant has the right to sublet or assign (subject only to reasonable limitations), the City may continue the Agreement in effect after the tenant's breach and abandonment and recover rent as it becomes due. Accordingly, if City does not elect to terminate this Agreement on account of any default by Tenant, City may enforce all of City's rights and remedies under this Agreement, including the right to recover all rent as it becomes due.

9.3.3 Tenant's Subleases. Whether or not City elects to terminate this Agreement on account of any default by Tenant, City may:

(a) Terminate any sublease, license, concession, or other consensual arrangement for possession entered into by Tenant and affecting the Premises including but not limited to the JPLRC Sublease; or

(b) Choose to succeed to Tenant's interest in such an arrangement including but not limited to the JPLRC Sublease. If City elects to succeed to Tenant's interest in such an arrangement, Tenant shall, as of the date of notice by City of that election, have no further right to, or interest in, the rent or other consideration receivable under that arrangement.

9.4 Acceptance of Rent Without Waiving Rights. Under Section 15.6, City may accept Tenant's payments without waiving any rights under this Agreement, including but not limited to rights under a previously served notice of default. If City accepts payments after serving a notice of default, City may nevertheless commence and pursue an action to enforce rights and remedies under the previously served notice of default.

Section 10. Force Majeure

City and Tenant shall not be deemed to be in default in the performance of the terms, covenants or conditions of this Agreement, if either party is prevented from

performing said terms, covenants or conditions by causes beyond its control, including, without limitation, acts of God, the public enemy or public riots; failures due to nonperformance or delay of performance by suppliers or contractors; any order, directive or other interference by municipal, state, federal or other governmental official or agency (other than City's failure or refusal to issue permits for the construction, use or occupancy of the Premises); any catastrophe resulting from the elements, flood, fire, explosion, or any other cause reasonably beyond the control of a party, but excluding strikes or other labor disputes, lockouts or work stoppages. In the event of the happening of any of such contingencies, the party delayed by force majeure shall immediately give the other party written notice of such contingency, specifying the cause for delay or failure, and such notice from the party delayed shall be prima facie evidence that the delay resulting from the causes specified in the notice is excusable. The party delayed by force majeure shall use reasonable diligence to remove the cause of delay, and if and when the contingency which delayed or prevented the performance of a party shall cease or be removed, the party delayed shall notify the other party immediately, and the delayed party shall recommence its performance of the terms, covenants and conditions of this Agreement. During any period in which the Premises are not reasonably useable in whole or in part for the Permitted Uses by reason of any cause contemplated by this Section 10, Tenant shall not be relieved of its obligation to pay any compensation already due to City at the time of the occurrence.

Section 11. Restoration and Surrender of Premises.

11.1 Tenant's Restoration Obligations. On or before the Expiration Date, or any sooner termination of this Agreement, other than by termination pursuant to Section 9 of this Agreement (which is covered below), unless otherwise excused in writing by Executive Director, Tenant shall quit and surrender possession of the Premises to City, as follows, at City's option, to be exercised in the sole discretion of Executive Director:

11.1.1. Tenant shall restore the Premises to the condition of the Premises provided in the Updated Baseline Report including but not limited to removing the Dispatch Hall Improvements and any and all other structures or improvements. In the event of an earlier termination of this Agreement in which the Remedial Action is not yet completed, Tenant shall restore the Premises in at least to the condition depicted in the Baseline Report; or

11.1.2. Tenant shall leave the Premises with the Improvements remaining but remediated for any environmental contamination such that the Premises are returned to City in the condition provided in the Updated Baseline Report. In the event of an earlier termination of this Agreement in which the Remedial Action, is not yet completed at the time of restoration under this Section, Tenant shall restore the Premises in at least to the condition depicted in the Baseline Report. The Dispatch Hall Improvements shall be in the same condition as same were in at the time of the first occupation thereof by Tenant under this Agreement, ordinary wear and tear excepted.

11.1.3 If City terminates this Agreement pursuant to Section 9, at City's option, Tenant shall be obligated to restore the Premises as provided in Section 11.1.1 or Section 11.1.2 above or to pay the cost of restoration if City chooses to perform the work. If Tenant terminates this Agreement pursuant to Section 3.3.8, or if this Agreement automatically terminates pursuant to Section 2.2.1 or 2.2.2, Tenant shall be obligated to restore the Premises as provided in Section 11.1.1 or Section 11.1.2 or to pay the cost of restoration if City chooses to perform the work, in addition to other obligations that survive the expiration or earlier termination of this Agreement.

Tenant, at its sole cost and expense, shall restore the Premises (including their soil, groundwater and sediment) such that, on the Expiration Date, they will be returned to City:

(a) Free of Term Contamination (as defined in Section 6.1.4) and in at least as good of a condition as the condition depicted in the Updated Baseline Report, and if the Remedial Action has not been completed, the Baseline Report. As between City and Tenant, Tenant shall bear sole responsibility for Term Contamination and any costs related thereto;

(b) Free of any encumbrances including but not limited to deed or land use restrictions as a result of any Term Release (as defined in Section 6.1.3) and/or any liens (UCC, federal or state tax or otherwise) on the Premises or on fixtures or equipment, or personal property left on the Premises;

(c) If City so elects, free of all above- and below-ground works, structures, improvements and pipelines of any kind, (collectively referred to as "Structures"), placed on the Premises by Tenant (other than completed Site Preparation); and,

(d) If City so elects, in a clean, level, graded and compacted condition with no excavations or holes resulting from Structures removed.

11.2 Restoration Procedure. Tenant, at its sole cost and expense, shall initiate and complete the procedure set forth below in Sections 11.2.1 through 11.2.4 and comply with any other conditions reasonably imposed by Executive Director. Provided that Tenant discharges its obligations under this Section 11.2 expeditiously and in good faith, City shall reasonably endeavor to ensure that such discharge disturbs as little as reasonably possible Tenant's undertaking of the Permitted Uses. Executive Director may alter or delete any of the procedures set forth in Sections 11.2.1 through 11.2.4 at his or her sole and absolute discretion.

11.2.1 Not later than two (2) years before the Expiration Date and sooner if requested in writing by Executive Director, Tenant shall submit to City a written plan hereinafter referred to as the "Site Vacation Plan," the sufficiency of which is subject to City's reasonable approval, that includes:

(a) If a Term Release has occurred or is reasonably suspected (and Tenant has not otherwise undertaken procedures set forth in Section 6, above), a work plan detailing all work (including sampling and analysis) necessary to generate a written characterization of the nature and extent of contamination (including contamination of air, soil and water) on the Premises and that includes detailed programs for sampling and chemical analysis of soil and groundwater, which programs shall conform with applicable Environmental Law, accepted principles of environmental science, established regulatory protocols and the Port of Los Angeles Site Characterization Guidance Manual. Such work plan shall be developed with specific reference to determining the then-current environmental condition of the Premises as compared to the condition of the Premises as set forth in the Updated Baseline Report or the Baseline Report if the Remedial Action has not been completed at the time of restoration under this section, and whether any instances of unremediated Term Contamination (as defined in Section 6.1.4) exist. Such work plan shall identify all consultants Tenant intends to use to generate the written characterization. City shall approve such consultants in its sole reasonable discretion;

(b) If a Term Release has occurred or is reasonably suspected, a work plan detailing all work necessary to obtain, at Tenant's sole cost and expense, environmental and other entitlements (pursuant to CEQA, the National Environmental Protection Act ("NEPA") and any other applicable Environmental Laws) necessary to undertake the work contemplated by Section 11.2.1(a);

(c) A description of all liens on the Premises, Structures and/or on fixtures and/or equipment or personal property intended to be left on the Premises following the Expiration Date;

(d) A description of all known claims, causes of action, orders or enforcement actions then pending against or in connection with the Premises, the undertaking of the Permitted Uses, and/or this Agreement;

(e) All work including but not limited to demolition, grading and disposal, necessary to remove Structures. Tenant shall identify any contractors or consultants proposed to undertake such work, which shall be approved by City in its sole reasonable discretion; and

(f) A written schedule with milestones acceptable to City in its sole reasonable discretion under which entitlements pursuant to Section 11.2.1(b) will be obtained and operations on the Premises will be ramped-down in advance of their cessation on the Expiration Date and the Premises will be readied for turnover to the City on the Expiration Date.

11.2.2 If a Term Release has occurred or is reasonably suspected, Tenant shall, following City's written approval of Tenant's Site Vacation Plan and not later than eighteen (18) months before the Expiration Date, or sooner if requested in writing by Executive Director, submit to City a written report hereinafter referred to as the "Preliminary Site Closure Report," the sufficiency of which is subject to City's reasonable approval, that includes:

(a) All findings of the characterization required by Section 11.2.1 with substance and format that conforms with the Site Characterization Guidance Manual identified in Section 6.1.5;

(b) If the characterization required by Section 11.2.1 results in a finding that Term Contamination exists, a remediation action plan to City, the sufficiency of which is subject to City's reasonable approval, that addresses remediation of all such Term Contamination and that (i) conforms with Section 11.1; and (ii) includes a discussion of remediation alternatives for restoration of the Premises and a timetable for each phase of restoration ("Expiration Remediation Action Plan"). The Expiration Remediation Action Plan shall conform with applicable Environmental Law, established regulatory protocols, and the Site Characterization Guidance Manual. Consultants or contractors selected by Tenant to perform such work shall be subject to City's reasonable written approval;

(c) A report detailing the status of the removal of any liens identified in connection with Section 11.2.1;

(d) A report detailing the status of any claims, causes of action, orders or enforcement actions identified in connection with Section 11.2.1; and

(e) An updated schedule with milestones acceptable to City in its sole reasonable discretion under which operations on the Premises will be ramped-down in advance of their cessation on the Expiration Date and the Premises will be readied for turnover to the City on the Expiration Date.

11.2.3 Following City's written approval of Tenant's Preliminary Site Closure Report, and not later than one (1) year before the Expiration Date, or sooner if requested in writing by Executive Director, Tenant shall:

(a) Commence remediation of any Term Contamination in accordance with the Expiration Remediation Action Plan. Consultants or contractors selected by Tenant to perform such work shall be subject to City's reasonable written approval;

(b) Provide a report detailing the status of the removal of any liens identified in connection with Section 11.2.1;

(c) Provide a report detailing the status of any claims, causes of action, orders or enforcement actions identified in connection with Section 11.2.1; and

(d) Provide an updated schedule with milestones acceptable to City in its sole reasonable discretion under which entitlements pursuant to Section 11.2.1(b) will be obtained and operations on the Premises will be ramped-down in advance of their cessation on the Expiration Date and the Premises will be readied for turnover to the City on the Expiration Date.

11.2.4 Not later than six (6) months before the Expiration Date, or sooner if requested in writing by Executive Director, Tenant shall have:

(a) Completed the remediation required by the Expiration Remediation Action Plan, and have submitted to City a report certified by the consultant(s) performing the remediation confirming same;

(b) Resolved and removed all liens identified in connection with Section 11.2.1 to the reasonable satisfaction of City;

(c) Resolved all claims, causes of action, orders or enforcement actions identified in connection with Section 11.2.1 to the reasonable satisfaction of City and any governmental agencies with jurisdiction over such claims, causes of action, orders or enforcement actions;

(d) Obtained, at its sole cost and expense, all necessary entitlements pursuant to Section 11.2.1(b); and

(e) Submitted an updated schedule with milestones acceptable to City in its sole reasonable discretion under which operations on the Premises will be ramped-down in advance of their cessation on the Expiration Date and the Premises will be readied for turnover to the City on the Expiration Date.

11.2.5 Subject to orders or directives issued by any regulatory agency with jurisdiction which orders or directives shall take precedence over this Section 11.2.5, the adequacy of Tenant's execution of the Expiration Remediation Action Plan shall be within the sole reasonable discretion of Executive Director. Tenant shall notify Executive Director in writing when it believes it has completed all work contemplated by the Expiration Remediation Action Plan.

11.3 Restoration Indemnity. In addition to and not as a substitute for any remedies provided by this Agreement or at law or equity, Tenant shall defend, indemnify and hold harmless City from any and all claims and/or causes of action brought against City and from all damages and costs which arise out of or are related to:

(a) Claims brought by holders of liens on the Premises, Structures, and/or on fixtures and/or equipment or property left on the Premises by Tenant, Subtenant, and/or any invitees of Tenant, following the Expiration Date; and

(b) Claims, causes of action, orders or enforcement actions pending against or in connection with Tenant's, Subtenant's, and/or their invitees' use of the Premises, the Permitted Uses and/or this Agreement.

Such indemnity is intended to and shall survive the expiration or earlier termination of this Agreement.

11.4 Relocation Assistance. Nothing contained in this Agreement shall create any right in Tenant or any sublessees of Tenant including but not limited to the Subtenant for relocation assistance or payment from City upon expiration or termination of this Agreement (whether by lapse of time or otherwise). Tenant acknowledges and agrees that it shall not be entitled to any relocation assistance or payment pursuant to the provisions of any state or federal law, including Title 1, Division 7, Chapter 16 of the California Government Code (Sections 7260 et seq.) with respect to any relocation of its business or activities upon the expiration of the term of this Agreement or upon its earlier termination or upon the termination of any holdover.

11.5 Demolition of Improvements; Acceptance of Improvements. If Dispatch Hall Improvements are not removed on or before the earlier to occur of the date of the termination of this Agreement, or any holdover, or the Expiration Date, City shall have the right to remove and/or demolish the same at Tenant's cost. In that event, Tenant agrees to pay to City, upon demand, City's costs (as defined in Section 8.2) of any such removal or demolition. Notwithstanding the foregoing, City reserves the right to accept any works, buildings or other improvements upon the Premises, including a change in the grade thereof, constructed or altered pursuant to this Section 11, at no cost to City, in lieu of restoration of the Premises to their condition prior to such construction or Alteration.

Section 12. Indemnity and Insurance.

12.1 Indemnity. Except as may arise from the sole negligence or willful misconduct of City, Tenant shall at all times relieve, indemnify, protect and save harmless City and any and all of its boards, officers, agents and employees from any and all claims and demands, actions, proceedings, losses, liens, costs and judgments of any kind and nature whatsoever, including 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 :

(a) Any dangerous, hazardous, unsafe or defective condition of, in or on the Premises, of any nature whatsoever, which may exist by reason of any act, omission, neglect, or any use or occupation of the Premises by Tenant, its

officers, agents, employees, sublessees including but not limited to Subtenant, licensees or invitees;

(b) Any operation conducted upon or any use or occupation of the Premises by Tenant, its officers, agents, employees, sublessees including but not limited to Subtenant, licensees or invitees under or pursuant to the provisions of this Agreement or otherwise;

(c) Any act, omission or negligence of Tenant, its officers, agents, employees, sublessees including but not limited to Subtenant, licensees or invitees, regardless of whether any act, omission or negligence of City, its officers, agents or employees contributed thereto;

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

(e) The conditions, operations, uses, occupations, acts, omissions or negligence referred to in subsections (a) through (d) above, existing or conducted upon or arising from the use or occupation by Tenant or its invitees on any other premises within the "Harbor District," as defined in City's Charter.

There shall be no release of Tenant for any obligation under this Agreement including but not limited to this indemnity in Section 12.1 even though Subtenant is occupying the Premises. Further the JPLRC Sublease, as defined in Section 13.1, shall include an indemnity by Subtenant of the City which mirrors the indemnity provided by Tenant under Section 12.1.

Tenant also agrees to indemnify City and pay for all damages or loss suffered by City and City's Harbor Department, including but not limited to damage to or loss of City property, to the extent not insured by City, and loss of City revenue from any source, caused by or arising out of the conditions, operations, uses, occupations, acts, omissions or negligence referred to in this Section 12.1. The term "persons" as used in this Section 12.1 shall include, but not be limited to, officers and employees of Tenant. Tenant shall also indemnify, defend and hold City harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses (including, without limitation, diminution of the value of the Premises, damages for loss or restriction on use of rentable or useable space or of any amenity of the Premises, damages arising from any adverse impact on marketing of space, and sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees) which arise during or after the Agreement term as a result of Term Contamination for which Tenant is otherwise responsible for under the terms of this Agreement. 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 Term Contamination present in the soil or groundwater on or under the Premises. The foregoing indemnity shall apply

regardless of the active or passive negligence of City and regardless of whether liability without fault or strict liability is imposed or sought to be imposed on City.

The provisions of this Section 12.1 shall survive the expiration or earlier termination of this Agreement.

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

(a) Commercial General Liability. Commercial general liability insurance, including contractual liability, auto liability and property damage insurance written by an insurance company authorized to do business in the State of California, or approved by the California Department of Insurance as a surplus lines insurer eligible to do business in California, rated VII, A- or better in Best's Insurance Guide (or an alternate guide acceptable to City if a Best's Rating is not available) with Tenant's normal limits of liability, but not less than Five Million Dollars (\$5,000,000) combined single limited arising out of each accident or occurrence. Said limits may possess a deductible not to exceed One Hundred Thousand Dollars (\$100,000). 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.

The submitted policy shall, in addition, provide the following coverage either in the original policy or by endorsement substantially as follows:

"Notwithstanding any inconsistent statement in the policy to which this endorsement is attached, or any endorsement or certificate now or hereafter attached hereto, it is agreed that City, Board, their officers, agents and employees, are additional insureds hereunder, and that coverage is provided for all operations, uses, occupations, acts and activities of the insured under Permit No. 893, 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;

"The policy to which this endorsement is attached shall not be cancelled or reduced in coverage 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 425 S. Palos Verdes Street, San Pedro, California 90731;

"The coverage provided by the policy to which this endorsement is attached is primary coverage and any other insurance carried by City is excess coverage;

"In the event of one of the named insureds incurring liability to any other of the named insureds, this policy shall provide protection for each named insured against whom claim is or may be made, including claims by other named insureds, in the same manner as if separate policies had been issued to each named insured. Nothing contained herein shall operate to increase the company's limit of liability; and

"Notice of occurrences or claims under the policy shall be made to the Risk Manager of City's Harbor Department with copies to the City Attorney's Office."

(b) Fire Legal Liability. In addition to and concurrently with the aforesaid insurance coverage, Tenant shall also secure 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 to the works, buildings and improvements owned by City provided that said minimum limits of liability shall be subject to adjustments by Executive Director to conform with the deductible amount of the fire insurance policy maintained by Board, with waiver of subrogation in favor of Tenant so long as permitted by Board's fire insurance policy, upon thirty (30) days' prior written notice thereof to Tenant at any time during the term of this Agreement. Neither City nor Board should be named as additional insureds on this policy.

(c) Fire and Extended Coverage Insurance. Tenant shall secure, and shall maintain at all times during the term of this Agreement and any holdover, fire and extended coverage insurance covering ninety percent (90%) of the replacement value of the works, buildings and improvements erected or owned by Tenant on the Premises, with such provision in the policies issued to cover the same, or in riders attached thereto, as will provide for all losses over One Hundred Thousand Dollars (\$100,000) to be payable to Board to be held in trust for reconstruction. In the event of loss or damage by fire to any of such buildings or improvements, Tenant shall undertake replacement or reconditioning of such items within ninety (90) days following any such loss. In the event Tenant shall undertake 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 returned to Tenant.

(d) Environmental Impairment Liability Insurance. Should Tenant's operations involve the storage or use of any type of hazardous materials or pollutants other than what is permitted under Section 6.3(a), the Tenant will be required to maintain environmental impairment liability insurance which shall include coverage for bodily injury, property damage, including third-party claims

for on-site and off-site bodily injury and property damage, clean-up and defense, with a limit of at least One Million Dollars (\$1,000,000) per occurrence, which is to remain in effect at least five (5) years after the termination of the Agreement.

(e) Workers' Compensation. Tenant shall secure the payment of compensation to employees injured while performing work or labor necessary for and incidental to performance under this Agreement in accordance with Section 3700 of the Labor Code of the State of California. Tenant shall file with the City one of the following: 1) a certificate of consent to self-insure issued by the Director of Industrial Relations, State of California; 2) a certificate of Workers' Compensation insurance issued by an admitted carrier; or 3) an exact copy or duplicate thereof of the policy certified by the Director or the insurer. Such documents shall be filed prior to delivery of Premises. Where Tenant has employees who are covered by the United States Longshore and Harbor Workers' Compensation Act, Tenant shall furnish proof of such coverage to the City. It is suggested that Tenant consult an insurance professional of its choosing to determine whether its proposed operation methods will render its employees subject to coverage under such Act. All Workers' Compensation insurance submitted to City shall include an endorsement providing that any carrier paying benefits agrees to waive any right of subrogation it may have against City.

(f) Professional Liability Insurance. Tenant shall provide, or cause Tenant's contractor to provide, Professional Liability insurance in the amount of One Million Dollars (\$1,000,000) with respect to negligent or wrongful acts, errors, or omissions, or failure to render services in connection with the professional services to be provided by Tenant's contractor(s) in connection with work to be performed in connection with this Agreement. This insurance shall protect against claims arising from professional services of the insured, or by its employees, agents or contractors, and shall not exclude acts, errors, or omissions that may also give rise to contractual liability. Such insurance shall be in effect at all times during performance in connection with this Agreement and until two (2) years following the Construction Phase Completion Date. This Section shall only apply to design professionals and contractors exercising design-build responsibilities.

(g) Automobile Insurance. Tenant shall procure and maintain at its expense and keep in force at all times during the term of this Agreement, automobile liability insurance 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 Best's is not available) within Tenant's normal limits of liability but not less than Five Million Dollars (\$5,000,000) covering damages, injuries or death resulting from each accident or claim arising out of any one claim or accident. Said insurance shall protect against claims arising from actions or operations of the insured, or by its employees. Coverage shall contain a defense of suits provision and a severability of interest clause. Additionally, each policy shall include an

additional insured endorsement (CG 2010 or equivalent) naming the City of Los Angeles Harbor Department, its officers, agents and employees as Primary additional insureds, a 10-days notice of cancellation for nonpayment of premium, and a 30-days notice of cancellation for any other reasons.

12.2.1 Insurance Procured by Tenant. Insurance procured by Tenant shall include the following features:

(a) 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's Harbor Department have each been given thirty (30) days' prior written notice by certified mail addressed to 425 S. Palos Verdes Street, San Pedro, California 90731.

(b) Acceptable Evidence and Approval of Insurance. Electronic submission is the required method of submitting Tenant's insurance documents. It uses the standard insurance industry form known as the ACORD 25 Certificate of Liability Insurance in electronic format. Tenant's insurance broker or agent shall obtain access to Track4LA[®] at <http://track4la.lacity.org/> and follow the instructions to register and submit the appropriate proof of insurance on Tenant's behalf. Tenant shall submit to City certificates of insurance for all insurance procured by Subtenant.

(c) Renewal of Policies. Prior to the expiration of each policy, Tenant shall furnish to City's Harbor Department 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 certificate shall be furnished to City's Harbor Department, and the form thereof shall be subject to the approval of the Risk Manager of City's Harbor Department. If Tenant neglects or fails to secure or maintain the required insurance, or if Tenant fails to submit copies thereof as required above, the City's Harbor Department may, at its option and at the expense of Tenant, obtain such insurance for Tenant.

(d) Modification of Coverage. Executive Director, at his or her discretion, based upon recommendation of independent insurance consultants to City, may request that Tenant increase or decrease amounts and types of insurance coverage required hereunder at any time during the term hereof by giving ninety (90) days' prior written notice to Tenant. Tenant shall not be obligated to comply with such request if, in its sole reasonable discretion, obtaining a policy with such adjusted limits is not economically feasible. In the event Tenant makes such a determination, it shall provide written notice to City within thirty (30) days following City's written request.

(e) Accident Reports. Tenant shall report in writing to Executive Director within fifteen (15) days after it, its officers or managing agents have knowledge of any accident or occurrence involving death of or injury to any person or persons, or damage in excess of Fifty Thousand Dollars (\$50,000) to property, occurring upon the Premises, or elsewhere within the Harbor District, if Tenant's officers, agents or employees are involved in such an accident or occurrence while undertaking the Permitted Uses. 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.

Section 13. Sublease to JPLRC

13.1 Sublease to JPLRC. This Agreement contemplates a Sublease by Tenant to JPLRC, which is comprised of the Tenant and ILWU 13, by means of a written Sublease ("JPLRC Sublease") which shall be in a form that is approved by Board and Council, in their sole respective discretion. City shall have the right to approve or disapprove the entity that is the Subtenant. Said JPLRC Sublease shall include, among other things, an express covenant that: (a) Subtenant shall assume, perform and be bound by the liabilities and obligations of Tenant under this Agreement; and (b) the obligations and liabilities of the Subtenant under the Sublease shall be joint and several obligations of Tenant and the ILWU 13. Notwithstanding, nothing stated herein and/or the JPLRC Sublease and/or the act of subleasing the Premises to Subtenant shall release Tenant from its liabilities under this Agreement. Tenant shall remain primarily liable under this Agreement and for the timely performance of all terms, provisions and covenants on Tenant's part under this Agreement. City is not required to proceed first against Subtenant before proceeding against Tenant with respect to any breach of this Agreement. A breach of Subtenant shall be considered to be breach by Tenant under this Agreement. City shall not be liable for any act or omission of Tenant under the JPLRC Sublease. Nothing in the JPLRC Sublease shall limit City's rights under the Agreement including but not limited to changing any of the limitations on use (Section 4.2). Modification of this Agreement shall not require the prior approval of Subtenant. Further, Tenant shall provide City with copies of any written notices of default given to Subtenant at the time when Tenant serves any such notice to Subtenant.

13.1.1 Nothing shall be construed as an implied agreement by City to approve any further transfers of this Agreement and/or Premises. Unless processed and approved strictly in accordance with this Section 13, no transfer of this Agreement, or any interest therein or any right or privilege thereunder, regardless of whether accomplished by a separate agreement, sale of stock or assets, merger or consolidation or reorganization by or of Tenant, or accomplished in any other manner, whether voluntary or by operation of law, including but not limited to assignment, sublease, transfer, gift, hypothecation or grant of total or partial control, or any encumbrance of this Agreement (hereafter

collectively referred to as "Transfer"), shall be valid or effective for any purpose. For purposes of this Section 13, the term "by operation of law" includes but is not limited to: (1) the placement of all or substantially all of Tenant's assets in the hands of a receiver or trustee; or (2) a transfer by Tenant for the benefit of creditors; or (3) transfers resulting from the death or incapacity of any individual who is a Tenant or of a general partner of a Tenant (except as provided in Section 13.2.1(e) below).

13.2 Procedure to Obtain Consent to Transfer. Notwithstanding the prohibition set forth in Section 13.1, if Tenant desires to undertake a Transfer, it may seek City's consent thereto. Tenant covenants that before entering into or permitting any Transfer, it shall provide to City written notice at least thirty (30) days before the proposed effective date of the Transfer. Notwithstanding the foregoing, City reserves the right to allow Tenant, on a case-by-case basis, to submit to City for City's consent Transfers that have become effective. In any event, Tenant's written request to City for consent shall hereinafter be referred to as "Transfer Notice

13.2.1 Tenant's Transfer Notice shall contain each of the following:

- (a) Specific identification of the entity or entities with whom Tenant proposes to undertake the Transfer ("Transferee");
- (b) Specific and detailed description of the Transferee's entity type, ownership (including identification of all parent and subsidiary entities), background/history, nature of the Transferee's business, Transferee's character and reputation and experience in the operations proposed;
- (c) Specific and detailed description of the type of Transfer proposed (e.g., assignment, sublease, grant of control, etc.) and the rights proposed to be transferred;
- (d) Specific and detailed description of the operations proposed to be undertaken at the Premises by Tenant and Transferee if City consents to the Transfer which includes a breakdown of the responsibilities and duties of Tenant and Transferee;
- (e) All of the terms of the proposed Transfer, including the total consideration payable by Transferee; the specific consideration (if any) payable by Transferee in connection with the Premises and/or uses under this Agreement if the proposed Transfer is part of an acquisition or purchase that involves assets outside this Agreement; the proposed use of the Premises; the effective date of the proposed Transfer; and a copy of all documentation concerning the proposed Transfer;

(f) The proposed form of a guaranty or guaranties providing greater or substantially the same protection to City as any guaranty in effect prior to or contemporaneous with the proposed Transfer;

(g) A business plan for the Transferee including specific estimates of revenue anticipated under each of the following categories: existing contracts, contracts under negotiation and other specified sources;

(h) A general description of any planned Alterations or improvements to the Premises;

(i) A description of the worth of the proposed Transferee including an audited financial statement;

(j) Any further information relevant to the proposed Transfer that City reasonably requests; and

(k) Written authorization in a form acceptable to City allowing City to inspect and review but not to copy, at times and locations reasonably selected by City, any books and records or other information of Tenant or Transferee (or third-parties acting for or on either of their behalves) reasonably determined by City to be necessary for its assessment of Tenant's request for consent.

13.2.2 If City consents to a Transfer, the following limits apply:

(a) City does not agree to waive or modify the terms and conditions of this Agreement;

(b) Such consent does not constitute either consent to any further or other Transfer by either Tenant or Transferee or a bar disqualifying submittal of additional Transfer Notices in accordance with the terms of this Agreement following such consent;

(c) , Following such consent, Tenant shall remain primarily liable under this Agreement and any guarantor shall remain liable under its guaranty and City does not have to proceed first against any subtenant and/or transferee of Tenant before proceeding against Tenant.

(d) Such consent shall not transfer to the Transferee any option granted to the original Tenant by this Agreement unless such transfer is specifically consented to by City in writing;

(e) Tenant may enter into that Transfer in accordance with this Section 13 if: (a) the Transfer occurs within six (6) months after City's consent; (b) the Transfer, in the sole and absolute discretion of Executive

Director, is on substantially the same terms as specified in the Transfer Notice; and (c) Tenant delivers to City promptly after execution an original executed copy of all documentation pertaining to the Transfer in a form reasonably acceptable to City;

(f) If the Transfer occurs more than six (6) months after City's consent or, in the sole and absolute discretion of Executive Director, the terms of the Transfer materially change from those in the Transfer Notice, Tenant shall submit a new Transfer Notice under this Section 13, requesting City's consent. A material change for purposes of this Section 13 is one the terms of which would have entitled City to refuse to consent to the Transfer initially, or would cause, in the sole and absolute discretion of Executive Director, the proposed Transfer to be more favorable to Transferee than the terms in the original Transfer Notice; and

(g) Tenant and/or Transferee, upon City's written request, shall provide proof, in a form satisfactory in the sole reasonable discretion of the Risk Manager of City's Harbor Department, demonstrating that insurance of the type and limits required by Section 12 is and shall be in full effect at all times in or around the time period in which the proposed Transfer is anticipated to occur. If requested in writing by City, Transferee shall provide a guaranty agreement in a form acceptable to City obligating Transferee to pay any uninsured or underinsured loss on a claim that, in City's sole and absolute discretion, would have been covered by insurance fully compliant with Section 12.

(h) Transferee shall execute and deliver a written acceptance of assignment in a form acceptable to City in which Transferee expressly assumes all of Tenant's obligations under the Agreement.

13.3 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(ies);

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

(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;

(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 thereof;

(e) Whether the information provided by Tenant in connection with Section 13.2.1 justifies such consent;

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

13.4 Additional Conditions for Subleases. If Tenant requests consent to a Transfer consisting of a sublease, (other than the JPLRC Sublease), the following terms and conditions shall also apply, in addition to the requirements of Section 13.2:

(a) City reserves the right to recapture any portion of the Premises proposed by Tenant to be subleased (with appropriate amendments to this Agreement) and to undertake the transaction with the proposed Transferee directly;

(b) Tenant in no event shall be allowed to sublet more than twenty percent (20%) of the Premises to any one sublessee unless this Agreement expressly provides otherwise; and

(c) Tenant shall not collect sublease compensation that exceeds, on a pro rata basis based on the preceding year's revenue, the compensation due City from Tenant under Section 5 of this Agreement.

13.5 Charter and Administrative Code. Tenant acknowledges that this Agreement is subject to the Charter of City and the Administrative Code of City and that approval of a Transfer may require action by several separate entities, including but not limited to the Los Angeles City Council.

13.6 Tenant Remedies. If City wrongfully or unreasonably denies or conditions its consent to a Transfer, Tenant may seek only declaratory and/or injunctive relief. Tenant specifically waives any damage claims against City in connection with the withholding or conditioning of consent.

13.7 Indemnity in Favor of City. In addition to and not as a substitute for the indemnities Tenant provides to City pursuant to Section 12 of this Agreement, Tenant shall indemnify, defend and hold harmless City and any and all of its boards, officers, agents, or employees from and against any and all claims and/or causes of action of any third-party (including but not limited to Transferee) arising out of or related to a proposed Transfer.

13.8 Rent or Performance. City in its sole discretion may accept rent or performance of Tenant's obligations under this Agreement from any person other than

Tenant pending approval or disapproval of a Transfer. City's exercise of discretion to accept rent or performance shall be reflected in writing.

13.9 Assignments for Security Purposes. City will consider Tenant's request to assign this Agreement to secure financing of improvements on the Premises on a case-by-case basis. Consent to assignments for security purposes will not be granted unless Tenant and its lenders satisfy the following conditions, among others, which may be reasonably imposed by the City:

- (a) Monies borrowed will be used exclusively to construct improvements on the Premises;
- (b) Monies borrowed must be in a fixed amount. New borrowings or refinancings require further Board approval;
- (c) The collateral covered by the security agreement securing Tenant's loan shall cover only Tenant's interest in improvements on the Premises, not the interests of City in improvements, and not any improvements or fixtures which, if removed, would leave the Premises untenable. In this Section 13.10, "untenable" means failing to comply with the standards described in Civil Code Section 1941.1 or its successor;
- (d) Nothing in the instrument which creates the security interest in the lender shall amend, modify, or otherwise affect the rights of City under this Agreement or any guaranty;
- (e) In the event the lender initiates any action to foreclose the interest of Tenant in this Agreement, the lender agrees to deliver to the Board in person or by registered mail a copy of any notice of default sent to Tenant and agrees, ten (10) calendar days in advance of any foreclosure sale, to give written notice to Board by registered mail. Such notices shall be addressed as follows:

Board of Harbor Commissioners
c/o Director of Real Estate Division
P.O. Box 151
San Pedro, CA 90733-0151

Such notice shall specify which of the below alternative courses of action the lender will take with respect to the Agreement and any guaranty. Any and all of the below stated alternatives are contingent upon Board's approval in accordance with the conditions in subsection (f) below. Lender may:

- (1) Assume as principal all of the obligations and duties arising on or after the foreclosure conveyance date under the Agreement; or

(2) Assume as principal all of the obligations and duties arising on or after the foreclosure conveyance date under the Agreement, and hire an operator, acceptable to Executive Director, who shall operate the Premises pursuant to the Agreement; or

(3) Assume as principal all of the obligations and duties arising on or after the foreclosure conveyance date, and thereafter reassign the Agreement with the consent of Board by order. Notwithstanding any provision of this Agreement to the contrary, in the event the lender initiates any action to foreclose the interest of any subsequent assignee of the Agreement, the lender agrees to make the notifications and elections required herein.

The foregoing election by the lender shall be without prejudice to any rights Board may have with respect to Tenant's default of this Agreement; provided, however, that Board shall mail to both Tenant and lender a copy of any written notice of default in the performance of the terms and conditions of the Agreement, by registered mail, return receipt requested, addressed as follows:

(Name and Address of Tenant and lender is to be specified by Tenant. If no lender is specified, notice to Tenant alone is agreed to be sufficient.)

The lender shall have the option to cure such default within the time specified in such notice, provided that if such default is noncurable in nature, City shall have the right to immediately reclaim the Premises and lender shall have no further interest.

(f) Any lender proposal to transfer its interest in this Agreement or interest therein or right or privilege thereunder requires Board's consent. Board may withhold its consent in its reasonable discretion if Board determines that the proposed transferee cannot meet all of the following conditions, and any other conditions which may be reasonably imposed by the Board:

(1) This Agreement shall be in full force and effect and no default shall exist or the lender shall agree in writing to cure all such defaults before the transfer.

(2) When requesting Board's consent to such a transfer, the lender shall demonstrate that: (a) the financial condition of the proposed transferee is as sound as that of Tenant at the time this Agreement was initially entered into or as at the time of the proposed transfer - whichever provides the better financial security to Board; (b) the proposed transferee has the requisite experience and reputation or has retained an operator with the requisite experience and reputation to operate the Premises; and

(c) the proposed transfer will not unfavorably affect the revenues of the City, employment or the services available to the maritime community.

(3) Even if Board consents to such a proposed transfer, Board may first require that transferee and Board agree on a new compensation for the Premises transferred. If Board modifies the compensation, it shall take into account then Board policy for setting compensation and the prevailing market conditions.

(g) The form of all instruments and documents affecting the City's interests in the Premises shall be acceptable to Executive Director and City Attorney of City in their sole and absolute discretion.

(h) Board shall have the authority – but no obligation – to modify any of the foregoing conditions based on the facts of a particular case.

13.10 Tenant Name Change. Tenant shall promptly notify City in writing of any changes to its name set forth in the preamble of this Agreement.

13.11 Written Certificate. If requested in writing by Executive Director, Tenant shall, within ten (10) days of its receipt of such written request, certify under penalty of perjury under California law whether it has or has not undertaken a Transfer.

Section 14. Records and Reports.

14.1 Construction and Operations. Tenant shall keep full and accurate books, records and accounts relating to its construction and operations on the Premises. City shall have the right and privilege, through its representatives, at all reasonable times and on reasonable notice, to inspect such books, records and accounts in order to verify the accuracy of the sums due, owing and paid to City hereunder. Tenant agrees that such books, records and accounts shall be made available to City at Tenant's offices in the City of Los Angeles. City shall protect, to the extent permitted by law, the confidentiality of any such books, records and/or accounts so inspected.

Section 15. Miscellaneous.

15.1 Titles and Captions. The parties have inserted the section titles in this Agreement only as a matter of convenience and for reference, and the section titles in no way define, limit, extend or describe the scope of this Agreement or the intent of the parties in including any particular provision in this Agreement.

15.2 Construction of Agreement. This Agreement shall not be construed against the party preparing the same, shall be construed without regard to the identity of the person who drafted such and shall be construed as if all parties had jointly prepared this Agreement and it shall be deemed their joint work product; each and every provision of this Agreement shall be construed as though all of the parties hereto

participated equally in the drafting hereof; and any uncertainty or ambiguity shall not be interpreted against any one party. As a result of the foregoing, any rule of construction that a document is to be construed against the drafting party shall not be applicable.

15.3 Entire Agreement; Amendments. This Agreement and all exhibits referred to in this Agreement constitute the final complete and exclusive statement of the terms of the agreement between City and Tenant pertaining to Tenant's use and occupancy of the Premises and supersedes all prior and contemporaneous understandings or agreements of the parties. Neither party has been induced to enter into this Agreement by, and neither party is relying on, any representation or warranty outside those expressly set forth in this Agreement.

15.4 Modification in Writing. This Agreement may be modified only by written Agreement of all parties. Any such modifications are subject to all applicable approval processes set forth in City's Charter, City's Administrative Code, or elsewhere.

15.5 Exhibits. All exhibits to which reference is made in this Agreement are deemed incorporated in this Agreement, whether or not actually attached. References to sections are to sections of this Agreement unless stated otherwise.

15.6 Waivers. A failure of any party to this Agreement to enforce the Agreement upon a breach or default shall not waive the breach or default or any other breach or default. All waivers shall be in writing. 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 Agreement, 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 Agreement 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.

15.7 Joint and Several Obligations of Tenant. If more than one individual or entity comprises Tenant, the obligations imposed on each individual or entity that comprises Tenant under this Agreement shall be joint and several.

15.8 Time is of the Essence. Time shall be of the essence as to all dates and times of performance, and obligations set forth herein, whether or not a specific date is

contained herein. If performance is required by the terms hereof on a Saturday, Sunday or legal holiday in California, the performance shall be made on the next business day.

15.9 Notices. The parties shall send all notices or other communication necessary under this Agreement in writing by personal service, or express mail, Federal Express, DHL, UPS or any other similar form of airborne/overnight delivery service, or mailing in the United States mail, postage prepaid, certified and return receipt requested, addressed to the parties at their respective addresses as follows:

If to Tenant: Pacific Maritime Association
300 Oceangate, 12th Floor
Long Beach, Ca 90802
Attn: President

With copies to:
Pacific Maritime Association
555 Market Street, 3rd Floor
San Francisco, Ca 94105
Attn: General Counsel

If to City: Port of Los Angeles
425 South Palos Verdes Street
San Pedro, California 90731
Attn: Executive Director

with copies to:

Los Angeles City Attorney's Office
425 South Palos Verdes Street
San Pedro, California 90731
Attn: General Counsel

Any such notice shall be deemed to have been given upon delivery or two business days after deposit in the mail as aforesaid. Either party may change the address at which it desires to receive notice upon giving written notice of such request to the other parties.

15.10 Statements of Tenant as Applicant. This Agreement may be 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 Agreement. Upon any such cancellation of the Agreement granted hereunder, Tenant shall quit and surrender the Premises as provided in Section 9.

15.11 Governing Law and Venue. This Agreement is made and entered into in the State of California and shall in all respects be construed, interpreted, enforced and governed under and by the laws of the State of California, without reference to choice of law rules. Any action or proceeding arising out of or related to this Agreement

shall be filed and litigated in the state or federal courts located in the County of Los Angeles, State of California, in the judicial district mandated by applicable court rules. If either party files or attempts to litigate an action in violation of this Section 15.11, the other party shall be entitled to recover reasonable costs and attorneys' fees incurred to enforce this Section 15.11.

15.12 Affirmative Action. Tenant agrees not to discriminate in its employment practices against any employee or applicant for employment because of employee's or applicant's race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status, domestic partner status or medical condition. All assignments, subleases and transfers of interest in this Agreement under or pursuant to this Agreement shall contain this provision. The provisions of Section 10.8.4 of the Los Angeles Administrative Code as set forth in the attached Exhibit "I" are incorporated herein and made a part hereof.

15.13 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 Agreement in the Premises or upon works, buildings, 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.

15.14 Possessory Interest. Tenant is aware that the granting of this Agreement 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.

15.15 Severability. Should any part, term, condition or provision of this Agreement be declared or determined by any court of competent jurisdiction to be invalid, illegal or incapable of being enforced by any rule of law, public policy, or charter, the validity of the remaining parts, terms, conditions or provisions of this Agreement shall not be affected thereby, and such invalid, illegal or unenforceable part, term, condition or provision shall be treated as follows: (a) if such part, term, condition or provision is immaterial to this Agreement, then such part, term, condition or provision shall be deemed not to be a part of this Agreement; or (b) if such part, term, condition or provision is material to this Agreement, then the parties shall revise the part, term, condition or provision so as to comply with the Applicable Law or public policy and to effect the original intent of the parties as closely as possible.

15.16 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 Agreement, or any part thereof, or by any judgment or award in any suit or proceeding declaring this Agreement null, void or voidable or delaying the same or any part thereof from being carried out.

15.17 Attorneys' Fees. In any legal action or other proceeding brought to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to "reasonable attorneys' fees" and any other costs and expenses, including but not limited

to expert fees, incurred in that proceeding in addition to any other relief to which it is entitled. The "reasonable attorneys' fees" awarded under this Section 15.17 shall be determined by calculating the hours reasonably expended by each counsel for the prevailing party multiplied by the prevailing market hourly rate in Southern California for attorneys of comparable skill and experience.

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

15.19 Extent of Water Frontage. In case this Agreement or any improvements made hereunder or this Agreement 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 or if Tenant shall hold or control such water frontage, then this Agreement 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.

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

15.21 Service Contractor Worker Retention Policy and Living Wage Policy Requirements. Board adopted Resolution No. 5771 on January 3, 1999, agreeing to adopt the provisions of Los Angeles City Ordinance No. 171004 relating to Service Contractor Worker Retention ("SCWR"), Section 10.36 et seq. of the Los Angeles Administrative Code, as the policy of City's Harbor Department. Further, Charter Section 378 requires compliance with the City's Living Wage requirements as set forth by ordinance, Section 10.37 et seq. of the Los Angeles Administrative Code. Tenant shall comply with the policy wherever applicable. Violation of this provision, where applicable, shall entitle the City to terminate this Agreement and otherwise pursue legal remedies that may be available.

15.22 Wage and Earnings Assignment Orders/Notices of Assignments.

Tenant is obligated to fully comply with all applicable state and federal employment reporting requirements for the Tenant and/or its employees. Tenant shall certify that the principal owner(s) are in compliance with any Wage and Earnings Assignment Orders/Notices of Assignments applicable to them personally. Tenant shall fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignments in accordance with Cal. Family Code Section 5230 et seq. Tenant shall maintain such compliance throughout the term of this Agreement.

15.23 Equal Benefits Policy. Board adopted Resolution No. 6328 on January 12, 2005, agreeing to adopt the provisions of Los Angeles City Ordinance No. 172,908, as amended, relating to Equal Benefits, Section 10.8.2.1 et seq. of the Los Angeles Administrative Code, as a policy of City's Harbor Department. Tenant shall comply with the policy wherever applicable. Violation of the policy shall entitle the City to terminate any agreement with Tenant and pursue any and all other legal remedies that may be available.

15.24 State Tidelands Grants. This Agreement is entered into in furtherance of and as a benefit to the State Tidelands Grant and the trust created thereby. Therefore, this Agreement is at all times 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 provisions of Article VI of the Charter of the City of Los Angeles relating to such lands. Tenant agrees that any interpretation of this Agreement and the terms contained herein must be consistent with such limitations, conditions, restrictions and reservations.

15.25 Successors. This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of City and shall be binding upon and inure to the benefit of the successors and permitted assigns and sublessees of Tenant.

15.26 Disclosure Laws. Tenant acknowledges that City is subject to laws, rules and/or regulations generally requiring it to disclose records upon request, which laws, rules and/or regulations include but are not limited to the California Public Records Act (California Government Code Sections 6250 et seq.) ("Disclosure Laws"). Tenant further acknowledges City's obligation and intent to comply with such Disclosure Laws in all respects. Notwithstanding the foregoing, in the event that City receives a request for disclosure of records in connection with this Section 15.27, City will immediately notify Tenant in writing, enclosing a copy of such request, at which point Tenant may take whatever steps deemed appropriate, including but not limited to seeking a protective or other order excusing disclosure from a court of competent jurisdiction. In the absence of such an order from a court of competent jurisdiction excusing City from its disclosure obligations, City shall undertake whatever action is necessary to comply with the requirements imposed by the applicable Disclosure Law(s). In the event that any action is filed by Tenant and/or by any requester of information where Tenant elects to challenge any disclosure, and City is named as a party to that action, Tenant shall

defend and hold City and City's former, present and future boards, elected and appointed officials, employees, officers, directors, representatives, agents, departments, subsidiary and affiliated entities, assigns, insurers, attorneys, predecessors, successors, divisions, subdivisions and parents, and all persons or entities acting by, through, under or in concert with any of the foregoing harmless from any and all defense costs and judgments or settlements in any such action as well as all other losses and expenses arising out of or related to such action.

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

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

Dated: _____

By _____
Executive Director

Attest: _____
Board Secretary

PACIFIC MARITIME ASSOCIATION
a California corporation

Dated: _____

By _____

(Print/type Name and Title)

Attest: _____

(Print/type Name and Title)

APPROVED AS TO FORM

_____, 20____
CARMEN A. TRUTANICH, City Attorney

By _____
Estelle Braaf, Assistant/Deputy

EXHIBIT "A-1"

LEGAL DESCRIPTION

Parcel No. 1

DISPATCH HALL PREMISES

IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, BEING A PORTION OF PARCEL 66 OF THE RECORD OF SURVEY RECORDED IN BOOK 51, PAGES 1 THROUGH 21, INCLUSIVE, OF RECORDS OF SURVEY, TOGETHER WITH A PORTION OF THE RANCHO SAN PEDRO AS SHOWN ON A MAP RECORDED IN BOOK 1, PAGES 119 THROUGH 121, OF PATENTS, TOGETHER WITH A PORTION OF BLOCK 26, RANGE 8, AND BLOCK 25, RANGE 8, AND BLOCK 26, RANGE 7, AND BLOCK 25, RANGE 7, AND BLOCK 24, RANGE 7 OF THE MAP OF NEW SAN PEDRO RECORDED IN BOOK 6, PAGES 66 AND 67 OF DEEDS, INCLUDING LOTS AND STREET THEREIN; IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:
COMMENCING AT THE NORTHWEST CORNER OF SAID PARCEL 66;

THENCE SOUTH $03^{\circ}43'33''$ EAST A DISTANCE OF 22.00 FEET TO THE **TRUE POINT OF BEGINNING**, SAID POINT ALSO BEING ON A LINE PARALLEL WITH AND 72.00 FEET SOUTHERLY, MEASURED AT RIGHT ANGLES, FROM THE PORTION OF THE CENTERLINE OF ANAHEIM STREET SHOWN AS HAVING A BEARING OF NORTH $86^{\circ}15'38''$ EAST ON THE MAP OF SAID RECORD OF SURVEY; SAID LINE SHALL HAVE A BEARING OF NORTH $86^{\circ}16'27''$ EAST FOR THE PURPOSES OF THIS DESCRIPTION;

THENCE ALONG SAID PARALLEL LINE, SOUTH $86^{\circ}16'27''$ WEST A DISTANCE OF 113.28 FEET; THENCE SOUTH $57^{\circ}14'21''$ WEST A DISTANCE OF 26.31 FEET TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 8698.21 FEET, AND BEING CONCENTRIC WITH AND 67.00 FEET SOUTHEASTERLY FROM THE CENTERLINE OF ALAMEDA STREET, AS SHOWN ON THE RECORD OF SURVEY RECORDED IN BOOK 90, PAGES 1 THROUGH 12, INCLUSIVE,;

THENCE SOUTHWESTERLY ALONG SAID CONCENTRIC CURVE THROUGH A CENTRAL ANGLE OF $02^{\circ}55'40''$, AN ARC LENGTH OF 444.46 FEET TO A NON-TANGENT LINE;

THENCE ALONG SAID NON-TANGENT LINE SOUTH $31^{\circ}38'22''$ WEST A DISTANCE OF 29.89 FEET:

THENCE NORTH $58^{\circ}37'32''$ WEST A DISTANCE OF 31.81 FEET RADIALLY TO BEGINNING OF CURVE;

THENCE SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF $00^{\circ}18'36''$, AN ARC LENGTH OF 46.89 FEET TO THE BEGINNING OF A NON-TANGENT LINE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 8666.21 FEET, AND BEING CONCENTRIC WITH AND 35.00 FEET SOUTHEASTERLY FROM THE CENTERLINE OF ALAMEDA STREET, AS SHOWN ON THE RECORD OF SURVEY RECORDED IN BOOK 90, PAGES 1 THROUGH 12, INCLUSIVE, SAID POINT BEING **POINT A**;

THENCE SOUTH $58^{\circ}18'56''$ EAST A DISTANCE OF 31.72 FEET;

THENCE SOUTH 31°38'22" WEST A DISTANCE OF 63.53 FEET TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 8698.21 FEET, AND BEING CONCENTRIC WITH AND 67.00 FEET SOUTHEASTERLY FROM THE CENTERLINE OF ALAMEDA STREET AS SHOWN ON SAID RECORD OF SURVEY, AND TO WHICH POINT A RADIAL LINE BEARS SOUTH 57°53'49" EAST

THENCE SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 02°13'21", AN ARC LENGTH OF 337.39 FEET;

THENCE NORTH 55°40'28" WEST A DISTANCE OF 32.00 FEET RADIALLY TO BEGINNING OF CURVE;

THENCE SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 00°15'51", AN ARC LENGTH OF 39.95 FEET TO THE BEGINNING OF A NON-TANGENT LINE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 8666.21 FEET, AND BEING CONCENTRIC WITH AND 35.00 FEET SOUTHEASTERLY FROM THE CENTERLINE OF ALAMEDA STREET, AS SHOWN ON THE RECORD OF SURVEY RECORDED IN BOOK 90, PAGES 1 THROUGH 12, INCLUSIVE, SAID POINT BEING **POINT B**;

THENCE SOUTH 55°24'38" EAST A DISTANCE OF 32.00 FEET;

THENCE SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 00°05'18", AN ARC LENGTH OF 13.41 FEET TO A NON-TANGENT LINE;

THENCE SOUTH 55°37'04" EAST A DISTANCE OF 96.91 FEET;

THENCE NORTH 42°30'51" EAST A DISTANCE OF 239.13 FEET;

THENCE NORTH 55°14'01" EAST A DISTANCE OF 1380.66 FEET, SAID POINT BEING **POINT C**;

THENCE SOUTH 87°08'31" WEST A DISTANCE OF 251.54 FEET;

THENCE NORTH 04°51'32" WEST A DISTANCE OF 17.04 FEET;

THENCE SOUTH 87°02'58" WEST A DISTANCE OF 41.02 FEET, SAID POINT BEING **POINT D**;

THENCE SOUTH 04°51'32" EAST A DISTANCE OF 17.36 FEET TO A LINE PARALLEL WITH AND 69.00 FEET SOUTHERLY, MEASURED AT RIGHT ANGLES, FROM THE PORTION OF THE CENTERLINE OF ANAHEIM STREET SHOWN AS HAVING A BEARING OF NORTH 85°07'56" EAST ON THE RECORD OF SURVEY RECORDED IN SAID BOOK 51, PAGES 1 THROUGH 21, INCLUSIVE; SAID LINE SHALL HAVE A BEARING OF NORTH 85°08'28" EAST FOR THE PURPOSES OF THIS DESCRITPION;

THENCE ALONG SAID PARALLEL LINE, SOUTH 85°08'28" WEST A DISTANCE OF 305.49 FEET TO SAID LINE PARALLEL WITH AND 69.00 FEET SOUTHERLY, MEASURED AT RIGHT ANGLES, FROM THE CENTERLINE OF ANAHEIM STREET;

THENCE NORTH 04°51'32" WEST A DISTANCE OF 19.00 FEET;

THENCE ALONG SAID PARALLEL LINE, SOUTH 85°08'28" WEST A DISTANCE OF 41.00 FEET TO SAID LINE PARALLEL WITH AND 50.00 FEET SOUTHERLY, MEASURED AT RIGHT ANGLES, FROM THE CENTERLINE OF ANAHEIM STREET;

THENCE SOUTH 04°51'32" EAST A DISTANCE OF 19.51 FEET;

THENCE SOUTH $83^{\circ}14'10''$ WEST A DISTANCE OF 74.92 FEET;

THENCE ALONG SAID PARALLEL LINE, SOUTH $85^{\circ}08'34''$ WEST A DISTANCE OF 18.93 FEET TO SAID LINE PARALLEL WITH AND 72.00 FEET SOUTHERLY, MEASURED AT RIGHT ANGLES, FROM THE CENTERLINE OF ANAHEIM STREET;

THENCE ALONG SAID PARALLEL LINE, SOUTH $86^{\circ}16'27''$ WEST A DISTANCE OF 0.89 FEET TO THE **TRUE POINT OF BEGINNING**.

THE PARCEL OF LAND DESCRIBED ABOVE CONTAINS 8.77 ACRES, MORE OR LESS.

SUBJECT TO ALL COVENANTS, RIGHTS, RIGHTS-OF-WAY, AND EASEMENTS OF RECORD, IF ANY.

Parcel No. 2
BIKE PATH PREMISES

IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, BEING A PORTION OF THE RANCHO SAN PEDRO AS SHOWN ON A MAP RECORDED IN BOOK 1, PAGES 119 THROUGH 121, OF PATENTS, TOGETHER WITH A PORTION OF BLOCK 25, RANGE 7 OF THE MAP OF NEW SAN PEDRO RECORDED IN BOOK 6, PAGES 66 AND 67 OF DEEDS, INCLUDING LOTS AND STREET THEREIN; IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE POINT A;

THENCE SOUTH $58^{\circ}18'56''$ EAST A DISTANCE OF 31.72 FEET;

THENCE SOUTH $31^{\circ}38'22''$ WEST A DISTANCE OF 63.53 FEET TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 8698.21 FEET, AND BEING CONCENTRIC WITH AND 67.00 FEET SOUTHEASTERLY FROM THE CENTERLINE OF ALAMEDA STREET AS SHOWN ON SAID RECORD OF SURVEY, AND TO WHICH POINT A RADIAL LINE BEARS SOUTH $57^{\circ}53'49''$ EAST

THENCE SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF $02^{\circ}13'21''$, AN ARC LENGTH OF 337.39 FEET;

THENCE NORTH $55^{\circ}40'28''$ WEST A DISTANCE OF 32.00 FEET RADIALLY TO BEGINNING OF NON-TANGENT CURVE CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 8666.21 FEET, AND BEING CONCENTRIC WITH AND 35.00 FEET SOUTHEASTERLY FROM THE CENTERLINE OF ALAMEDA STREET, AS SHOWN ON THE RECORD OF SURVEY RECORDED IN BOOK 90, PAGES 1 THROUGH 12, INCLUSIVE:

THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF $02^{\circ}38'27''$, AN ARC LENGTH OF 399.44 FEET TO THE **POINT A**.

THE PARCEL OF LAND DESCRIBED ABOVE CONTAINS 0.29 ACRES, MORE OR LESS.

Parcel No. 3
BIKE PATH PREMISES

IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, BEING A PORTION OF THE RANCHO SAN PEDRO AS SHOWN ON A MAP RECORDED IN BOOK 1, PAGES 119 THROUGH 121, OF PATENTS, TOGETHER WITH A PORTION OF BLOCK 24, RANGE 7 OF THE MAP OF NEW SAN PEDRO RECORDED IN BOOK 6, PAGES 66 AND 67 OF DEEDS, INCLUDING LOTS AND STREET THEREIN; IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE POINT B;

THENCE SOUTH 55°24'38" EAST A DISTANCE OF 32.00 FEET;

THENCE SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 00°05'18", AN ARC LENGTH OF 13.41 FEET TO A NON-TANGENT LINE;

THENCE NORTH 55°19'20" WEST A DISTANCE OF 32.00 FEET RADIALLY TO BEGINNING OF NON-TANGENT CURVE CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 8666.21 FEET, AND BEING CONCENTRIC WITH AND 35.00 FEET SOUTHEASTERLY FROM THE CENTERLINE OF ALAMEDA STREET, AS SHOWN ON THE RECORD OF SURVEY RECORDED IN BOOK 90, PAGES 1 THROUGH 12, INCLUSIVE;

THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 00°05'18", AN ARC LENGTH OF 13.36 FEET TO THE **POINT B**.

THE PARCEL OF LAND DESCRIBED ABOVE CONTAINS 0.01 ACRES, MORE OR LESS.

Parcel No. 4
BIKE PATH PREMISES

IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, BEING A PORTION OF PARCEL 66 OF THE RECORD OF SURVEY RECORDED IN BOOK 51, PAGES 1 THROUGH 21, INCLUSIVE, OF RECORDS OF SURVEY; IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE POINT C;

THENCE SOUTH 87°08'31" WEST A DISTANCE OF 251.54 FEET;

THENCE NORTH 04°51'32" WEST A DISTANCE OF 17.04 FEET;

THENCE SOUTH 87°02'58" WEST A DISTANCE OF 243.70 FEET TO THE BEGINNING OF A TANGENG CURVE CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 104.00 FEET;

THENCE SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTAL ANGLE OF 04°19'13", AN ARC LENGTH OF 7.84 FEET TO A NON-TANGENT LINE;

THENCE SOUTH 04°51'32" EAST A DISTANCE OF 17.15 FEET TO THE **POINT C**.

THE PARCEL OF LAND DESCRIBED ABOVE CONTAINS 0.10 ACRES, MORE OR LESS.

Parcel No. 5
BIKE PATH PREMISES

IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, BEING A PORTION OF PARCEL 66 OF THE RECORD OF SURVEY RECORDED IN BOOK 51, PAGES 1 THROUGH 21, INCLUSIVE, OF RECORDS OF SURVEY; IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE POINT D;

THENCE SOUTH 04°51'32" EAST A DISTANCE OF 17.36 FEET TO A LINE PARALLEL WITH AND 69.00 FEET SOUTHERLY, MEASURED AT RIGHT ANGLES, FROM THE PORTION OF THE CENTERLINE OF ANAHEIM STREET SHOWN AS HAVING A BEARING OF NORTH 85°07'56" EAST ON THE RECORD OF SURVEY RECORDED IN SAID BOOK 51, PAGES 1 THROUGH 21, INCLUSIVE; SAID LINE SHALL HAVE A BEARING OF NORTH 85°08'28" EAST FOR THE PURPOSES OF THIS DESCRITPION;

THENCE ALONG SAID PARALLEL LINE, SOUTH 85°08'28" WEST A DISTANCE OF 305.49 FEET TO SAID LINE PARALLEL WITH AND 69.00 FEET SOUTHERLY, MEASURED AT RIGHT ANGLES, FROM THE CENTERLINE OF ANAHEIM STREET;

THENCE NORTH 04°51'32" WEST A DISTANCE OF 19.00 FEET;

THENCE NORTH 85°08'43" EAST A DISTANCE OF 257.19 FEET;

THENCE NORTH 87°02'58" EAST A DISTANCE OF 48.34 FEET TO THE **POINT D;**

THE PARCEL OF LAND DESCRIBED ABOVE CONTAINS 0.13 ACRES, MORE OR LESS.

Parcel No. 6
BIKE PATH PREMISES

IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, BEING A PORTION OF PARCEL 66 OF THE RECORD OF SURVEY RECORDED IN BOOK 51, PAGES 1 THROUGH 21, INCLUSIVE, OF RECORDS OF SURVEY, TOGETHER WITH A PORTION OF THE RANCHO SAN PEDRO AS SHOWN ON A MAP RECORDED IN BOOK 1, PAGES 119 THROUGH 121, OF PATENTS, TOGETHER WITH A PORTION OF BLOCK 26, RANGE 8, AND BLOCK 25, RANGE 8 OF THE MAP OF NEW SAN PEDRO RECORDED IN BOOK 6, PAGES 66 AND 67 OF DEEDS, INCLUDING LOTS AND STREET THEREIN; IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE TRUE POINT OF BEGINNING;

THENCE SOUTH 03°43'33" EAST A DISTANCE OF 22.00 FEET TO THE **TRUE POINT OF BEGINNING**, SAID POINT ALSO BEING ON A LINE PARALLEL WITH AND 72.00 FEET SOUTHERLY, MEASURED AT RIGHT ANGLES, FROM THE PORTION OF THE CENTERLINE OF ANAHEIM STREET SHOWN AS HAVING A BEARING OF NORTH 86°15'38" EAST ON THE MAP OF SAID RECORD OF SURVEY; SAID LINE SHALL HAVE A BEARING OF NORTH 86°16'27" EAST FOR THE PURPOSES OF THIS DESCRIPTION;

THENCE ALONG SAID PARALLEL LINE, SOUTH 86°16'27" WEST A DISTANCE OF 113.28 FEET;

THENCE SOUTH $57^{\circ}14'21''$ WEST A DISTANCE OF 26.31 FEET TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 8698.21 FEET, AND BEING CONCENTRIC WITH AND 67.00 FEET SOUTHEASTERLY FROM THE CENTERLINE OF ALAMEDA STREET, AS SHOWN ON THE RECORD OF SURVEY RECORDED IN BOOK 90, PAGES 1 THROUGH 12, INCLUSIVE,;

THENCE SOUTHWESTERLY ALONG SAID CONCENTRIC CURVE THROUGH A CENTRAL ANGLE OF $02^{\circ}55'40''$, AN ARC LENGTH OF 444.46 FEET TO A NON-TANGENT LINE;

THENCE ALONG SAID NON-TANGENT LINE SOUTH $31^{\circ}38'22''$ WEST A DISTANCE OF 29.89 FEET;

THENCE NORTH $58^{\circ}37'32''$ WEST A DISTANCE OF 31.81 FEET RADially TO BEGINNING OF CURVE;

THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF $03^{\circ}07'01''$, AN ARC LENGTH OF 471.43 FEET TO THE BEGINNING OF A CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 8666.21 FEET, AND BEING CONCENTRIC WITH AND 35.00 FEET SOUTHEASTERLY FROM THE CENTERLINE OF ALAMEDA STREET, AS SHOWN ON THE RECORD OF SURVEY RECORDED IN BOOK 90, PAGES 1 THROUGH 12, INCLUSIVE;

THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF $58^{\circ}00'57''$, AN ARC LENGTH OF 40.50 FEET TO THE BEGINNING OF A TANGENT LINE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 40.00 FEET;

THENCE NORTH $86^{\circ}16'25''$ EAST A DISTANCE OF 130.12 FEET TO THE POINT OF COMMENCING;

THENCE NORTH $86^{\circ}16'25''$ EAST A DISTANCE OF 0.67 FEET;

THENCE NORTH $85^{\circ}08'20''$ EAST A DISTANCE OF 93.59 FEET;

THENCE SOUTH $04^{\circ}51'32''$ EAST A DISTANCE OF 19.51 FEET;

THENCE SOUTH $83^{\circ}14'10''$ WEST A DISTANCE OF 74.92 FEET;

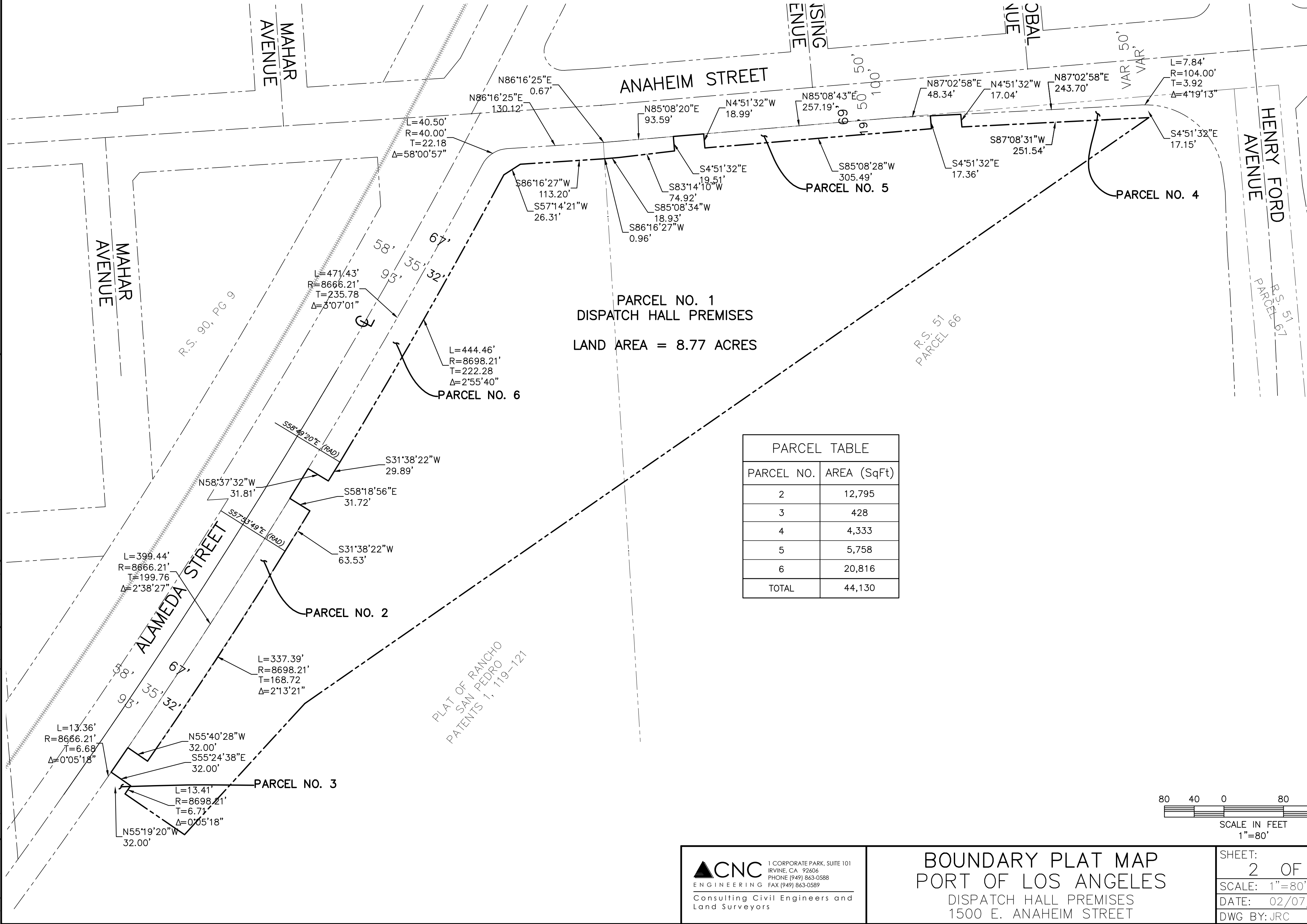
THENCE ALONG SAID PARALLEL LINE, SOUTH $85^{\circ}08'34''$ WEST A DISTANCE OF 18.93 FEET TO SAID LINE PARALLEL WITH AND 72.00 FEET SOUTHERLY, MEASURED AT RIGHT ANGLES, FROM THE CENTERLINE OF ANAHEIM STREET;

THENCE ALONG SAID PARALLEL LINE, SOUTH $86^{\circ}16'27''$ WEST A DISTANCE OF 0.89 FEET TO THE **TRUE POINT OF BEGINNING**.

THE PARCEL OF LAND DESCRIBED ABOVE CONTAINS 0.48 ACRES, MORE OR LESS.
THIS DOCUMENT WAS PREPARED BY ME OR UNDER MY DIRECTION.

BOUNDARY PLAT MAP

IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES



J:\City of Los Angeles\07-017 ILWU Hall Traffic Study\Drawings\Exhibits\Legal and Plat\07017-SVPM001_PLAT_C3D.dwg

CNC
ENGINEERING
Consulting Civil Engineers and
Land Surveyors

1 CORPORATE PARK, SUITE 101
IRVINE, CA 92606
PHONE (949) 863-0588
FAX (949) 863-0589

BOUNDARY PLAT MAP
PORT OF LOS ANGELES
DISPATCH HALL PREMISES
1500 E. ANAHEIM STREET

SHEET:
2 OF 2
SCALE: 1"=80'
DATE: 02/07/11
DWG BY: JRC

Exhibit B (Improvements)

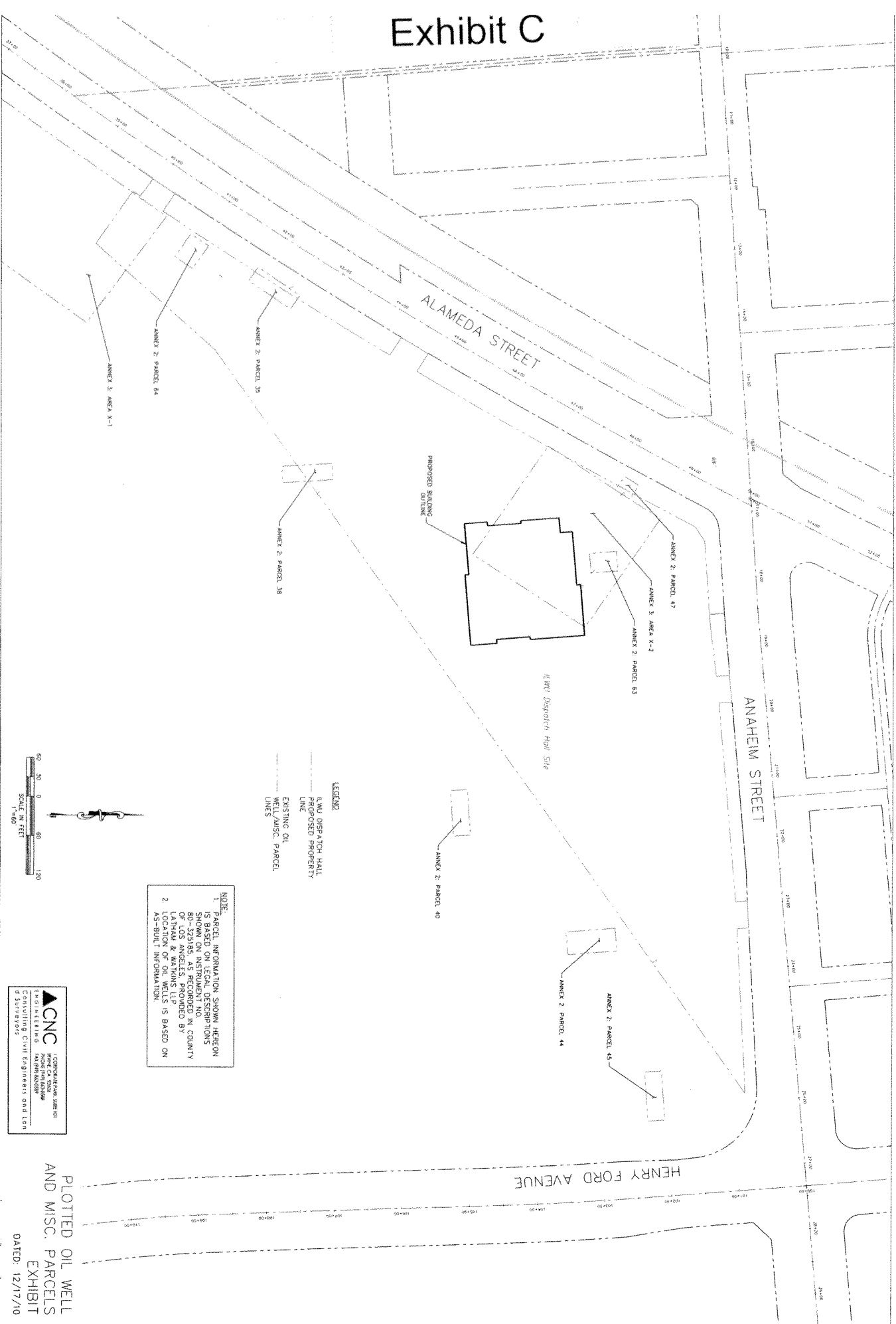
I. Dispatch Hall Improvements

The dispatch hall improvements shall included a 32,565 square foot, 2-story dispatch hall facility consisting of a 16,153 sq. ft. open plan dispatch hall, with the balance including the dispatch area, administration offices, bleachers, records office, conference room, lunch room, shower and storage rooms as well as a mezzanine level with mechanical equipment rooms. The dispatch hall improvements shall be set on the Dispatch Hall Premises with up to 693 parking spaces. The dispatch hall facility will consist of plastered exterior walls, storefront doors / windows, exposed steel bracing, clerestory glazing, high and low angled roofs along with photo-voltaic panels on the low roof and large overhangs for shading and functional purposes. Electronic display screens shall adorn the interior walls.

II. Bike Path Improvements

The existing site improvements located on the Bike Path Premises of asphalt concrete (AC) pavement, chain link fence, site lighting and wiring, block walls and K-rail barrier shall be removed. The Bike Path Premises shall be rough graded and a layer of decomposed granite installed in preparation for a future bicycle path. The existing curb and gutter along Alameda and Anaheim Streets shall remain in place, except for the locations where new driveways will be installed as part of the improvements undertaken with respect to the Dispatch Hall Premises. The existing curb adjacent sidewalk shall be removed and replaced with a new Portland cement concrete (PCC) sidewalk adjacent to the existing curb, matching the existing widths.

Exhibit C



NOTE:
1. PARCEL INFORMATION SHOWN HEREON IS BASED ON LEGAL DESCRIPTIONS OF PARCELS RECORDED IN THE PUBLIC RECORDS OF LOS ANGELES COUNTY OF LOS ANGELES, PROVIDED BY LATHAM & WATKINS LLP
2. LOCATION OF OIL WELLS IS BASED ON AS-BUILT INFORMATION.

CNC
ENGINEERS
CONSULTING CIVIL ENGINEERS and Geotechnical Engineers
10000 PARKSIDE DRIVE
PO BOX 10000
LOS ANGELES, CA 90008
Tel: 213.744.0000
Fax: 213.744.0001
www.cnc-engineers.com

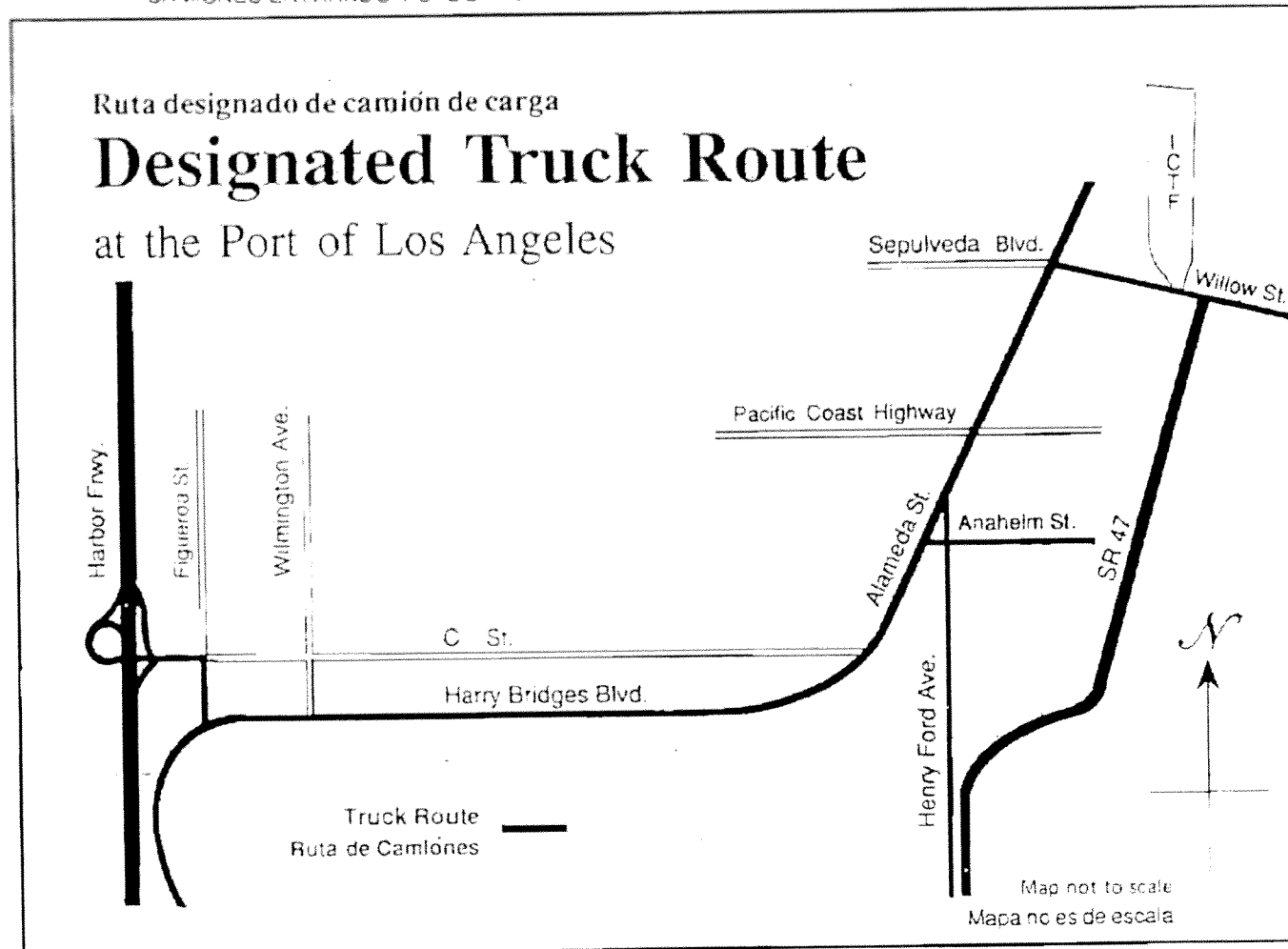
PLOTTED OIL WELL
AND MISC. PARCELS
EXHIBIT
DATED: 12/17/10

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



PS-53

CASUAL HALL TRANSFER AGREEMENT

This Casual Hall Transfer Agreement (the “Agreement”) dated as of __, 20__ (the “Agreement Effective Date”) is entered into by and between Pacific Maritime Association, a California corporation (“PMA”), and City of Los Angeles (the “City”).

RECITALS

A. PMA is the owner of that certain real property located on City of Wilmington, County of Los Angeles, State of California, whose street address is 826 Eubank Avenue, Wilmington, California, and is more particularly described in Exhibit A attached hereto and incorporated herein by reference (the “Real Property”).

B. PMA and City, acting by and through its Board of Harbor Commissioners, have entered into that certain Permit dated as of ____, 2011 (the “Lease”) pursuant to which City is leasing to PMA certain real property located in City of Los Angeles, County of Los Angeles, State of California, and more particularly described in the Lease. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Lease.

C. As a condition precedent to City entering into the Lease and as additional consideration thereof, PMA has agreed to transfer and convey the Property (as defined in Section 1 below) to City, all in accordance with the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration for City entering into the Lease, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. AGREEMENT TO TRANSFER THE PROPERTY

Subject to the terms and conditions set forth herein, PMA agrees to transfer and convey to City, and City agrees to acquire and accept from PMA, the Property. As used herein, the term “Property” shall collectively mean:

- (a) the Real Property;
- (b) all rights, privileges and easements appurtenant to the Real Property owned by PMA, including, without limitation, all minerals, oil, gas, and other hydrocarbon substances on and under the Real Property, as well as all development rights, air rights, water, water rights and water stock relating to the Real Property, any appurtenant rights to any land lying in the bed of any existing dedicated street, road or alley adjoining the Real Property and to all strips and gores adjoining the Real Property, and any other easements, rights-of-way, or appurtenances used in connection with the beneficial use and enjoyment of the Real Property; and
- (c) all improvements and fixtures located on the Real Property.

SECTION 2. CLOSING

2.1. Closing Date. Subject to prior termination of this Agreement as provided herein, the closing of the transactions described herein (the “Closing”) shall take place on the date which is fifteen (15) months after the Construction Phase Completion Date; provided, however, PMA can elect to have the Closing occur earlier upon at least thirty (30) days prior written notice to City specifying the date on which the Closing is to occur.

2.2. Opening of Escrow. Within five (5) days after the Agreement Effective Date, City shall open an escrow (the “Escrow”) with First American Title Company, 777 South Figueroa Street, Suite 400, Los Angeles, California, 90017 (the “Title Company”). At least three (3) days prior to the Closing, Title Company shall prepare and submit to PMA and City for approval escrow instructions incorporating this Agreement as part thereof, and containing such other standard and usual provisions as may be requested by Title Company and approved by PMA and City in writing; provided, however, that no escrow instructions shall modify or amend any provision of this Agreement. If there is a conflict between any such standard or usual provisions and the provisions of this Agreement, then the provisions of this Agreement shall control. As used in this Agreement, “Closing” shall mean the date a grant deed (the “Grant Deed”) from PMA, in the form set forth as Exhibit B attached hereto and incorporated herein by reference, is recorded in the Office of the Recorder of the County of Los Angeles (the “Official Records”).

2.3. Closing Costs. At the Closing, City shall pay and be responsible for (i) all title, survey, insurance premiums and other costs related to City obtaining its Title Policy (as defined in Section 4.1.1 below); (ii) any endorsements to the Title Policy in whatever form; and (ii) all city or county transfer taxes, if any, payable to City of Los Angeles or County of Los Angeles. At the Closing, PMA shall pay and be responsible for all recording and escrow fees. All real estate taxes in connection with the Property shall be pro-rated at the Closing. Title Company will prepare and deliver a draft closing statement to City and PMA for City’s and PMA’s review and approval at least two (2) days prior to the Closing.

2.4. Closing Documents. The parties shall deposit the following with Title Company prior to the Closing:

2.4.1 City’s Deliveries. City shall deliver the following items into Escrow prior to the Closing:

(a) City’s share of closing costs and prorations as provided in Sections 2.3 above.

2.4.2 PMA’s Deliveries. PMA shall deliver the following items into Escrow prior to the Closing:

(a) The Grant Deed conveying fee title to the Property duly executed by PMA; and

(b) PMA’s share of closing costs and prorations as provided in Sections 2.3 above.

2.4.3 Additional Instruments. PMA and City shall each deposit such other instruments as are reasonably required by Title Company or otherwise required to proceed to the Closing and consummate the transfer of the Property in accordance with the terms of this Agreement.

2.5. Closing Escrow. On the Closing Date, provided each of the conditions to the parties' obligations have been satisfied or waived, Title Company shall undertake and perform the following acts in the following order:

(a) Record the Grant Deed in the Official Records, obtain a conformed copy thereof for delivery to City, and instruct the County Recorder to return such Grant Deed to City;

(b) Pay any transfer taxes; and

(c) Deliver to City (i) a conformed copy of the recorded Grant Deed; (ii) the closing statement for the Escrow; and (iii) the original Title Policy.

(d) Deliver to PMA (i) a conformed copy of the recorded Grant Deed; and (ii) the closing statement for the Escrow.

2.6. Failure to Close.

2.6.1 City's Default. If City is in material default or breach of this Agreement, then (i) PMA may terminate this Agreement; (ii) the Escrow shall terminate; and (iii) the parties shall have no further obligation to one another with respect to this Agreement, except as otherwise expressly provided herein.

2.6.2 PMA's Default. If PMA is in material default or breach of this Agreement, then City may, in its sole and absolute discretion, avail itself of any and all rights and remedies available at law or in equity, including, without limitation, the right to terminate this Agreement and recover all damages proximately caused by PMA's breach or default, and no such remedy shall be deemed exclusive or to preclude the pursuit of any other remedy

2.6.3 Failure of City Conditions to Closing. If any of City Conditions to Closing (as defined in Section 4.1 below) has not been satisfied by the Closing Date, City may waive such condition and proceed to the Closing by delivering written notice of such waiver to PMA and Title Company, or may terminate the Agreement by delivering written notice of termination to PMA and Title Company, in which case (i) this Agreement and the Escrow shall terminate, and (ii) the parties shall have no further obligation to one another with respect to this Agreement, except as otherwise expressly provided herein; provided, if the failure of the condition to closing is due to PMA's failure to perform its obligations under this Agreement and City elects to terminate the Agreement, then City shall be entitled to the remedies provided in Section 2.6.2 above.

2.6.4 Failure of PMA Conditions to Closing. If any of the PMA Conditions to Closing (as defined in Section 4.2 below) has not been satisfied by the Closing Date, PMA may waive such condition and proceed to the Closing by delivering written notice of such waiver to City and Title Company, or may terminate the Agreement by delivering written notice of

termination to PMA and Title Company, in which case (i) this Agreement and the Escrow shall terminate, and (ii) the parties shall have no further obligation to one another with respect to this Agreement.

SECTION 3. CONDITION OF TITLE

City acknowledges receipt and examination of the Title Company's Preliminary Report No. NCS-461028-LA2 dated as of October 28, 2010 ("Preliminary Report"). City shall take title to the Property by the Grant Deed subject to the Permitted Exceptions (as defined below). As used in this Agreement "Permitted Exceptions" shall mean: (i) standard printed exceptions in the Title Policy; (ii) bonds and general and special real property taxes and assessments, a lien not yet due and payable; (iii) exceptions numbers 3 through 14 set forth in the Preliminary Report; (iv) such matters or defects in existence as of the Agreement Effective Date as a survey or inspection would reveal; (v) any liens, easements, encumbrances, covenants, conditions and restrictions of record either approved or expressly waived by City pursuant to this Agreement or otherwise created by City; and (vi) any other non-monetary liens, easements, encumbrances, covenants, conditions, restrictions or imperfections with respect to the Property which do not materially detract from the value of or materially adversely impair the use of the Property. Any exceptions to title to the Property shown on any supplement to the Preliminary Report that may be issued from time to time by Title Company must be removed by PMA at or prior to the Closing, unless City approves such exceptions in writing or unless such exceptions constitute Permitted Exceptions.

SECTION 4. CONDITIONS TO CLOSING

4.1. City Conditions to Closing. The obligation of City to accept the transfer and conveyance of the Property from PMA is subject to the satisfaction of the following conditions precedent as of the Closing Date (collectively, the "City Conditions to Closing"), any of which may be waived in whole or in part by City at or prior to the Closing Date:

4.1.1 CLTA Title Policy. Title Company shall be prepared to issue to City on the Closing Date a CLTA Owner's Policy of Title Insurance showing title to the Property vested in City with liability at least equal to Eight Hundred Thousand Dollars (\$800,000), subject only to the Permitted Exceptions (the "Title Policy").

4.1.2 Representations and Warranties. The representations and warranties of PMA set forth in Section 5.1 below shall be true and correct in all material respects as of the Closing Date with the same force and effect as if such representations and warranties were made as of the Closing Date.

4.1.3 Documents and Funds. PMA shall have delivered to Title Company the documents and funds specified in Section 2.4.2 above.

4.2. PMA Conditions to Closing. The obligation of PMA to transfer and convey the Property to City is subject to the satisfaction of the following conditions precedent as of the Closing Date (collectively, the "PMA Conditions to Closing"), any of which may be waived in whole or in part by PMA at or prior to the Closing Date:

4.2.1 Documents and Funds

. City shall have delivered to Title Company the documents and funds specified in Section 2.4.1 above.

4.2.2 Representations and Warranties. The representations and warranties of City set forth in Section 5.2 below shall be true and correct in all material respects as of the Closing Date with the same force and effect as if such representations and warranties were made as of the Closing Date.

SECTION 5. REPRESENTATIONS AND WARRANTIES

5.1.1 PMA Representations and Warranties

. PMA hereby represents and warrants to City as follows, all of which shall be true and correct as of the date of this Agreement and as of the Closing Date that (i) PMA is a corporation duly formed, validly existing and in good standing under the State of California; (ii) PMA has the full right, capacity, power and authority to enter into and carry out the terms of this Agreement; (iii) this Agreement has been duly authorized and executed by PMA, and upon delivery to and execution by City shall be a valid and binding agreement of PMA, enforceable against PMA in accordance with its terms; and (iv) the entering into and performance by PMA of the transactions contemplated by this Agreement will not violate or breach any agreement, covenant, or obligation binding on PMA.

5.1.2 City Representations and Warranties

. City hereby represents and warrants to PMA as follows, all of which shall be true and correct as of the date of this Agreement and as of the Closing Date that (i) City has the full right, capacity, power and authority to enter into and carry out the terms of this Agreement; (ii) this Agreement has been duly authorized and executed by Executive Director on behalf of City, and upon delivery to and execution by PMA shall be a valid and binding agreement of City, enforceable against City in accordance with its terms; and (iii) the entering into and performance by City of the transactions contemplated by this Agreement will not violate or breach any agreement, covenant, or obligation binding on City.

SECTION 6. AS-IS TRANSACTION AND RELEASE

6.1. As-Is Transaction. City hereby acknowledges and agrees as follows:

City is acquiring the Property “AS IS, WHERE IS” AND “WITH ALL FAULTS, LIABILITIES, AND DEFECTS, LATENT OR OTHERWISE, KNOWN OR UNKNOWN,” in its present state and condition as of the Closing, with no rights of recourse against PMA (or any related or affiliated party) for same. City acknowledges that City has been given a full and complete opportunity to conduct its own investigation as to any matter, fact, or issue which might influence City’s decision to acquire the Property. City has made a thorough inspection and investigation of the Property, employing its own experts for such purpose. City has made, or has caused to be made by experts of its own choice, a thorough review and analysis of the Property. City represents and warrants as of the date hereof that City has conducted a thorough inspection of the Property and is not relying on any representation or warranty of PMA. City

understands and agrees that PMA makes no warranties regarding, and shall have no liability whatsoever with respect to the Property. City further acknowledges the AS-IS nature of the transaction and that the other terms and conditions described in this Section have been taken into account in PMA's agreement to donate the Property. The provisions of this Section shall survive the Closing.

Neither PMA nor any of PMA's agents, contractors, consultants, attorneys, or representatives have made, do not make, and specifically negate and disclaim, and City is not relying on, any representations, warranties, promises, covenants, agreements or guaranties of any kind or character whatsoever, whether express or implied, oral or written, past, present or future, of, as to, concerning, or with respect to: (i) the value of the Property; (ii) any income to be derived from the Property; (iii) the suitability of the Property for any and all activities and uses which City may conduct thereon, including without limitation, the possibilities for development of the Property or construction thereon; (iv) the habitability, merchantability, marketability, profitability or fitness for a particular purpose of the Property or any improvements thereon; (v) the manner, quality, state of repair or lack of repair on the Property or any improvements thereon; (vi) the nature, quality or condition of the Property, including, without limitation, with respect to water conditions, soil, geological or geotechnical condition (including, without limitation, soil expansiveness, corrosivity, or stability, or seismic, hydrological, geological and topographical conditions and configurations, including, without limitation, any opinions or conclusions of any soils engineer(s) retained to perform geotechnical and/or soils studies or to oversee any soils engineering aspects of developing the Property); (vii) the compliance of or by PMA, the Property, or its operation with any codes, laws, rules, ordinances, regulations of any applicable governmental authority or body; (viii) the manner or quality of the construction or materials incorporated into the Property; (ix) compliance with environmental laws or land use laws, rules, regulations, orders, codes or requirements, including, but not limited to, the Americans with Disabilities Act of 1990, the Federal Water Pollution Control Act, the U.S. Environmental Protection Agency regulations at 40 CFR, Part 261, the Clean Water Act, the Safe Drinking Water Act, the Hazardous Materials Transportation Act, the Toxic Substance Control Act, and/or any rules or regulations promulgated under any of the foregoing (as the same may be amended from time to time); (x) the presence or absence of radon gas, methane gas, or any hazardous materials at, on, under, or adjacent to the Property; (xi) the content, completeness or accuracy of any information or materials in connection with the Property and/or the Preliminary Report; (xii) the conformity of the Improvements on the Property to any plans or specifications, including, without limitation, any plans and specifications that may have been or may be provided to City; (xiii) the conformity of the Property to past, current or future applicable zoning or building requirements; (xiv) deficiency of any undershoring; (xv) deficiency of any drainage; (xvi) the fact that all or a portion of the Property may be located on or near an earthquake fault line or in or near an earthquake or seismic hazard zone; (xvii) the existence of vested land use, zoning or building entitlements affecting the Property; (xviii) water rights or the availability of or access to water; (xix) the presence or suitability of any utilities or availability thereof, or (xx) any other matter relating to the Property or to the development, construction, operation, or transfer of the Property (other than PMA's authority to enter into this Agreement), including, but not limited to, legal requirements, valuations, feasibility, cost, governmental permissions or entitlements, claims and obligations, license and other use rights and claims, the future use and operation of the Property and marketability and investment return. Neither PMA nor its employees, agents, contractors, consultants, attorneys or representatives shall be liable for

any relief, including damages, rescission, reformation, allowance or adjustments based on the failure of the Property, including, but not limited to, amount of acreage, square footage, zoning, and environmental condition, to conform to any specific standard or expectation, or any third party documents or information. Notwithstanding any other provision herein, in the event that any contracts or agreements in connection with the Property contain any express representations or warranties from any contractor, subcontractor, agent, or consultant, City shall look solely to such contractor, subcontractor, agent, or consultant in the event of a breach thereof, and shall not have any recourse against PMA in connection with any such breach by or attributable to that contractor, subcontractor, agent or consultant. The provisions of this Section shall survive the Closing.

6.2. City's Release of PMA.

AS A MATERIAL PART OF THE CONSIDERATION TO PMA FOR THE DONATION OF THE PROPERTY, CITY, ON BEHALF OF ITSELF, AND ITS SUCCESSORS AND ASSIGNS, HEREBY IRREVOCABLY WAIVES, AND RELEASES PMA, ITS MEMBERS, PRINCIPALS, AGENTS, REPRESENTATIVES, ATTORNEYS AND EMPLOYEES FROM ANY AND ALL CLAIMS, DEMANDS, OBLIGATIONS, DAMAGES, CAUSES OF ACTION AND LIABILITIES, WHETHER KNOWN OR UNKNOWN, THAT ARE BASED DIRECTLY OR INDIRECTLY ON, ARISE FROM OR IN CONNECTION WITH, OR ARE RELATED TO: (A) ANY PAST, PRESENT OR FUTURE CONDITION OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION, ANY DEFECTS IN OR TO THE PROPERTY OR ANY IMPROVEMENTS TO THE PROPERTY'S PROXIMITY TO ANY GEOLOGICAL HAZARD, OR THE PRESENCE OF HAZARDOUS MATERIALS AT THE PROPERTY, WHETHER IN COMMON LAW OR UNDER ANY EXISTING OR HEREINAFTER ENACTED FEDERAL, STATE OR LOCAL LAW, REGULATION, OR ORDINANCE, INCLUDING, WITHOUT LIMITATION, THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION AND LIABILITY ACT, 42 U.S.C. SECTION 9601 ET SEQ., AND THE RESOURCE CONSERVATION AND RECOVERY ACT, 42 U.S.C. SECTION 6901 ET SEQ., AS AMENDED, AND WHETHER OR NOT CAUSED BY THE NEGLIGENCE OF PMA; (B) EXCEPT AS SPECIFICALLY SET FORTH IN SECTION 5.1 ABOVE< ANY AND ALL STATEMENTS, REPRESENTATIONS, WARRANTIES, DETERMINATIONS, CONCLUSIONS, ASSESSMENTS, ASSERTIONS OR ANY OTHER INFORMATION CONTAINED IN ANY OF THE DOCUMENTS DELIVERED TO CITY IN CONNECTION HERewith, OR ANY MISREPRESENTATION OR FAILURE TO DISCLOSE INFORMATION RELATING TO THE PROPERTY OR ANY DOCUMENTS DELIVERED TO CITY IN CONNECTION HERewith; OR (C) ANY DEFECT, INACCURACY OR INADEQUACY IN THE CONDITION OF TITLE TO THE PROPERTY, LEGAL DESCRIPTION OF THE PROPERTY, OR COVENANTS, RESTRICTIONS, ENCUMBRANCES OR ENCROACHMENTS WHICH AFFECT THE PROPERTY.

CITY HEREBY ACKNOWLEDGES AND AGREES THAT (i) CITY MAY HEREAFTER DISCOVER FACTS DIFFERENT FROM OR IN ADDITION TO THOSE NOW (OR AS OF THE CLOSING) KNOWN OR BELIEVED TO BE TRUE REGARDING THE PROPERTY AND/OR ANY DOCUMENTS DELIVERED TO CITY IN CONNECTION HERewith; (ii) CITY'S AGREEMENT TO RELEASE, ACQUIT AND DISCHARGE PMA

AS SET FORTH HEREIN SHALL REMAIN IN FULL FORCE AND EFFECT, NOTWITHSTANDING THE EXISTENCE OR DISCOVERY OF ANY SUCH DIFFERENT OR ADDITIONAL FACTS; AND (iii) CITY KNOWINGLY AND VOLUNTARILY WAIVES ANY AND ALL RIGHTS, BENEFITS AND PRIVILEGES TO THE FULLEST EXTENT PERMISSIBLE UNDER ANY FEDERAL, STATE, LOCAL, OR OTHER LAWS WHICH DO OR WOULD NEGATIVELY AFFECT VALIDITY OR ENFORCEABILITY OF ALL OR PART OF THE RELEASES SET FORTH IN THIS AGREEMENT.

CITY HEREBY ACKNOWLEDGES AND AGREES THAT UPON THE CONSUMMATION OF THE CLOSING, PMA SHALL BE DEEMED TO HAVE SATISFIED AND FULFILLED ALL OF PMA'S COVENANTS, INDEMNITIES, AND OBLIGATIONS CONTAINED IN THIS AGREEMENT AND ANY DOCUMENTS EXECUTED BY PMA FOR THE BENEFIT OF CITY IN CONNECTION WITH THE CLOSING (OTHER THAN SUCH OBLIGATIONS, IF ANY, WHICH ARE EXPRESSLY CONTEMPLATED HEREIN TO SURVIVE THE CLOSING OR TO BE PERFORMED BY PMA FOLLOWING THE CLOSING), AND PMA SHALL HAVE NO FURTHER LIABILITY TO CITY OR OTHERWISE WITH RESPECT TO THIS AGREEMENT, THE TRANSFERS CONTEMPLATED HEREBY, OR ANY DOCUMENTS DELIVERED PURSUANT HERETO. THE PROVISIONS OF THIS SECTION, INCLUDING, WITHOUT LIMITATION THE WAIVER AND RELEASE CONTAINED HEREIN, SHALL BE DEEMED REAFFIRMED AT THE CLOSING AND SHALL SURVIVE THE CLOSING (AND NOT BE MERGED THEREIN).

CITY AGREES NEVER TO COMMENCE OR PROSECUTE, OR CONSPIRE OR COLLUDE WITH OTHERS TO COMMENCE OR PROSECUTE, AGAINST PMA, ITS PARTNERS, MEMBERS, PRINCIPALS, AGENTS, REPRESENTATIVES, ATTORNEYS OR EMPLOYEES (OTHER THAN AGENTS, CONSULTANTS, CONTRACTORS OR SUBCONTRACTORS OF PMA AGAINST WHOM RECOURSE RIGHTS HAVE BEEN EXPRESSLY ASSIGNED TO CITY PURSUANT TO THE TERMS OF THIS AGREEMENT), ANY ACTION OR OTHER PROCEEDING BASED UPON ANY CLAIM COVERED BY THIS RELEASE. THIS RELEASE SHALL BE DEEMED REAFFIRMED AT THE CLOSING. NOTWITHSTANDING THE FOREGOING, THE RELEASE SET FORTH IN THIS SECTION SHALL NOT BE APPLICABLE TO CITY'S RIGHT TO IMPEAD OR OTHERWISE SEEK JOINDER OF PMA SOLELY WITH RESPECT TO ANY CLAIMS BROUGHT AGAINST CITY BY A THIRD PARTY UNAFFILIATED WITH CITY RELATING TO HAZARDOUS MATERIALS DISPOSED OF OR RELEASED IN, ON OR UNDER THE PROPERTY DURING PMA'S PERIOD OF OWNERSHIP OF THE PROPERTY AND FOR WHICH PMA SHALL BE LIABLE UNDER ANY ENVIRONMENTAL LAWS.

Without limiting the foregoing, City waives the provisions of Section 1542 of the California Civil Code, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM

OR HER MUST HAVE MATERIALLY AFFECTED HIS OR
HER SETTLEMENT WITH THE DEBTOR.

City has carefully reviewed this Section, and discussed its import with legal counsel, is fully aware of its consequences, and the provisions of this Section 6.2 are a material part of this Agreement.

City Initials _____

SECTION 7. POSSESSION

Possession of the Property by City shall commence as of the Closing.

SECTION 8. ADDITIONAL TERMINATION EVENTS

Without limiting the provisions of Section 2.6 above, this Agreement and the transactions contemplated by this Agreement may be terminated at any time before the Closing as follows: (i) by mutual consent in writing of City and PMA; and (ii) by PMA upon written notice to City if the Lease is terminated by City or PMA prior to the Construction Phase Completion Date for any reason whatsoever, including without limitation, termination of the Lease by City by reason of PMA's default thereunder. In the event of such termination, the parties shall have no further obligation to one another with respect to this Agreement, except as otherwise expressly provided herein.

SECTION 9. ATTORNEY'S FEES

If either party files any action or brings any proceeding against the other arising out of this Agreement, then the prevailing party shall be entitled to recover as an element of its cost of suit, and not as damages, reasonable attorney's fees to be fixed by the Court. The "prevailing party" shall be the party who is entitled to recover its costs of suit, whether or not suit proceeds to final judgment. A party not entitled to recover its costs shall not recover attorney's fees. No sum for attorney's fees shall be counted in calculating the amount of a judgment for purposes of determining whether a party is entitled to its costs or attorney's fees.

SECTION 10. TIME OF THE ESSENCE

Time is of the essence of this Agreement.

SECTION 11. ENTIRE AGREEMENT

This Agreement represents the entire and integrated agreement of the parties hereto. Both parties hereto expressly acknowledge, warrant, and understand that there are no statements, representations, inducements, or agreements made by or between the parties except as expressly set forth herein. No amendment, supplement or termination hereof shall be valid except by way of a writing subscribed by the parties hereto.

SECTION 12. DUPLICATE ORIGINALS

This Agreement may be executed in one (1) or more duplicate originals, each of which shall be deemed an original for all purposes.

SECTION 13. HEADINGS

The section and subsection headings used in this Agreement are for convenience of reference only. They shall not be construed to limit or extend the meaning of any part of this Agreement and shall not be deemed relevant in resolving any questions or interpretation or constructing of any section of this Agreement.

SECTION 14. GOVERNING LAW

This Agreement shall be construed and enforced in accordance with the law of the State of California.

SECTION 15. SEVERABILITY

In case any one or more of the provisions of this Agreement shall for any reason be held to be invalid, such provision shall be modified to the minimum extent necessary to make it or its application valid and enforceable, and the validity and enforceability of all other provisions of this Agreement and all other applications of such provision shall not be affected thereby.

SECTION 16. LEGAL EFFECT OF DOCUMENT

No representation, warranty or recommendation is made by PMA, City, their respective agents, employees or attorneys regarding the legal sufficiency, legal effect, or tax consequences of this Agreement or the transaction, and each signatory is advised to submit this Agreement to its respective attorney before signing it.

SECTION 17. ASSIGNMENT

This Agreement shall be binding upon and shall inure to the benefit of the successors and permitted assigns of the parties to this Agreement.

SECTION 18. NON-BUSINESS DAYS

Whenever action must be taken (including the giving of notice or the delivery of documents) under this Agreement during a certain period of time (or by a particular date) that ends (or occurs) on a non-business day, then such period (or date) shall be extended until the immediately following business day. As used herein, "business day" means any day other than a Saturday, Sunday or federal or California State holiday. Any day which is not referred to herein as a "business day" shall be deemed a calendar day.

SECTION 19. NOTICES

The parties shall send all notices or other communication necessary under this Agreement in writing by personal service, or express mail, Federal Express, DHL, UPS or any other similar form of airborne/overnight delivery service, or mailing in the United States mail, postage prepaid, certified and return receipt requested, addressed to the parties at their respective addresses as follows:

If to PMA:

Pacific Maritime Association
300 Oceangate, 12th Floor
Long Beach, CA 90802
Attn: President

with copies to:

Pacific Maritime Association
555 Market Street, 3rd floor
San Francisco, CA 94105
Attn: General Counsel

If to City:

Port of Los Angeles
425 South Palos Verdes Street
San Pedro, CA 90731
Attn: Executive Director

with copies to:

Los Angeles City Attorney's Office
425 South Palos Verdes Street
San Pedro, CA 90731
Attn: General Counsel

Any such notice shall be deemed to have been given upon delivery or two business days after deposit in the mail as aforesaid. Either party may change the address at which it desires to receive notice upon giving written notice of such request to the other parties.

[Signature Page Follows]

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

Dated: _____, 20

CITY OF LOS ANGELES,

By: _____
Name: _____
Title: _____

Attest: _____

Dated: _____, 20

PACIFIC MARITIME ASSOCIATION,
a California corporation

By: _____
Name: _____
Title: _____

Attest: _____
Board Secretary

APPROVED AS TO FORM:

_____, 20

CARMEN A. TRUTANICH, City Attorney

By: _____
Printed Name: _____
Assistant/Deputy

EXHIBIT A

Legal Description of the Real Property

EXHIBIT B

Form of Grant Deed

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL TO:

Harbor Department of City of Los Angeles

Attn: _____

MAIL TAX STATEMENTS TO:

(same as above)

APN: 7423-024-031

GRANT DEED

The undersigned grantor declares:

Documentary Transfer Tax is \$ _____ City Tax \$ _____

- ☐ computed on full value of property conveyed, or
- ☐ computed on full value less value of liens or
- ☐ encumbrances remaining at time of transfer

City of Los Angeles

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,
Pacific Maritime Association ("Grantor") hereby GRANTS to City of Los Angeles
("Grantee"), the following described real property in the County of Los Angeles, State of
California:

See Exhibit A attached hereto and incorporated herein by this reference.

Dated: November __, 2010

GRANTOR

PACIFIC MARITIME ASSOCIATION

By: _____

Name:

Title:

State of California)
)
County of _____) ss.

On _____, 2010 before me, _____,
a Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

[Affix seal here]

Signature of Notary Public

PLACEHOLDER
FOP PHASE II

**APPLICABLE ENVIRONMENTAL POLICIES, RULES AND DIRECTIVES OF
CITY'S HARBOR DEPARTMENT
(PORT ENVIRONMENTAL POLICIES)**

- Port of Los Angeles Environmental Management Policy
- Resolution No. 5317 - Policy for Operation of Hazardous Waste Transfer, Storage and Disposal (TSD) Facilities on Harbor Department Property

EXHIBIT "I"
AFFIRMATIVE ACTION PROGRAM PROVISIONS

Sec. 10.8.4 Affirmative Action Program Provisions.

Every non-construction contract with or on behalf of the City of Los Angeles for which the consideration is \$100,000 or more and every construction contract with or on behalf of the City of Los Angeles for which the consideration is \$5,000 or more shall contain the following provisions which shall be designated as the AFFIRMATIVE ACTION PROGRAM provisions of such contract:

- A. During the performance of City contract, the contractor certifies and represents that the contractor and each subcontractor hereunder will adhere to an affirmative action program to ensure that in its employment practices, persons are employed and employees are treated equally and without regard to or because of race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status, domestic partner status, or medical condition.
 - 1. This provision applies to work or services performed or materials manufactured or assembled in the United States.
 - 2. Nothing in this section shall require or prohibit the establishment of new classifications of employees in any given craft, work or service category.
 - 3. The contractor shall post a copy of Paragraph A hereof in conspicuous places at its place of business available to employees and applicants for employment.
- B. The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to their race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status, domestic partner status, or medical condition.
- C. As part of the City's supplier registration process, and/or at the request of the awarding authority or the Office of Contract Compliance, the contractor shall certify on an electronic or hard copy form to be supplied, that the contractor has not discriminated in the performance of City contracts against any employee or applicant for employment on the basis or because of race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status, domestic partner status, or medical condition.
- D. The contractor shall permit access to and may be required to provide certified copies of all of its records pertaining to employment and to its employment practices by the awarding authority or the Office of Contract Compliance, for the purpose of investigation to ascertain compliance with the Affirmative Action Program provisions of City contracts, and on their or either of their request to provide evidence that it has or will comply therewith.
- E. The failure of any contractor to comply with the Affirmative Action Program provisions of City contracts may be deemed to be a material breach of contract. Such failure shall only be established upon a finding to that effect by the awarding

AFFIRMATIVE ACTION PROGRAM PROVISIONS

authority, on the basis of its own investigation or that of the Board of Public Works, Office of Contract Compliance. No such finding shall be made except upon a full and fair hearing after notice and an opportunity to be heard has been given to the contractor.

- F. Upon a finding duly made that the contractor has breached the Affirmative Action Program provisions of a City contract, the contract may be forthwith cancelled, terminated or suspended, in whole or in part, by the awarding authority, and all monies due or to become due hereunder may be forwarded to and retained by the City of Los Angeles. In addition thereto, such breach may be the basis for a determination by the awarding authority or the Board of Public Works that the said contractor is an irresponsible bidder or proposer pursuant to the provisions of Section 371 of the Los Angeles City Charter. In the event of such determination, such contractor shall be disqualified from being awarded a contract with the City of Los Angeles for a period of two years, or until he or she shall establish and carry out a program in conformance with the provisions hereof.
- G. In the event of a finding by the Fair Employment and Housing Commission of the State of California, or the Board of Public Works of the City of Los Angeles, or any court of competent jurisdiction, that the contractor has been guilty of a willful violation of the California Fair Employment and Housing Act, or the Affirmative Action Program provisions of a City contract, there may be deducted from the amount payable to the contractor by the City of Los Angeles under the contract, a penalty of TEN DOLLARS (\$10.00) for each person for each calendar day on which such person was discriminated against in violation of the provisions of a City contract.
- H. Notwithstanding any other provisions of a City contract, the City of Los Angeles shall have any and all other remedies at law or in equity for any breach hereof.
- I. The Public Works Board of Commissioners shall promulgate rules and regulations through the Office of Contract Compliance and provide to the awarding authorities electronic and hard copy forms for the implementation of the Affirmative Action Program provisions of City contracts, and rules and regulations and forms shall, so far as practicable, be similar to those adopted in applicable Federal Executive Orders. No other rules, regulations or forms may be used by an awarding authority of the City to accomplish this contract compliance program.
- J. Nothing contained in City contracts shall be construed in any manner so as to require or permit any act which is prohibited by law.
- K. The Contractor shall submit an Affirmative Action Plan which shall meet the requirements of this chapter at the time it submits its bid or proposal or at the time it registers to do business with the City. The plan shall be subject to approval by the Office of Contract Compliance prior to award of the contract. The awarding authority may also require contractors and suppliers to take part in a pre-registration, pre-bid, pre-proposal, or pre-award conference in order to develop, improve or implement a qualifying Affirmative Action Plan. Affirmative Action Programs developed pursuant to this section shall be effective for a period of twelve

AFFIRMATIVE ACTION PROGRAM PROVISIONS

months from the date of approval by the Office of Contract Compliance. In case of prior submission of a plan, the contractor may submit documentation that it has an Affirmative Action Plan approved by the Office of Contract Compliance within the previous twelve months. If the approval is 30 days or less from expiration, the contractor must submit a new Plan to the Office of Contract Compliance and that Plan must be approved before the contract is awarded.

1. Every contract of \$5,000 or more which may provide construction, demolition, renovation, conservation or major maintenance of any kind shall in addition comply with the requirements of Section 10.13 of the Los Angeles Administrative Code.
 2. A contractor may establish and adopt as its own Affirmative Action Plan, by affixing his or her signature thereto, an Affirmative Action Plan prepared and furnished by the Office of Contract Compliance, or it may prepare and submit its own Plan for approval.
- L. The Office of Contract Compliance shall annually supply the awarding authorities of the City with a list of contractors and suppliers who have developed Affirmative Action Programs. For each contractor and supplier the Office of Contract Compliance shall state the date the approval expires. The Office of Contract Compliance shall not withdraw its approval for any Affirmative Action Plan or change the Affirmative Action Plan after the date of contract award for the entire contract term without the mutual agreement of the awarding authority and the contractor.
- M. The Affirmative Action Plan required to be submitted hereunder and the pre-registration, pre-bid, pre-proposal or pre-award conference which may be required by the Board of Public Works, Office of Contract Compliance or the awarding authority shall, without limitation as to the subject or nature of employment activity, be concerned with such employment practices as:
1. Apprenticeship where approved programs are functioning, and other on-the-job training for non-apprenticeable occupations;
 2. Classroom preparation for the job when not apprenticeable;
 3. Pre-apprenticeship education and preparation;
 4. Upgrading training and opportunities;
 5. Encouraging the use of contractors, subcontractors and suppliers of all racial and ethnic groups, provided, however, that any contract subject to this ordinance shall require the contractor, subcontractor or supplier to provide not less than the prevailing wage, working conditions and practices generally observed in private industries in the contractor's, subcontractor's or supplier's geographical area for such work;

AFFIRMATIVE ACTION PROGRAM PROVISIONS

6. The entry of qualified women, minority and all other journeymen into the industry; and
 7. The provision of needed supplies or job conditions to permit persons with disabilities to be employed, and minimize the impact of any disability.
- N. Any adjustments which may be made in the contractor's or supplier's workforce to achieve the requirements of the City's Affirmative Action Contract Compliance Program in purchasing and construction shall be accomplished by either an increase in the size of the workforce or replacement of those employees who leave the workforce by reason of resignation, retirement or death and not by termination, layoff, demotion or change in grade.
- O. Affirmative Action Agreements resulting from the proposed Affirmative Action Plan or the pre-registration, pre-bid, pre-proposal or pre-award conferences shall not be confidential and may be publicized by the contractor at his or her discretion. Approved Affirmative Action Agreements become the property of the City and may be used at the discretion of the City in its Contract Compliance Affirmative Action Program.
- P. This ordinance shall not confer upon the City of Los Angeles or any Agency, Board or Commission thereof any power not otherwise provided by law to determine the legality of any existing collective bargaining agreement and shall have application only to discriminatory employment practices by contractors or suppliers engaged in the performance of City contracts.
- Q. All contractors subject to the provisions of this section shall include a like provision in all subcontracts awarded for work to be performed under the contract with the City and shall impose the same obligations, including but not limited to filing and reporting obligations, on the subcontractors as are applicable to the contractor. Failure of the contractor to comply with this requirement or to obtain the compliance of its subcontractors with all such obligations shall subject the contractor to the imposition of any and all sanctions allowed by law, including but not limited to termination of the contractor's contract with the City.

EXHIBIT J

BUSINESS TAX REGISTRATION CERTIFICATE (BTRC) NUMBER

The City of Los Angeles, Office of Finance requires all firms that engage in any business activity within the City of Los Angeles to pay City business taxes. Each firm or individual (other than a municipal employee) is required to obtain the necessary Business Tax Registration Certification (BTRC) and pay business tax. (Los Angeles Municipal code Section 21.09 et seq.)

All firms and individuals that do business with the City of Los Angeles will be required to provide a BTRC number or an exemption number as proof of compliance with Los Angeles City business tax requirements in order to receive payment for goods or services. Beginning October 14, 1987, payments for goods or services will be withheld unless proof of tax compliance is provided to the City.

The Tax and Permit Division of Los Angeles Office of Finance, has the sole authority to determine whether a firm is covered by business tax requirements. Those firms not required to pay will be given an exemption number.

If you do NOT have a BTRC number contact the Tax and Permit Division at the nearest office listed below, or log on to www.lacity.org/finance to download the business tax registration application.

MAIN OFFICE		
LA City Hall	201 N. Main Street, Rm. 101	(213) 626-9271
BRANCH OFFICES		
Van Nuys Civic Center	14401 Erwin Mall	(818) 756-8531
W. LA City Hall	1828 Sawtelle Blvd.	(310) 575-8888
Hollywood Office	6501 Fountain Ave.	(213) 485-3935
San Pedro City Hall	638 S. Beacon St., Rm. 303	(310) 732-4537
Westchester Municipal Bldg.	7166 Manchester, Rm. 9	(213) 473-6750
Watts City Hall	10221 Compton Ave., Rm. 202	(213) 473-5109

SUBLEASE AGREEMENT

This Sublease Agreement (this "**Sublease**") is dated as of March 3, 2011, by and between **Pacific Maritime Association**, a California corporation ("**Sublandlord**" or "**PMA**"), and the **Los Angeles-Long Beach Longshore Joint Port Labor Relations Committee** ("**Subtenant**"), consisting of PMA and the International Longshore and Warehouse Union, Local 13 ("**ILWU, Local 13**"). Sublandlord and Subtenant are also referred to herein collectively as the "**Parties**."

RECITALS

A. Sublandlord is the tenant of approximately nine acres of land located at 1500 E. Anaheim Street in the City of Los Angeles, County of Los Angeles, California commonly known as the Port of Los Angeles and more particularly described on Exhibit A attached hereto and incorporated herein (the "**Premises**").

B. Sublandlord's tenancy of the Premises is pursuant to that certain Permit No. 893 to be entered into, subject to approval of the City of Los Angeles, a municipal corporation acting by and through its Board of Harbor Commissioners (the "**Master Landlord**"), by and between Master Landlord and Sublandlord, as tenant (the "**Master Lease**").

C. Under the terms of the Master Lease, Sublandlord is constructing certain improvements on the Premises described in Section I of Exhibit B of the Master Lease, including, without limitation, a 32,565 square foot, 2-story dispatch hall facility consisting of a 16,153 sq. ft. open plan dispatch hall, with the balance including the dispatch area, administration offices, records office, break room, lunch room and storage rooms as well as a mezzanine level with mechanical equipment rooms (the "**Dispatch Hall Improvements**"), all at Sublandlord's sole cost and expense. For purposes hereof, the term "Dispatch Hall Improvements" shall include the Dispatch Hall Improvements' systems (including, but not limited to, electrical, plumbing, fire sprinkler, lighting, heating, ventilating and air conditioning), roof, exterior walls, bearing walls, structural components and foundation, and all other such elements in the Dispatch Hall Improvements constructed by or on behalf of Sublandlord and specifically excluding any items constructed by or on behalf of Subtenant.

D. Subtenant has requested and proposed to Sublandlord, and Sublandlord has agreed, that Subtenant be permitted to sublease the Premises and the Dispatch Hall Improvements (collectively, the "**Sublease Premises**"), on the terms and conditions set forth in this Sublease.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Sublandlord and Subtenant hereby agree as follows:

Agreement

I. Definitions

- 1.01 Master Lease Defined Terms. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Master Lease.

II. Lease of the Sublease Premises

- 2.01 Agreement to Sublease. Subtenant has requested and proposed to Sublandlord, and Sublandlord has agreed, that Subtenant be permitted to sublease the Sublease Premises, on the terms and conditions set forth in this Sublease.
- 2.02 Sublease Premises. Sublandlord hereby subleases to Subtenant, and Subtenant hereby leases from Sublandlord, the Sublease Premises for the period of time and otherwise on the terms and conditions set forth in this Sublease.

III. Construction

- 3.01 Construction of Dispatch Hall Improvements by Sublandlord. In order to prepare the Dispatch Hall Improvements for Subtenant's use and occupancy, Sublandlord shall construct the Dispatch Hall Improvements on the Premises in accordance with, and subject to, the provisions, terms, conditions and deadlines set forth in the Master Lease.
- 3.02 Condition of Sublease Premises Upon Delivery to Subtenant. It is understood and agreed that as of the Commencement Date (as defined in Section 4.01 below) Sublandlord shall deliver the Premises to Subtenant broom clean and free of debris and upon such delivery the Dispatch Hall Improvements shall be free of all Sublandlord Construction Defects (as defined below). As used herein, the term "**Sublandlord Construction Defect**" and "**Sublandlord Construction Defects**" shall individually and collectively mean any material patent or latent defect in the construction or design of the Dispatch Hall Improvements. Sublandlord and Subtenant hereby acknowledge and agree that the term Sublandlord Construction Defects shall not include (x) items arising from ordinary wear and tear, (y) items arising from Subtenant's obligations under Section 7.04 below, or (z) items arising or resulting from alternations and additions pursuant to Section 7.05 below.

IV. Term

- 4.01 Term of Sublease. The term of this Sublease (the "**Sublease Term**") shall commence the day following Sublandlord's receipt of a certificate of occupancy for the Dispatch Hall Improvements from Master Landlord's Department of Building and Safety (the "**Commencement Date**"), and shall continue for up to thirty (30) years from the Constructive Phase Completion Date, unless sooner terminated by reason of termination or expiration of the Master Lease by its terms or otherwise as provided in this Sublease (the "**Termination Date**"). Sublandlord shall endeavor

to provide Subtenant with at least fifteen (15) days prior written notice of the planned Commencement Date.

V. Rent.

5.01 Base Rent.

- (a) Base Rent. Subtenant shall pay to Sublandlord, for the use of the Sublease Premises, monthly “**Base Rent**” in an initial amount equal to Thirteen Thousand Six Hundred Seventy Seven Dollars (\$13,677).
- (b) CPI Adjustments of Base Rent. Base Rent shall be adjusted, in no event downward, pursuant to the CPI (as defined below), on the date which is July 1 of the fifth year following the following the Commencement Date and every fifth anniversary of that date thereafter (collectively referred to as “**Adjustment Date**” or “**Adjustment Dates**”). Such adjusted amount of Base Rent shall be an amount equal to the sum of (i) the Base Rent amount in effect on the Adjustment Date; and (ii) an amount equal to the product obtained by multiplying the Base Rent amount in effect on the Adjustment Date by a fraction, the numerator of which is the July 1 CPI index on the Adjustment Date and the denominator of which, for the first adjustment, is the July 1 CPI index for the calendar year in which the Commencement Date occurs, and for all subsequent adjustments is the July 1 CPI index of the prior Adjustment Date.

$$\text{Amount of Adjustment} = \text{Base Rent as of Adjustment Date} \times \frac{\text{July 1 CPI Index of the Adjustment Date}}{\text{July 1 CPI Index of the Commencement Date or prior Adjustment Date}}$$

As used herein, “**CPI**” shall mean Consumer Price Index for All Urban Consumers for the Los Angeles-Riverside-Orange County, California area, 1982-84=00 as published by the U.S. Department of Labor, Bureau of Labor Statistics (“CPI”), or a successor index selected by Sublandlord in its sole reasonable discretion.

- 5.02 Additional Rent. During the Sublease Term, Subtenant will also pay, without abatement, deduction, or setoff except as otherwise provided in this Sublease, all sums, impositions, costs, and other payments that Subtenant in this Sublease assumes or agrees to pay (collectively, “**Additional Rent**”). In the event of nonpayment of any Additional Rent, Sublandlord will have all the rights and remedies provided for in this Sublease or by law in the case of nonpayment of Base Rent. Base Rent and Additional Rent are often referred to herein collectively as “**Rent**.” For avoidance of doubt, the Parties acknowledge and agree that Sublandlord shall be entitled to receive the Base Rent “net” of all costs and

expenses of operating, maintaining and repairing the Sublease Premises including, without limitation, all taxes and assessments, insurance premiums and deductibles, utilities and other related costs and expenses, which Subtenant expressly is obligated to pay pursuant to the terms of this Sublease .

- 5.03 Payment of Rent. All Base Rent will be payable in advance, commencing on the Commencement Date, and thereafter on the first day of each month through the Sublease Term, promptly when due, without notice or on demand, and without deduction or setoff of any amount except as expressly provided otherwise in this Sublease. If the Commencement Date is a day other than the first day of a month, Base Rent payable on the Commencement Date will be prorated based on the number of days that will elapse during such month. Rent will be deemed paid when received by Sublandlord. As of the Commencement Date and each anniversary thereafter, Sublandlord shall submit to Subtenant an estimate of monthly Additional Rent, if any, for the ensuing year and Subtenant shall pay such estimated Additional Rent on a monthly basis, in advance, on the first day of each month. Subtenant shall continue to make said monthly payments until notified by Sublandlord of a change therein. If at any time or times Sublandlord reasonably determines that the amounts payable as Additional Rent will vary in a material amount from Sublandlord's most recent estimate given to Subtenant, Sublandlord, by notice to Subtenant, may revise the estimate and subsequent payments by Subtenant shall be based upon such revised estimate. Within sixty (60) days following each year after the Commencement Date, Sublandlord shall provide Subtenant with a statement showing the actual Additional Rent due to Sublandlord during the previous twelve (12) month period. If the total of the monthly payments of Additional Rent that Subtenant has made during such twelve (12) month period is less than the actual Additional Rent chargeable to Subtenant for such period, then Subtenant shall pay the difference in a lump sum within ten (10) days after receipt of such statement from Sublandlord. Any overpayment by Subtenant of Additional Rent during the Sublease Term shall be returned to Subtenant in a lump sum payment within ten (10) days after delivery of such statement. Subsequent monthly payments by Subtenant for Additional Rent shall be based on the actual Additional Rent for such previous twelve (12) month period, plus such increases as reasonably forecasted by Sublandlord for the ensuing twelve (12) months.

- 5.04 Place of Payment. All Rent must be paid in lawful money of the United States at the address of Sublandlord set forth in this Sublease, or at such other place as Sublandlord will from time to time designate by notice to Subtenant.

VI. Sublease is Subject to Master Lease.

- 6.01 It is understood and agreed that the interest of Sublandlord in the Premises is solely as tenant under the Master Lease, and that this Sublease and Subtenant's rights and Sublandlord's obligations hereunder are subject and subordinate to the Master Lease in all respects. In the event that the Master Lease shall be terminated for any reason, Sublandlord shall have no obligation or liability to Subtenant, whether for

the corresponding termination of this Sublease, the dispossession of Subtenant from the Sublease Premises, or otherwise.

- 6.02 During the Sublease Term, Subtenant shall be responsible for complying, observing, assuming and performing all of the provisions of the Master Lease (said provisions of the Master Lease which Subtenant shall be responsible for performing pursuant to the provisions of this Sublease being herein referred to as the “**Master Lease Provisions**”); provided, however, that Subtenant shall not be responsible for (and Sublandlord shall remain liable for the performance of) (i) the following provisions of the Master Lease: Section 2.2.1, Section 5, Section 6.2.5, Section 6.9, Section 7.1, Section 7.1.1, Section 7.1.2, Section 7.1.3, Section 7.1.4, Section 7.4, Section 7.5 and Section 11.1 (solely with respect to any obligation to pay for or remove the Dispatch Hall Improvements and specifically excluding any Term Contamination occurring from and after the Commencement Date); and (ii) any obligations or liabilities of Sublandlord under the Master Lease which arise from events occurring prior to the Commencement Date. A true and correct copy of the Master Lease is attached hereto as Exhibit B to this Sublease and incorporated herein by reference. Subtenant shall assume, observe and perform, and be bound by, the obligations of the Master Lease Provisions. Notwithstanding anything contained herein to the contrary except for Section 6.07, in the event any Master Lease Provision, as it relates to the relationship between Sublandlord and Subtenant, is more restrictive on Subtenant than the corresponding provision in this Sublease, the Master Lease Provision shall control. Notwithstanding the foregoing or anything else in this Sublease, nothing contained in this Sublease shall be deemed or operate as a modification or amendment to the Master Lease.
- 6.03 Except as provided in Sections 6.01 and 6.02 above, Sublandlord expressly reserves all rights reserved to Sublandlord, as tenant, under the Master Lease, including, without limitation, the Master Lease Provisions.
- 6.04 Notwithstanding anything to the contrary in the Master Lease Provisions, upon termination of this Sublease, Subtenant agrees that it shall not remove from the Sublease Premises any of the tenant improvements in the Sublease Premises that were installed by Sublandlord, which such fixtures, furniture and tenant improvements shall remain the property of Sublandlord.
- 6.05 Sublandlord shall afford Subtenant the benefit of the rights to services from the Master Landlord with respect to the Sublease Premises provided in the Master Lease Provisions; provided, however, that Sublandlord shall have no obligation or liability with respect to Master Landlord’s performance or non-performance of any of the Master Lease Provisions and the sole obligation of the Sublandlord shall be (i) to give notice to Master Landlord of any nonperformance of the relevant Master Lease provisions by Master Landlord when Sublandlord receives written notice of such non-performance from Subtenant; and (ii) to use commercially reasonable efforts to procure performance by Master Landlord; provided, further, however that Sublandlord shall have no obligation to Subtenant to threaten or commence any litigation or enforcement of formal remedies against Master Landlord.

- 6.06 Subtenant agrees to be bound by and to perform every term, provision, covenant and condition, expressed or implied, imposed upon Sublandlord by the Master Lease Provisions in accordance with this Sublease. All such obligations of Subtenant shall be for the benefit of, and shall be enforceable by, Sublandlord and/or Master Landlord. Subtenant agrees not to take or omit (or to permit to be taken or omitted) any action in violation of the terms and conditions of the Master Lease Provisions as they relate to the Sublease Premises. Except for the Master Lease Provisions, Sublandlord agrees to be bound by and to perform each of the other terms, provisions, covenants and conditions, expressed or implied, imposed upon Sublandlord by the Master Lease. Subtenant shall promptly deliver to Sublandlord copies of any notices received by Subtenant with reference to the Sublease Premises which relate to an actual or potential default under the Master Lease or this Sublease.
- 6.07 Whenever in the Master Lease a time is specified for the giving of any notice or the making of any demand by the tenant thereunder, such time is hereby changed, for the purpose of this Sublease only, by adding two (2) business days thereto and whenever in the Master Lease a time is specified for the giving of any notice or the making of any demand by the Master Landlord, such time is hereby changed, for the purpose of this Sublease only, by subtracting two (2) business days therefrom. It is the purpose and intent of the foregoing provisions to provide Sublandlord with time within which to transmit to Master Landlord any notices or demands received from Subtenant and to transmit to Subtenant any notices or demands received from Master Landlord.
- 6.08 As an inducement to Subtenant to enter into this Sublease, Sublandlord represents and warrants that (i) as of the Effective Date (as defined in Section 14.09) the Master Lease as attached hereto shall not have been modified and shall be in full force and effect; (ii) it has neither received nor delivered to Master Landlord a notice of default under the Master Lease; and (iii) to Sublandlord's actual knowledge, there is no event which, with the giving of notice or passage of time or both, could constitute such a default or event of default.

VII. Use; Condition and Maintenance Obligations

- 7.01 Use of the Sublease Premises. Subtenant shall use the Sublease Premises for the following purposes and no others: the operation of a dispatch hall facility at which general office, administrative functions may be carried out, and no other uses; provided; however, Subtenant may permit ILWU, Local 13, to lease all or portions of the Sublease Premises at fair market value for monthly union hall meetings, conditioned upon receiving Master Landlord's prior consent, if necessary, under the provisions of the Master Lease (all of the uses described in this Section 7.01 are hereinafter collectively referred to as "**Subtenant's Use**").
- 7.02 Compliance with Legal Requirements. Except to the extent such non-compliance arises from or relates to any Sublandlord Construction Defects, Subtenant shall

comply with all requirements of governmental authorities and insurance carriers in force during the Sublease Term pertaining to the use of the Sublease Premises.

- 7.03 Sublandlord Repairs. Sublandlord, upon receipt of written notice from Subtenant specifying in reasonable detail the nature and extent of any Sublandlord Construction Defect, shall repair and rectify said Sublandlord Construction Defect at Sublandlord's sole cost and expense using materials and workmanship of similar quality to the original improvements. Notwithstanding the foregoing to the contrary, Sublandlord shall have no obligation to repair (i) any patent Sublandlord Construction Defect as to which written notice is not provided to Sublandlord at any time prior to the date which is four (4) years following the Commencement Date; or (ii) any latent Sublandlord Construction Defect as to which written notice is not provided to Sublandlord at any time prior to the date which is ten (10) years following the Commencement Date.
- 7.04 Subtenant Maintenance and Repairs. During the Sublease Term and except as otherwise required to be performed by Sublandlord pursuant to Section 7.03, Subtenant, at its sole cost and expense, shall keep and maintain the Premises and Dispatch Hall Improvements in good and substantial repair and condition, normal wear and tear excepted, and shall be responsible for and perform all necessary inspection, maintenance and repair thereof, including reasonable preventive maintenance, using materials and workmanship of similar quality to the original improvements. Subtenant shall obtain any permits, including but not limited to those issued by Master Landlord, necessary for such maintenance and repair.
- 7.05 Alterations and Additions. Notwithstanding any rights to make alterations or additions that Sublandlord may have under the Master Lease, Subtenant shall not make any alterations or additions to the Sublease Premises, the electrical equipment or Dispatch Hall Improvements systems in the Sublease Premises or the Dispatch Hall Improvements without the prior written consent of Sublandlord, which consent shall not be unreasonably withheld, conditioned or delayed, and to the extent required under the Master Lease, without the prior written consent of Master Landlord. Any alterations or additions to the Sublease Premises permitted by Sublandlord shall be made in strict accordance with applicable laws and, at the expiration or earlier termination of this Sublease, shall remain in the Sublease Premises or be removed from the Sublease Premises, at Subtenant's sole cost and expense, as may be directed by Master Landlord.
- 7.06 Surrender of the Sublease Premises. Upon the expiration or early termination of this Sublease or Subtenant's right to possession of the Sublease Premises, Subtenant shall surrender the Sublease Premises to Sublandlord consistent with its condition as of the commencement of this Sublease, ordinary wear and tear excepted. If required by Master Landlord under the terms of the Master Lease, Subtenant shall remove any alterations or additions made by Subtenant to the Sublease Premises after the effective date of this Sublease and shall restore the Sublease Premises to its condition prior to such alterations and additions and so as to make the Sublease Premises a complete and functional whole, prior to the end of the Sublease Term.

VIII. Insurance.

- 8.01 Subtenant shall, as to the Sublease Premises, at all times during the Sublease Term and at Subtenant's own cost and expense, obtain and maintain with insurance companies acceptable to Master Landlord and reasonably acceptable to Sublandlord and authorized to do business in the State of California, the insurance required to be maintained by Sublandlord pursuant to sections 12.2 of the Master Lease. Such policies of insurance shall name Sublandlord and Master Landlord as additional parties insured thereunder or additional payees (as applicable), and Subtenant shall deliver to Sublandlord and Master Landlord proof of coverage of the required insurance hereunder prior to the Commencement Date and thereafter in the manner and substance required under Section 12.2.1(b) of the Master Lease, and as otherwise may be reasonably required by Sublandlord or Master Landlord. Insurance maintained by Subtenant under this Sublease shall be primary to insurance carried by Sublandlord or Master Landlord.
- 8.02 Each casualty, fire and extended coverage or all-perils insurance policy required under this Sublease shall contain a clause in which the underlying insurance carrier waives all rights of subrogation against Sublandlord and Master Landlord with respect to losses payable under such policies. Subtenant hereby waives all rights of subrogation against Sublandlord to the extent either this Sublease or the Master Lease provides such waivers by Sublandlord for the benefit of Master Landlord. By this paragraph, Sublandlord and Subtenant intend that the risk of loss or damage be borne by Subtenant's insurance carriers and Subtenant shall look solely to and seek recovery from only its insurance carriers in the event a loss is sustained for which insurance is required under this Sublease.
- 8.03 All personal property belonging to Subtenant or to any other person located in or about the Sublease Premises shall be at the sole risk of Subtenant or such other person, and Subtenant acknowledges and agrees that neither Sublandlord nor its employees or agents shall be liable for any theft or misappropriation of, or damage or injury to, such property.
- 8.04 Subject to the limitations on the obligations of Subtenant set forth in Section 7.03, Subtenant shall comply with all applicable laws (including, without limitation, all applicable fire codes and rules and regulations of Master Landlord's and Sublandlord's fire insurance underwriters) and all orders and decrees of court and all requirements of other governmental authorities, and shall not, directly or indirectly, make any use of the Sublease Premises which may be prohibited by law, may be dangerous to person or property, or may jeopardize any insurance coverage or may increase the cost of insurance or require additional insurance coverage.
- 8.05 If Subtenant fails to maintain any insurance which Subtenant is required to maintain pursuant to this Section, Subtenant shall be liable to Sublandlord for any loss or costs resulting from such failure to maintain. Subtenant may not self-insure against any risks required by this Sublease to be covered by insurance.

- 8.06 Sublandlord makes no representation that the limits of liability specified to be carried by Subtenant under this Section are adequate to protect Subtenant. In the event Subtenant believes that any insurance coverage required by this Sublease is insufficient, Subtenant may provide, at its own expense, such additional insurance as Subtenant deems adequate.
- 8.07 Subtenant shall require each of its contractors and trades people to carry insurance in amounts and standards specified in this Section or as Sublandlord or Master Landlord may from time to time reasonably require, from insurance companies licensed to do business in the State of California.
- 8.08 Subtenant shall promptly furnish Sublandlord with a copy of any written notice received, and a written summary of any oral notice received, from any governmental or quasi-governmental authority, insurance company, inspection bureau or any other third party as it relates to the Sublease Premises.
- 8.09 Sublandlord, at its reasonable discretion, may request that Subtenant increase or decrease amounts and types of insurance coverage required hereunder at any time during the term hereof by giving prior written notice to Subtenant. Additionally, nothing contained herein shall limit or otherwise restrict Sublandlord from obtaining other additional insurance coverages with respect to the Sublease Premises and any obligations or liabilities of Sublandlord under the Master Lease as Landlord deems necessary in its sole discretion. Any costs of such insurance obtained by Sublandlord shall be reimbursed by Subtenant to Sublandlord as Additional Rent.
- 8.10 Subtenant shall promptly furnish Sublandlord with a copy of any written notice received, and a written summary of any oral notice received, from any governmental or quasi-governmental authority, insurance company, inspection bureau or any other third party as it relates to the Sublease Premises.

IX. Assignment and Transfers.

- 9.01 Assignment or Subletting by Subtenant. Subtenant shall not assign or convey this Sublease or any interest in this Sublease, allow any transfer of this Sublease or the creation of any lien upon Subtenant's interest in this Sublease by operation of law, sublet the Sublease Premises or any portion thereof, or allow the use of the Sublease Premises or any portion thereof by any person, firm or entity other than Subtenant, except with the prior written consent of the Sublandlord in each instance, which consent may be withheld, conditioned or delayed in Sublandlord's sole and absolute discretion. Under no circumstances shall Subtenant be released from its obligations under this Sublease in the event of such a transfer. Subtenant's right to assign this Sublease or sub-sublet the Sublease Premises as described in this Section shall also be conditioned upon receiving Master Landlord's consent, if necessary, under the provisions of the Master Lease.

X. Default and Remedies

- 10.01 Default by Subtenant. If any default shall occur under the Master Lease with respect to Subtenant's corresponding obligations under this Sublease, or if the Subtenant shall fail to perform or observe any of the terms, provisions, covenants or conditions of this Sublease or of the Master Lease Provisions, and (a) with respect to any failure by Subtenant to pay the Base Rent or to make any other payment when due under this Sublease or the Master Lease Provisions, and Subtenant fails to cure such breach within five (5) days after written notice of such failure by Sublandlord, or (b) with respect to any other failure, Subtenant shall not cure such failure within the time period provided in the Master Lease for a corresponding default, such time period in each case to be reduced by five (5) days so as to allow Sublandlord time in which to cure Subtenant's default should Subtenant fail to do so, then in either of such events an event of default ("**Event of Default**") shall be deemed to have been caused by Subtenant under this Sublease.
- 10.02 Remedies. In the case of an Event of Default by Subtenant as to this Sublease, Sublandlord shall have all the rights of Master Landlord under the Master Lease and Subtenant shall be subject to all provisions with respect to a default by Subtenant under the Master Lease. In addition to any right of Sublandlord under the Master Lease, upon an Event of Default by Subtenant, Sublandlord may thereafter at any time terminate this Sublease and as permitted by applicable law reenter the Sublease Premises, and/or require immediate payment by Subtenant of all monetary obligations of Subtenant under this Sublease based on Sublandlord's reasonable estimation of those costs at such time. All rights and remedies of Sublandlord under this Sublease, the Master Lease, at law or in equity shall be cumulative, none shall be exclusive of any other, and pursuit of any one right or remedy shall not preclude pursuit of any additional rights or remedies.

XI. Services, Utilities & Taxes

- 11.01 Services and Utilities. Subtenant shall procure and pay for all services to the Sublease Premises including, without limitation, electricity, gas, water, sewer, telephone and other communication services, pest and rodent control, janitorial, landscaping, cleaning and trash removal and security services.
- 11.02 Property Taxes. During the Sublease Term, Subtenant shall pay when due all real estate and occupancy taxes, assessments and public charges levied and assessed against the Sublease Premises. Subject to CPI adjustment as set forth below, ILWU, Local 13 shall contribute \$2,949.00 per month towards payment of property taxes ("**ILWU, Local 13 Property Tax Payment Amount**"). The balance owed by Subtenant shall be paid by PMA. The ILWU, Local 13 Property Tax Payment Amount shall be subject to CPI adjustment on each Adjustment Date in accordance with the same formula as set forth for Base Rent in Section 5.01(b).
- 11.03 Subtenant Personal Property Taxes. Subtenant shall pay prior to delinquency all taxes, assessments, license fees, charges or other governmental impositions

assessed against or levied or imposed upon Subtenant's business operations, or upon Subtenant's leasehold interest, Subtenant's fixtures, furnishings, equipment and personal property installed or located on the Sublease Premises ("Subtenant's Property"), and any alterations to the Sublease Premises under Section 7.05 ("Subtenant Improvements"). Whenever possible, Subtenant shall cause all such items to be assessed and billed separately from the property of Sublandlord. In the event any such items shall be assessed and billed with the property of Sublandlord, or if the assessed value of the Sublease Premises is increased by the inclusion of a value for Subtenant's Property or Subtenant Improvements, Subtenant shall pay Sublandlord its share of such taxes, charges or other governmental impositions plus the entire amount of taxes, charges, or other governmental impositions attributable to the increase in assessed value described above, within thirty (30) days after Sublandlord delivers a statement and a copy of the assessment or other documentation showing the amount of such impositions applicable to Subtenant's Property or Subtenant Improvements. Sublandlord shall have the right but not the obligation to pay any such taxes, charges or other governmental impositions described in this Section, subject to reimbursement by Subtenant as provided above, without regard as to the validity of or the obligation to challenge the levy in questioned.

XII. Indemnity; Master Landlord Third Party Beneficiary.

12.01 Subtenant Indemnity Obligations. Except as may arise to the extent of the negligence or willful misconduct of Sublandlord, or may arise from the sole negligence of Master Landlord, as the case may be, Subtenant shall at all times indemnify, protect and save harmless each of Sublandlord and Master Landlord 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 Sublandlord or Master Landlord, and for civil fines and penalties that may arise from or be caused directly or indirectly by:

- (a) Any dangerous, hazardous, unsafe or defective condition of, in or on the Sublease Premises, of any nature whatsoever, which may exist by reason of any act, omission, neglect, or any use or occupation of the Sublease Premises by Subtenant, its officers, agents, employees, sublessees, licensees or invitees;
- (b) Any operation conducted upon or any use or occupation of the Sublease Premises by Subtenant, its officers, agents, employees, sublessees, licensees or invitees under or pursuant to the provisions of this Sublease or otherwise;
- (c) Any act, omission or negligence of Subtenant, its officers, agents, employees, sublessees, licensees or invitees, regardless of whether any act, omission or negligence of Master Landlord, its officers, agents or employees contributed thereto;

- (d) Any failure of Subtenant, its officers, agents or employees to comply with any of the terms or conditions of this Sublease or any applicable federal, state, regional, or municipal law, ordinance, rule or regulation; or
- (e) The conditions, operations, uses, occupations, acts, omissions or negligence referred to in subsections (a) through (d) above, existing or conducted upon or arising from the use or occupation by Subtenant or its invitees on any other Sublease Premises within the "Harbor District," as defined in Master Landlord's Charter.

Subtenant also agrees to indemnify each of Sublandlord and Master Landlord and pay for all damages or loss suffered by each of Sublandlord, Master Landlord and Master Landlord's Harbor Department, including but not limited to damage to or loss of Master Landlord's property, to the extent not insured by Master Landlord and loss of Master Landlord revenue from any source, caused by or arising out of the conditions, operations, uses, occupations, acts, omissions or negligence referred to in this Section 12.01. The term "persons" as used in this Section 12.01 shall include, but not be limited to, officers and employees of Subtenant. Subtenant shall also indemnify, defend and hold each of Sublandlord and Master Landlord harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses (including, without limitation, diminution of the value of the Sublease Premises, damages for loss or restriction on use of rentable or useable space or of any amenity of the Sublease Premises, damages arising from any adverse impact on marketing of space, and sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees) which arise after the Commencement Date as a result of Term Contamination for which Subtenant is responsible under the terms of this Sublease. This indemnification of Sublandlord and Master Landlord by Subtenant 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 Term Contamination present in the soil or groundwater on or under the Sublease Premises and for which Subtenant is responsible under the terms of this Sublease. The foregoing indemnity shall survive the expiration or earlier termination of this Sublease.

- 12.02 Master Landlord Third Party Beneficiary. Sublandlord and Subtenant hereby acknowledge and agree that the Master Landlord is an intended third party beneficiary of this Sublease and each of the obligations and liabilities of Subtenant hereunder. Solely as to any rights and benefits conferred upon Master Landlord hereunder, the obligations and liabilities of Subtenant shall be joint and several liabilities of each of PMA and ILWU, Local 13. Notwithstanding anything contained in this Article XII to the contrary, nothing herein shall modify or restrict in any way the obligations of Sublandlord, as tenant under the Master Lease, to indemnify Master Landlord as therein provided.

XIII. Allocation of Costs and Expenses of Subtenant.

- 13.01 Allocation Between PMA and ILWU, Local 13. Notwithstanding anything to the contrary contained herein, Subtenant and Sublandlord hereby acknowledge and agree that (i) any and all obligations or liabilities of Subtenant incurred under this Sublease, including, without limitation, any obligations or liabilities arising from or relating to Section 12.01 or any obligations or liabilities to pay Rent or Additional Rent or any other payment obligations or liabilities hereunder, shall be allocated and paid by PMA and the ILWU, Local 13 on a pro-rata basis in accordance with such percentages as may be mutually agreed to by PMA and the ILWU, Local 13 (the “**JPLRC Agreed Upon Cost Sharing Percentages**”); and (ii) except as otherwise provided in Section 11.02 with respect to real property taxes and assessments, as of the date of this Sublease the JPLRC Agreed Upon Cost Sharing Percentages are as follows: eighty five percent (85%) as to PMA and fifteen percent (15%) as to ILWU, Local 13. Notwithstanding anything contained in this Sublease to the contrary, to the extent that any amounts payable by Subtenant hereunder reflect amounts, in whole or in part, that Sublandlord is then required to pay to Master Landlord under the Master Lease, Subtenant shall not be in default hereunder if ILWU Local 13 tenders its full share of such amounts payable by Subtenant and PMA does not.

XIV. Miscellaneous.

- 14.01 Condition Precedent. This Sublease, and the rights and obligations of Subtenant under this Sublease, are subject to the condition precedent that Master Landlord consent to this Sublease.
- 14.02 Notices. All notices or other communications given under any provisions of this Sublease shall be in writing and shall be deemed given when delivered in person or two (2) business days after being mailed by certified mail, return receipt requested, or by nationally recognized overnight carrier, addressed to the intended recipient as follows, or at such other place as the intended recipient may designate for itself by a notice, conforming to the provisions of this Section, to the other party to this Sublease:

To Sublandlord: Pacific Maritime Association
300 Oceangate, 12th Floor
Long Beach, CA 90802
Attn: President

With Copy to: Pacific Maritime Association
555 Market Street, 3rd floor
San Francisco, CA 94105
Attn: General Counsel

To Subtenant: Los Angeles-Long Beach Longshore Joint Port
Labor Relations Committee
c/o Pacific Maritime Association
300 Oceangate, 12th Floor
Long Beach, CA 90802
Attn: President

With Copies to: ILWU, Local 13
630 S. Centre Street
San Pedro, CA 90731
Attn: President

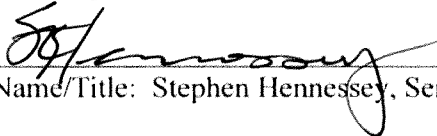
- 14.03 References. Unless otherwise expressly stated, all references to a "Section" are to the corresponding section(s) of this Sublease.
- 14.04 Entire Agreement. This Sublease contains the entire understanding of the parties with respect to the subletting of the Sublease Premises to Subtenant by Sublandlord, and shall supersede all prior agreements, if any, with respect to such matter, which prior agreements are hereby deemed null and void.
- 14.05 Amendments to Sublease Only in Writing. This Sublease shall not be modified, amended or extended except by an instrument in writing, duly signed and delivered by authorized representatives of both Sublandlord and Subtenant.
- 14.06 No Recordation of Sublease. Neither this Sublease nor any memorandum or short form referring to this Sublease shall be recorded in any public record.
- 14.07 Captions and Headings. The titles or headings of the various sections and paragraphs of this Sublease are intended solely for convenience of reference and are not intended and shall not be deemed to or in any way be used to modify, explain or place any construction upon any of the provisions of this Sublease.
- 14.08 Counterparts. This Sublease may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Sublease by signing any such counterpart.
- 14.09 Effectiveness of Sublease. Sublandlord and Subtenant hereby acknowledge and agree that this Sublease shall be effective as to the parties as of the date (the "**Effective Date**") that the following have both occurred: (i) Master Landlord and Sublandlord shall have executed and delivered the Master Lease; and (ii) Master Landlord shall have provided Sublandlord and Subtenant Master Landlord's written consent to the form and substance of this Sublease and its execution and delivery by Sublandlord and Subtenant.

[SIGNATURES TO FOLLOW]

IN WITNESS WHEREOF, Sublandlord and Subtenant have executed this Sublease as of the date first written above.

SUBLANDLORD:

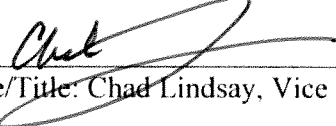
Pacific Maritime Association
a California corporation

By: 
Name/Title: Stephen Hennessey, Senior Vice President

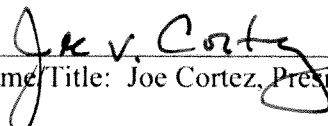
SUBTENANT:

Los Angeles-Long Beach Longshore Joint Port Labor Relations Committee

By: Pacific Maritime Association,
a California corporation

By: 
Name/Title: Chad Lindsay, Vice President

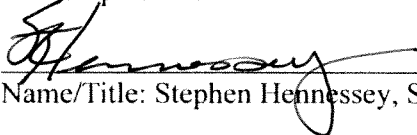
By: International Longshore and Warehouse Union, Local 13,
an unincorporated association

By: 
Name/Title: Joe Cortez, President

**ACKNOWLEDGED AND AGREED TO AS TO
SECTIONS 11.02, 12.02 AND 13.01 OF THE SUBLEASE:**

PMA:

Pacific Maritime Association,
a California corporation

By: 
Name/Title: Stephen Hennessey, Senior Vice President

**ACKNOWLEDGED AND AGREED TO AS TO
SECTIONS 11.02, 12.02 AND 13.01 OF THE SUBLEASE:**

ILWU, LOCAL 13:

International Longshore and Warehouse Union, Local 13,
an unincorporated association

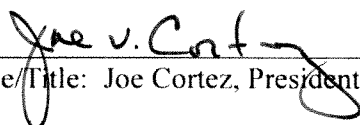
By: 
Name/Title: Joe Cortez, President

EXHIBIT A

Legal Description of Premises

IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, BEING A PORTION OF PARCEL 66 OF THE RECORD OF SURVEY RECORDED IN BOOK 51, PAGES 1 THROUGH 21, INCLUSIVE, OF RECORDS OF SURVEY, TOGETHER WITH A PORTION OF THE RANCHO SAN PEDRO AS SHOWN ON A MAP RECORDED IN BOOK 1, PAGES 119 THROUGH 121, OF PATENTS, TOGETHER WITH A PORTION OF BLOCK 26, RANGE 8, AND BLOCK 25, RANGE 8, AND BLOCK 26, RANGE 7, AND BLOCK 25, RANGE 7, AND BLOCK 24, RANGE 7 OF THE MAP OF NEW SAN PEDRO RECORDED IN BOOK 6, PAGES 66 AND 67 OF DEEDS, INCLUDING LOTS AND STREET THEREIN; IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID PARCEL 66;

THENCE SOUTH $03^{\circ}43'33''$ EAST A DISTANCE OF 22.00 FEET TO THE **TRUE POINT OF BEGINNING**, SAID POINT ALSO BEING ON A LINE PARALLEL WITH AND 72.00 FEET SOUTHERLY, MEASURED AT RIGHT ANGLES, FROM THE PORTION OF THE CENTERLINE OF ANAHEIM STREET SHOWN AS HAVING A BEARING OF NORTH $86^{\circ}15'38''$ EAST ON THE MAP OF SAID RECORD OF SURVEY; SAID LINE SHALL HAVE A BEARING OF NORTH $86^{\circ}16'27''$ EAST FOR THE PURPOSES OF THIS DESCRIPTION;

THENCE ALONG SAID PARALLEL LINE, SOUTH $86^{\circ}16'27''$ WEST A DISTANCE OF 113.28 FEET;

THENCE SOUTH $57^{\circ}14'21''$ WEST A DISTANCE OF 26.31 FEET TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 8698.21 FEET, AND BEING CONCENTRIC WITH AND 67.00 FEET SOUTHEASTERLY FROM THE CENTERLINE OF ALAMEDA STREET, AS SHOWN ON THE RECORD OF SURVEY RECORDED IN BOOK 90, PAGES 1 THROUGH 12, INCLUSIVE,;

THENCE SOUTHWESTERLY ALONG SAID CONCENTRIC CURVE THROUGH A CENTRAL ANGLE OF $02^{\circ}55'40''$, AN ARC LENGTH OF 444.46 FEET TO A NON-TANGENT LINE;

THENCE ALONG SAID NON-TANGENT LINE SOUTH $31^{\circ}38'22''$ WEST A DISTANCE OF 29.89 FEET;

THENCE NORTH $58^{\circ}37'32''$ WEST A DISTANCE OF 31.81 FEET RADially TO BEGINNING OF CURVE;

THENCE SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF $00^{\circ}18'36''$, AN ARC LENGTH OF 46.89 FEET TO THE BEGINNING OF A NON-TANGENT LINE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 8666.21 FEET, AND BEING CONCENTRIC WITH AND 35.00 FEET SOUTHEASTERLY FROM THE CENTERLINE OF ALAMEDA STREET, AS SHOWN ON THE RECORD OF SURVEY RECORDED IN BOOK 90, PAGES 1 THROUGH 12, INCLUSIVE, SAID POINT BEING **POINT A**;

THENCE SOUTH $58^{\circ}18'56''$ EAST A DISTANCE OF 31.72 FEET;

THENCE SOUTH 31°38'22" WEST A DISTANCE OF 63.53 FEET TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 8698.21 FEET, AND BEING CONCENTRIC WITH AND 67.00 FEET SOUTHEASTERLY FROM THE CENTERLINE OF ALAMEDA STREET AS SHOWN ON SAID RECORD OF SURVEY, AND TO WHICH POINT A RADIAL LINE BEARS SOUTH 57°53'49" EAST

THENCE SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 02°13'21", AN ARC LENGTH OF 337.39 FEET;

THENCE NORTH 55°40'28" WEST A DISTANCE OF 32.00 FEET RADIALLY TO BEGINNING OF CURVE;

THENCE SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 00°15'51", AN ARC LENGTH OF 39.95 FEET TO THE BEGINNING OF A NON-TANGENT LINE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 8666.21 FEET, AND BEING CONCENTRIC WITH AND 35.00 FEET SOUTHEASTERLY FROM THE CENTERLINE OF ALAMEDA STREET, AS SHOWN ON THE RECORD OF SURVEY RECORDED IN BOOK 90, PAGES 1 THROUGH 12, INCLUSIVE, SAID POINT BEING **POINT B**;

THENCE SOUTH 55°24'38" EAST A DISTANCE OF 32.00 FEET;

THENCE SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 00°05'18", AN ARC LENGTH OF 13.41 FEET TO A NON-TANGENT LINE;

THENCE SOUTH 55°37'04" EAST A DISTANCE OF 96.91 FEET;

THENCE NORTH 42°30'51" EAST A DISTANCE OF 239.13 FEET;

THENCE NORTH 55°14'01" EAST A DISTANCE OF 1380.66 FEET, SAID POINT BEING **POINT C**;

THENCE SOUTH 87°08'31" WEST A DISTANCE OF 251.54 FEET;

THENCE NORTH 04°51'32" WEST A DISTANCE OF 17.04 FEET;

THENCE SOUTH 87°02'58" WEST A DISTANCE OF 41.02 FEET, SAID POINT BEING **POINT D**;

THENCE SOUTH 04°51'32" EAST A DISTANCE OF 17.36 FEET TO A LINE PARALLEL WITH AND 69.00 FEET SOUTHERLY, MEASURED AT RIGHT ANGLES, FROM THE PORTION OF THE CENTERLINE OF ANAHEIM STREET SHOWN AS HAVING A BEARING OF NORTH 85°07'56" EAST ON THE RECORD OF SURVEY RECORDED IN SAID BOOK 51, PAGES 1 THROUGH 21, INCLUSIVE; SAID LINE SHALL HAVE A BEARING OF NORTH 85°08'28" EAST FOR THE PURPOSES OF THIS DESCRIPTION;

THENCE ALONG SAID PARALLEL LINE, SOUTH 85°08'28" WEST A DISTANCE OF 305.49 FEET TO SAID LINE PARALLEL WITH AND 69.00 FEET SOUTHERLY, MEASURED AT RIGHT ANGLES, FROM THE CENTERLINE OF ANAHEIM STREET;

THENCE NORTH 04°51'32" WEST A DISTANCE OF 19.00 FEET;

THENCE ALONG SAID PARALLEL LINE, SOUTH 85°08'28" WEST A DISTANCE OF 41.00 FEET TO SAID LINE PARALLEL WITH AND 50.00 FEET SOUTHERLY, MEASURED AT RIGHT ANGLES, FROM THE CENTERLINE OF ANAHEIM STREET;
THENCE SOUTH 04°51'32" EAST A DISTANCE OF 19.51 FEET;

THENCE SOUTH 83°14'10" WEST A DISTANCE OF 74.92 FEET;

THENCE ALONG SAID PARALLEL LINE, SOUTH 85°08'34" WEST A DISTANCE OF 18.93 FEET TO SAID LINE PARALLEL WITH AND 72.00 FEET SOUTHERLY, MEASURED AT RIGHT ANGLES, FROM THE CENTERLINE OF ANAHEIM STREET;

THENCE ALONG SAID PARALLEL LINE, SOUTH 86°16'27" WEST A DISTANCE OF 0.89 FEET TO THE **TRUE POINT OF BEGINNING**.

THE PARCEL OF LAND DESCRIBED ABOVE CONTAINS 8.77 ACRES, MORE OR LESS.

SUBJECT TO ALL COVENANTS, RIGHTS, RIGHTS-OF-WAY, AND EASEMENTS OF RECORD, IF ANY.

EXHIBIT B

Master Lease