



**THE PORT
OF LOS ANGELES**
Executive Director's
Report to the

Board of Harbor Commissioners

DATE: MARCH 2, 2011

FROM: PUBLIC RELATIONS DIVISION

**SUBJECT: RESOLUTION NO. _____ - ESTABLISHING
"PROMOTE L.A. TRADE – IAPH 2013," A CALIFORNIA NONPROFIT
PUBLIC BENEFIT CORPORATION TO MANAGE THE 2013
INTERNATIONAL ASSOCIATION OF PORTS AND HARBORS
CONFERENCE IN LOS ANGELES**

SUMMARY:

The City of Los Angeles Harbor Department (Harbor Department) has been selected to host the International Association of Ports and Harbors (IAPH) 28th World Ports Conference in 2013, which is expected to bring to the City approximately 500 delegates and 1,000 total visitors from around the world. As host of the 2013 IAPH World Ports Conference, the Harbor Department will be responsible for relevant coordination including accepting revenue (sponsorship funds and attendance fees) and expending funds (venue, transportation and catering costs) anticipated to be in the range of \$2 million. To effectively manage the conference and separate conference income and expenses from the general Harbor Revenue Fund, staff recommends that the Board of Harbor Commissioners (Board) approve the creation of a California nonprofit public benefit corporation, pursuant to section 501(c)(4) of the Internal Revenue Code, titled "Promote L.A. Trade – IAPH 2013."

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Authorize the Executive Director or her designee to form "Promote L.A. Trade – IAPH 2013," a California nonprofit benefit, 501(c)(4), corporation, to produce and manage the 2013 IAPH World Ports Conference in Los Angeles;
2. Ratify the "Promote L.A. Trade – IAPH 2013" Articles of Incorporation as filed with the California Secretary of State (Transmittal No. 1);
3. Approve the Bylaws of the corporation (Transmittal No. 2);

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4. Approve the appointment of the following proposed individuals to the "Promote L.A. Trade – IAPH 2013" Board of Directors:
 - Geraldine Knatz, Ph.D., Executive Director, Harbor Department
 - Karl Pan, Chief Financial Officer, Harbor Department
 - Arley Baker, Senior Communications Director, Harbor Department
 - Patti MacJennett, President, LA Inc.
 - Theresa Adams Lopez, Director of Public Relations, Harbor Department
5. Authorize and direct the Board of Directors of the corporation to take such actions and execute such documents as may be necessary to complete the formation of the nonprofit corporation and operate the corporation thereafter; and
6. Adopt Resolution No. _____

DISCUSSION:

Background– The International Association of Ports and Harbors has a membership of 230 ports from 90 countries. Its principle objective is to develop and foster strong relations and cooperation among ports and harbors worldwide by providing a forum to exchange opinions, discuss common issues and share best practices with regard to the latest trends of port management, operations and environmental innovations. The Port of Los Angeles is an active member of IAPH, and Port Executive Director Geraldine Knatz, Ph.D. has served in various capacities in the organization including First Vice President of the Executive Committee and Chair of the World Ports Climate Initiative. In May 2011, she is expected to be appointed President of the Association for the term of two years and her term will come to an end at the Port of Los Angeles-hosted conference in 2013.

IAPH's full membership is brought together bi-annually at the World Ports Conference, which is hosted by ports in Europe, the Americas and Asia on a rotating basis. This May, the World Ports Conference will be hosted by the Port of Busan, and most recent conferences have been held in Genoa (2009) and Houston (2007). At the 2009 general conference held in Genoa, it was announced that the Port of Los Angeles was chosen to host the 28th World Ports Conference in 2013.

Hosting an IAPH World Ports Conference is an honor and an opportunity for the hosting port to bring revenue to its city through tourism and associated taxes. Because of the revenue component and the local expertise, hosting ports are required to take on the full responsibility of coordinating all aspects of the conference. These responsibilities include: obtaining conference venues (session rooms and exhibition area); securing hotel space for conference attendees; creating the full program of speakers; creating

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the event Web site and all promotional materials; managing all aspects of registrations and securing exhibitors; securing sponsorship partners; providing group transportation; and coordinating visitor excursions, daily dinner programs and as-needed translator and attendee guest program support. This will be the first time the World Ports Conference has taken place in Los Angeles since 1955, though the Port did host the first-ever IAPH World Ports Climate Initiative conference in 2008.

Hosting Duties and Conference Planning– The Port's first official duty as home of the 2013 conference will be to host a gala dinner at the May 2011 World Ports Conference in Busan, South Korea and to have an exhibition booth at that conference to promote the 2013 conference.

Preliminary planning is already underway for the 2013 conference. The JW Marriott at LA LIVE has been secured as the venue, and a theme and logo for the conference have been determined. Promotional materials, including a website, are currently being created. In the coming months, additional activities must be undertaken to ensure a successful event in 2013. They include the hiring of an experienced conference planner, creating a sponsorship structure and identifying potential sponsors, planning for the event exhibition and the solicitation of exhibitors, and planning for conference seminar programming. It is anticipated that the conference planning will be in full-swing by the end of this year.

Creating "Promote L.A. Trade – IAPH 2013"– To assist us in planning for 2013, staff gathered information from the Port of Houston, host of the conference in 2007. Staff learned that Houston successfully created a nonprofit corporation to handle all aspects of the planning and financing. The cost of this conference was approximately \$2 million and the Port of Houston ultimately came close to the break-even point.

Staff discussed the option of creating a nonprofit corporation with the Office of the City Attorney and determined that a nonprofit would be ideal for managing and organizing the 2013 conference for the following reasons: it meets the Department's preference to keep revenues and expenditures for the conference separate from the Harbor Department general revenue fund; the nonprofit corporation format worked well for Houston with respect to federal Internal Revenue Service (IRS) tax regulations; and because the Harbor Department has previously used a similar organization with its Los Angeles Harbor Improvements Corporation (LAHIC).

In the interest of time due to the upcoming May 2011 conference in Busan, the Director of Public Relations filed the proposed Articles of Incorporation with the State of California on December 15, 2010 to create the nonprofit corporation prior to Board approval. The Secretary of State assigned the nonprofit a corporation identification number.

The next step in completing the formation of the corporation will be filing applications with the IRS and the State of California requesting tax-exempt status so that the

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corporation will not owe taxes on monies received for conference sponsorships, exhibitions and registration fees. In addition to work related to the conference, on-going responsibilities of the corporation will include meetings of the Board of Directors, filing annual tax returns and filing annual reports with the State Attorney General's Office.

Board of Directors– In selecting the proposed "Promote L.A. Trade – IAPH 2013" Board of Directors, staff recommends that the majority of the Board members for "Promote L.A. Trade – IAPH 2013" be associated with the Harbor Department due to the fact that the conference is officially being hosted by the Department. Additionally, because of the intrinsic travel and tourism needs associated with the conference, a member of LA Inc. (formerly named the Los Angeles Convention Center Visitor Bureau) is proposed as a director for their expertise in this area. Service on the Board of Directors shall be without compensation, other than reimbursement for reasonable expenses incurred in connection with their service.

At the first meeting of the Board of Directors, they will nominate and elect officers, who according to the Bylaws shall consist of at least a Chairman, Secretary and Treasurer and at their discretion they may elect Vice Chairmen, Assistant Secretaries and Assistant Treasurers. All meetings of the Board of Directors will be conducted as public meetings in accordance with the Ralph M. Brown Act.

ENVIRONMENTAL ASSESSMENT:

The proposed action is an administrative activity and as such, the Director of Environmental Management has determined that the proposed activities are exempt from the California Environmental Quality Act (CEQA) in accordance with Article II, Section 2(f) of the Los Angeles City CEQA Guidelines.

ECONOMIC BENEFITS:

Spending by visitors, exhibitors and organizers is estimated to support 14 direct and 7 secondary one-year-equivalent jobs in the five-county region.

FINANCIAL IMPACT:

It is anticipated that the 2013 IAPH conference will cost approximately \$2 million, similar to what was spent in the Port of Houston in 2007, most of which will be recouped through registration fees, exhibitor fees and sponsorship fees.

Revenue generation is anticipated as early as September 2012 at which time "Promote L.A. Trade – IAPH 2013" will begin handling expenses directly. It is anticipated that the nonprofit corporation will be financially self-sufficient in fiscal year 2012-13 and will ultimately reimburse the Harbor Department for start-up funding expended in fiscal years 2010-11 and 2011-12. In the case where a funds shortage exists in fiscal year 2012-13, the difference will be paid from the Harbor Department general fund. Should a

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funds surplus exist at the completion of the final accounting for "Promote L.A. Trade – IAPH 2013," the distribution of those funds will be determined at that point in accordance with the Articles of Incorporation, as well as federal and state tax laws.

Initial expenses, expected to be incurred in FY 2010-11 and FY 2011-12 include promotional material generation; website creation; accounting services; travel to IAPH committee meetings to promote the 2013 conference; the 2011 Busan conference "LA Night" dinner, exhibit activities and staffing; and hiring of a professional conference planner.

As noted earlier, some expenditures for the 2013 Los Angeles conference and the 2011 Busan conference have already occurred during this fiscal year. These funds were absorbed in the Public Relations Division budget. It is anticipated that a total of \$275,000 will be expended in FY 2010-11 in Center No. 220, Program No.625, Account No. 54290. Upon Board approval, FY 2011-12 funds will be requested to be budgeted in the amount of \$239,000 as part of the annual budget adoption process.

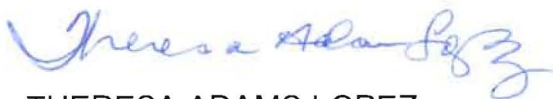
CITY ATTORNEY:

The Office of the City Attorney has prepared the Articles of Incorporation and the proposed Bylaws, and will continue to provide legal assistance to staff with respect to completing the formation of the nonprofit corporation and the on-going operation of the entity thereafter.

TRANSMITTALS:

- 1. "Promote L.A. Trade – IAPH 2013" Articles of Incorporation
- 2. "Promote L.A. Trade – IAPH 2013" Bylaws
- 3. IRS Description of a 501(c)(4) Corporation

FIS Approval: KP (initials)



THERESA ADAMS LOPEZ
Director of Public Relations



ARLEY M. BAKER
Senior Director of Communications

APPROVED:



GERALDINE KNATZ, Ph.D.
Executive Director

TAL
Author: T/Adams Lopez

ARTICLES OF INCORPORATION
OF
-
PROMOTE L.A. TRADE – IAPH 2013

ARTICLE ONE

The name of this corporation shall be “Promote L.A. Trade – IAPH 2013”.

ARTICLE TWO

This corporation shall continue in existence perpetually unless dissolved pursuant to law and consistent with the terms of the Bylaws of this corporation.

ARTICLE THREE

This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the California Nonprofit Public Benefit Corporation Law for public purposes.

The specific public purpose of this corporation is for promoting the social welfare of the residents and citizens of the City of Los Angeles and Los Angeles County, California, and the surrounding metropolitan area by conducting activities that further the development of the Port of Los Angeles and thereby increasing economic development in the metropolitan area. Specifically, the corporation will provide a forum for maritime executives and other maritime related industry leaders from around the world to exchange information and ideas through various educational activities and provide information regarding developing trends in international trade, transportation and ports and harbors, by conducting the 2013 International Association of Ports and Harbors Convention – Los Angeles in the City of Los Angeles, California and County of Los Angeles, California in the spring of 2013, and the undertaking of matters related to the conduct of such convention.

The corporation shall not “engage in a regular business of a kind ordinarily carried on for profit” within the meaning of Section 501(c)(3) or Section 501(c)(4) of the Internal Revenue Code of 1986, as amended (the “Code”), and the Treasury Regulations promulgated thereunder. The broadest discretion is vested in and conferred upon the Directors for the accomplishment of these purposes subject to the condition that the corporation may not undertake any action which may not be undertaken by an organization described in Section 501(c)(3) or Section 501(c)(4) of the Code.

No substantial part of the activities of this corporation shall consist of the carrying on of propaganda or otherwise attempting to influence legislation, nor shall this corporation participate in or intervene in (including the publishing or distributing of statements) any political campaign on behalf of (or in opposition to) any candidate for public office.

TRANSMITTAL 1

Nothing in this Article shall be construed as authorizing the corporation to transact any business expressly prohibited by laws of the State of California, or to engage in any activity that cannot lawfully be engaged in by a non-profit corporation incorporated under the laws of the State of California.

ARTICLE FOUR

The principal place of business of this corporation shall be located at 425 S. Palos Verdes Street, San Pedro, California 90731.

ARTICLE FIVE

The name and address in the State of California of this corporation's initial agent for service of process is Thomas A. Russell, Office of the City Attorney, 425 S. Palos Verdes Street, San Pedro, California 90731.

ARTICLE SIX

The property of this corporation is irrevocably dedicated to charitable public purposes and no part of the net income or assets of this corporation shall ever inure to the benefit of any director, office, or member thereof or to the benefit of any private person, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments on and distributions in furtherance of the purposes set forth in Article III hereof.

Upon the dissolution or winding up of the corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation shall be distributed to a nonprofit fund, foundation or corporation which is organized and operated exclusively for charitable purposes and which has established its tax exempt status under Section 501(c)(3) of the Code, such organizations to be selected by the Board of Directors.

ARTICLE SEVEN

The name and address of the incorporator is: Theresa Adams Lopez, 425 S. Palos Verdes Street, San Pedro, California, 90731.

Dated: _____

INCORPORATOR

Theresa Adams Lopez

I hereby declare that I am the person who executed the foregoing Articles of Incorporation, which execution is my act and deed.

(Signature of Incorporator)

BYLAWS

OF

PROMOTE L.A. TRADE – IAPH 2013

(A California Nonprofit Public Benefit Corporation)

ARTICLE 1: NAME

The name of this corporation is Promote L.A. Trade – IAPH 2013.

ARTICLE 2: PURPOSES

This corporation has been formed for charitable purposes, to promote the social welfare of the residents and citizens of the City of Los Angeles and County of Los Angeles, California and the surrounding metropolitan area by conducting activities that further the development of the Port of Los Angeles and thereby increasing economic development in the metropolitan area, as stated in greater detail in Article Three of this corporation's Articles of Incorporation.

In addition, this corporation is formed for the purposes of performing all things incidental to, or appropriate in, the achievement of the foregoing specific and primary purposes. The corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of its primary charitable purposes.

This corporation shall hold, and may exercise, all such powers as may be conferred upon a nonprofit corporation by the laws of the State of California and as may be necessary or expedient for the administration of the affairs and attainment of the purposes of the corporation. In no event, however, shall the corporation engage in activities which are not permitted to be carried on by a corporation exempt under Section 501(c)(3) or Section 501(c)(4) of the Internal Revenue Code.

ARTICLE 3: PRINCIPAL OFFICE

The principal business office of the corporation shall be at 425 S. Palos Verdes Street, San Pedro, California 90731. The Board of Directors of the corporation may at any time, or from time to time, change the location of the principal office from one location to another within the City of Los Angeles, County of Los Angeles, California.

ARTICLE 4: NONPARTISAN ACTIVITIES

This corporation has been formed under the California Nonprofit Public Benefit Corporation Law (the "Law") for the charitable purposes described above, and it shall be nonprofit and nonpartisan. No substantial part of the activities of the corporation shall consist of the carrying on of propaganda or otherwise attempting to influence legislation. The corporation shall not participate or intervene in any political campaign on behalf of or in opposition to any candidate for public office.

TRANSMITTAL 2

ARTICLE 5: DIRECTORS

Section 1. Powers. Subject to limitations of the Articles of Incorporation of the corporation ("Articles") and these Bylaws, the activities and affairs of the corporation shall be conducted and all corporate powers shall be exercised by or under the direction of the Board of Directors of the corporation ("Board of Directors"). All actions taken by the Board of Directors or by a committee created by the Board of Directors shall be at a meeting duly called and shall be reported in the duly executed minutes of the corporation or of such committee for such meeting and transmitted to the Board of Harbor Commissioners of the City of Los Angeles ("Board of Commissioners"). The Board of Directors may delegate the management of the activities of the corporation to any person or persons, a management company or committees however composed, provided that any such delegation other than to a committee of the Board of Directors or to the staff of the Board of Commissioners must be approved by the Board of Commissioners, and provided, further, that the activities and affairs of the corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board of Directors. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Board of Directors shall have the following powers in addition to the other powers enumerated by these Bylaws:

(a) To select and remove all the other officers of the corporation, prescribe powers and duties for them as are consistent with law, the Articles and these Bylaws, fix their compensation, if any, and require from them security for faithful service.

(b) Subject to approval of the Board of Commissioners, to select and remove all agents and employees of the corporation, prescribe powers and duties for them as are consistent with law, the Articles and these Bylaws, fix their compensation, if any, and require from them security for faithful service.

(c) To conduct, manage and control the affairs and activities of the corporation and to make such rules and regulations therefor as are consistent with law, the Articles and these Bylaws, as they may deem best.

(d) To adopt, make and use a corporate seal and to alter the form of such seal from time to time as they may deem best.

Section 2. Number of Directors. The authorized number of directors shall be five (5).

Section 3. Term of Office. Subject to the provision of these Bylaws relating to resignation, removal and the filling of vacancies, all directors shall hold office until a successor has been designated and qualified. The initial directors shall serve until they resign or until they are removed in accordance with Article 5, Section 4 hereof.

Section 4. Resignation and Removal. Subject to the provisions of Section 5226 of the Law, any director may resign effective upon giving written notice to the Chairman of the Board, the Secretary or the Board of Directors, unless the notice specifies a later time for the effectiveness of such resignation. The resignation will be effective according to its terms when filed and may not be withdrawn.

The Board of Commissioners, or the Board of Directors with the approval of the Board of Commissioners, may declare vacant the office of a director who has been declared of unsound

mind by a final order of court, convicted of a felony or found by a final order or judgment of any court to have breached any duty arising under Chapter 2, Article 3 of the Law, or who has failed to attend two consecutive meetings of the Board of Directors during the director's term, except when prevented by sickness. Any or all directors may be removed without cause if such removal is approved by a majority of the Board of Commissioners, or the Board of Directors with the approval of the Board of Commissioners. No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of the director's term of office.

Section 5. Designation of Directors and Filling of Vacancies. The initial directors shall be nominated by the incorporator and approved by the affirmative vote of a majority of the Board of Commissioners.

Vacancies in the Board of Directors may be filled at a meeting of the Board of Directors by the affirmative vote of a majority of the remaining directors, even if such remaining directors comprise less than a quorum of the Board of Directors. A vacancy or vacancies in the Board of Directors shall be deemed to exist in case of the death, resignation or removal of any director, or if the authorized number of directors is increased.

If the resignation of a director is intended to take effect at a future time, the Board of Directors shall have power to designate a successor to take office when said resignation is to become effective.

Section 6. Organizational Meetings. The Board of Directors shall hold at least one regular meeting annually ("Organizational Meetings") for the purpose of organization, election of officers and the transaction of other business. Notice of each Organizational Meeting shall be given in accordance with the notice requirements for special meetings set forth in Article 5, Section 8 hereof.

Section 7. Other Regular Meetings. Regular meetings of the Board of Directors, other than Organizational Meetings, shall be held without any requirement for call or notice on such dates and at such times as the Board of Directors shall fix by resolution.

Section 8. Special Meetings. Special meetings of the Board of Directors for any purpose or purposes may be called at any time by the Chairman of the Board or any three directors. Any person calling such meeting shall cause notice of the meeting to be given pursuant to the requirements set forth below.

Special meetings of the Board of Directors shall be held with written notice sent by first-class mail at least four (4) days prior to such special meeting or delivered personally at least forty-eight (48) hours prior to such special meeting. Any such notice shall be addressed or delivered to each director at such director's address as it is shown upon the records of the corporation or as may have been given to the corporation by the director for purposes of notice. Such notice shall also be addressed and delivered to the Board of Commissioners and to any newspaper of general circulation, radio station or television station requesting such notice in writing. The call and notice shall specify the time and place of the special meeting and the business to be transacted. No other business shall be considered at such meetings.

Notice sent by mail must be received at least 24 hours before the time of the meeting. Any other written notice shall be deemed to have been given at the time it is personally delivered to the recipient or to the address indicated in the preceding paragraph.

Section 9. Waiver of Notice. Notice of a special meeting of the Board of Directors need not be given to any director who signs a written waiver of notice either at or prior to the time the meeting convenes, or who is present at the meeting at the time it convenes and who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such director. All such waivers of notice shall be filed with the corporate records or made a part of the minutes of the meetings.

Section 10. Ralph M. Brown Act. All meetings of the Board of Directors and any committee thereof shall be called, noticed (except where these Bylaws impose a greater period of notice), held and conducted in accordance with the provisions of the Ralph M. Brown Act, as amended (commencing with Section 54950 of the Government Code of the State of California).

Section 11. Place of Meeting. Regular and special meetings of the Board of Directors shall be held in any place within or without the state which has been designated from time to time by resolution of the Board of Directors. In the absence of such designation, regular meetings and special meetings shall be held at the principal office of the corporation. The designation of a place of meeting outside the County of Los Angeles must be approved by the Board of Commissioners.

Section 12. Quorum. A majority of the authorized number of directors constitutes a quorum of the Board of Directors for the transaction of business, except to adjourn as provided in Section 13 of this Article 5. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as an act or decision of the Board of Directors, except as provided in the next sentence, unless a greater number be required by law or by the Articles. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for such meeting.

Section 13. Adjournment. A majority of the directors present, whether or not a quorum is present, may adjourn any directors' meeting to another time and place. Notice of the time and place of holding an adjourned meeting need not be given to absent directors if the time and place be fixed at the meeting adjourned, except as provided in the next sentence. If the meeting is adjourned for more than twenty-four (24) hours and to a time and place other than the time and place for the next regular meeting, insofar as is possible, notice of any adjournment to another time or place shall be given in the same manner as prescribed in Section 8 hereof to the directors who were not present at the time of the adjournment. A copy of the order or notice of adjournment shall be conspicuously posted on or near the door of the place where the meeting was held within twenty-four (24) hours after the time of adjournment.

Section 14. Rights of Inspection. Every director and every member of the Board of Commissioners shall have the absolute right any reasonable time to inspect and copy all books, records and documents of every kind and to inspect the physical properties of the corporation.

Section 15. Committees. In addition to the powers granted in Article 5, Section 1, hereof, the Board of Directors may appoint one or more committees, each consisting of two or more directors, and delegate to such committees any of the powers and authority of the Board of Directors except with respect to:

- (a) The approval of any action for which the Law also requires approval of a majority of all directors;

- (b) The filling of vacancies on the Board of Directors or on any committee;
- (c) The amendment or repeal of Bylaws or the adoption of new Bylaws;
- (d) The amendment or repeal of any resolution of the Board of Directors which by its express terms is not so amendable or repealable; or
- (e) The appointment of other committees of the Board of Directors or the members thereof.

Any such committee must be created, and the members thereof appointed, by resolution adopted by a majority of the authorized number of directors then in office, provided a quorum is present, and any such committee may be designated an Executive Committee or by such other name as the Board of Directors shall specify. The Board of Directors may appoint, in the same manner, alternate members of any committee who may replace any absent member at any meeting of the committee. The Board of Directors shall have the power to prescribe the manner in which proceedings of any such committee shall be conducted. In the absence of any such prescription, such committee shall have the power to prescribe the manner in which its proceedings shall be conducted. Unless the Board of Directors or such committee shall otherwise provide, the regular and special meetings and other actions of any such committee shall be governed by the provision of this Article 5 applicable to meetings and actions of the Board of Directors. Minutes shall be kept of each meeting of each committee.

Section 16. Fees and Compensation.

Directors and members of committees shall not receive any stated salary or compensation for their services, but may receive reimbursement for reasonable expenses actually incurred in connection with their service, subject to the prior approval of the Board of Commissioners, which reimbursement shall be in accordance with reimbursement schedules for officials of the City of Los Angeles.

ARTICLE 6: OFFICERS

Section 1. Officers. The officers of the corporation, who shall be directors of the corporation, shall be a Chairman of the Board, a Secretary and a Treasurer. The corporation may also have, at the discretion of the Board of Directors, one or more Vice Chairman, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers as may be elected or appointed in accordance with the provisions of Section 3 of this Article 6. Any number of offices may be held by the same person except as provided in the Articles or in these Bylaws and except that neither the Secretary nor the Treasurer may serve concurrently as the Chairman of the Board.

Section 2. Election. The officers of the corporation, except such officers as may be elected or appointed in accordance with the provisions of Section 3 or Section 5 of this Article 6, shall be chosen annually by, and shall serve at the pleasure of, the Board of Directors, and shall hold their respective offices until their resignation, removal, or other disqualification from service, or until their respective successors shall be elected.

Section 3. Subordinate Officers. The Board of Directors may elect, and may empower the Chairman of the Board to appoint, such other officers, who need not be directors

of the corporation, as the business of the corporation may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in these Bylaws or as the Board of Directors may from time to time determine.

Section 4. Removal and Resignation. Any officer may be removed, either with or without cause, by a majority vote of the Board of Directors at any time. Any such removal shall be without prejudice to the rights, if any, of the officer under any contract of employment of the officer.

Any officer may resign at any time by giving written notice to the corporation. Such resignation shall be without prejudice to the rights, if any, of the corporation under any contract to which the officer is a party. Any such resignation shall take effect at the time of the receipt by the corporation of such notice or at any later time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these Bylaws for regular election or appointment to such office, provided that such vacancies shall be filled as they occur and not on an annual basis.

Section 6. Chairman of the Board. The Chairman of the Board shall, if present, preside at all meetings of the Board of Directors and exercise and perform such other powers and duties as from time to time may be assigned by the Board of Directors. The Chairman of the Board is the general manager and chief executive officer of the corporation and has, subject to the control of the Board of Directors, general supervision, direction and control of the business and officers of the corporation. The Chairman of the Board has the general powers and duties of management usually vested in the office of president and general manager of a corporation and such other powers and duties as may be prescribed by the Board of Directors.

Section 7. Vice Chairmen. In the absence or disability of the Chairman of the Board, the Vice Chairmen, if any be appointed, in order of their rank as fixed by the Board of Directors or, if not ranked, the Vice Chairman designated by the Board of Directors, shall perform all the duties of the Chairman of the Board and, when so acting, shall have all the powers of, and be subject to all the restrictions upon, the Chairman of the Board. The Vice Chairmen shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Board of Directors.

Section 8. Secretary. The Secretary shall keep or cause to be kept, at the principal office or such other place as the Board of Directors may order, a book of minutes of all meetings of the Board of Directors and its committees, with the time and place of holding, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at Board of Directors and committee meetings, and the proceedings thereof. The Secretary shall keep, or cause to be kept, at the principal office of the corporation the original or a copy of the corporation's Articles and Bylaws, as amended to date.

The Secretary shall give, or cause to be given, notice of all meetings of the Board of Directors and any committees thereof required by these Bylaws or by law to be given, shall keep the seal of the corporation in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors.

Section 9. Treasurer. The Treasurer is the chief financial officer of the corporation and shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the corporation. The books of account shall at all times during regular business hours of the staff of the Board of Commissioners be open to inspection by any director or by any member of the Board of Commissioners.

The Treasurer shall deposit all moneys and other valuables in the name and to the credit of the corporation with such depositories as may be allowed by law and as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the corporation as may be ordered by the Board of Directors, shall render to the Chairman of the Board or the directors, whenever they request it, an account of all transactions by the Treasurer and of the financial condition of the corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors.

ARTICLE 7: STANDARD OF CARE

Section 1. General. A director shall perform the duties of a director, including duties as a member of any committee of the Board of Directors on which the director may serve, in good faith, in a manner such director believes to be in the best interest of this corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like situation would use under similar circumstances.

In performing the duties of a director, a director shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by:

- (a) One or more officers or employees of the corporation whom the director believes to be reliable and competent in the matters presented;
- (b) Counsel, independent accountants or other persons as to matters which the director believes to be within such person's professional or expert competence; or
- (c) A committee of the Board of Directors upon which the director does not serve, as to matters within its designated authority, which committee the director believes to merit confidence, so long as the director acts in good faith, after reasonable inquiry when the need therefore is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.

Except as provided in these Bylaws, a person who performs the duties of a director in accordance with the above shall have no liability based upon a failure or alleged failure to discharge that person's obligations as a director, including, without limiting the generality of the foregoing, any actions or omissions which exceed or defeat a public or charitable purpose to which the corporation, or assets held by it, are dedicated.

Section 2. Indemnification. To the fullest extent permitted by law, the corporation shall indemnify its "agents", as defined in Section 5238(a) of the Law, including its directors, officers, employees and volunteers, including persons formerly occupying any such position, and their heirs, executors, and administrators, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any "proceeding" as that term is used in Section 5238(a) of the Law, and including an action by or in the right of the corporation, by reason of the fact that the person is or was a person described in that Section of the Law. "Expenses" shall have the same meaning as in Section

5238(a) of the Law. Such right of indemnification shall be deemed exclusive of any other rights to which such persons may be entitled apart from this Article 7, Section 2 of these Bylaws.

Section 3. Insurance. The corporation shall have the power to purchase and maintain insurance to the fullest extent permitted by law on behalf of any agent of the corporation, as determined and approved by the Board of Directors and the Board of Commissioners, against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such.

ARTICLE 8: OTHER PROVISIONS

Section 1. Endorsement of Documents; Contracts.

Subject to the provisions of applicable law, any note, mortgage, evidence of indebtedness, contract, conveyance or other instrument in writing and any assignment or endorsement thereof executed or entered into between the corporation and any other person, when signed by the Chairman of the Board or any Vice Chairman, and the Secretary, any Assistant Secretary, the Treasurer or any Assistant Treasurer of the corporation shall be valid and binding on the corporation in the absence of actual knowledge on the part of the other person that the signing officers had no authority to execute the same. Any such instruments may be signed by any other person or persons and in such manner as from time to time shall be determined by the Board of Directors, and, unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or amount.

Section 2. Construction and Definitions. Unless the context otherwise requires, the general provisions, rules of construction and definitions contained in the General Provisions of the California Nonprofit Corporation Law and in the California Nonprofit Public Benefit Corporation Law shall govern the construction of these Bylaws.

Section 3. Fiscal Year. The fiscal year for this corporation shall be the calendar year.

ARTICLE 9: NOTICE

Section 1. Notice of Meetings. Notice of all meetings of the Board of Directors, and any committees thereof, shall be given to the Board of Commissioners in writing by the same means as notices are authorized by these Bylaws to be given to the directors of the corporation. Such notices shall be directed to the Board of Commissioners of the City of Los Angeles, Secretary to the Board of Harbor Commissioners, Harbor Administration Building, 425 S. Palos Verdes Street, San Pedro, California 90731. Failure to give such notice shall not in any way invalidate any action taken by the Board of Directors at any such meeting.

Section 2. Participation of the Board of Commissioners. Members of the Board of Commissioners or their designees shall have the right to attend meetings of the Board of Directors, and committees thereof, and to make recommendations thereto.

ARTICLE 10: EMERGENCY PROVISIONS

During any emergency resulting from an attack on the United States or on a locality in which the corporation conducts its activities or customarily holds meetings of its Board of

Directors, or during any nuclear or atomic disaster, or during the existence of any catastrophe, or other similar emergency condition, as a result of which a quorum of the Board of Directors or of the Executive Committee, if any, cannot readily be convened for action, a meeting of the Board of Directors or of said committee may be called by any officer or director. Such notice need be given only to such of the directors or members of the committee, as the case may be, as it may be feasible to reach at the time and by such means as may be feasible at the time including, without limitation, publication, telephone or radio.

The director or directors in attendance at such a meeting of the Board of Directors, and the member or members of the Executive Committee, if any, in attendance at the meeting of the committee, shall constitute a quorum. If none is in attendance at the meeting, the officers or other persons designated on a list approved by the Board of Directors before the emergency, all in such order of priority and subject to such conditions and for such period of time (not longer than reasonably necessary after the termination of the emergency) as may be provided in the resolution approving the list, shall, to the extent required to provide a quorum at any meeting of the Board of Directors or of the Executive Committee, be deemed directors or members of such committee, as the case may be, for such meeting.

The Board of Directors, either before or during any such emergency, may provide, and from time to time modify, lines of succession in the event that during such emergency any or all officers or agents of the corporation shall for any reason be rendered incapable of discharging their duties. The Board of Directors, either before or during any such emergency, may, effective during the emergency, change the principal office or designate several alternative offices or authorize the officers so to do.

ARTICLE 11: AMENDMENTS

Except as otherwise provided by the Articles or Bylaws, new Bylaws may be adopted or these Bylaws may be amended or repealed by the vote of a majority of a quorum at a meeting of the Board of Directors duly called for the purpose according to the Articles and the Bylaws, or the Articles may be amended by a majority vote of the entire Board of Directors at a meeting of the Board of Directors duly called for the purpose according to the Articles and the Bylaws; provided, however, that these Bylaws and the Articles shall not be amended, repealed or new Bylaws adopted without the consent and approval of the Board of Commissioners.

CERTIFICATE OF SECRETARY

I, the undersigned, certify that I am the currently elected and acting secretary of Promote L.A. Trade – IAPH 2013, a California nonprofit public benefit corporation, and the above bylaws, consisting of 9 pages, are the bylaws of this corporation as adopted by the Board of Directors on _____, 2011, and that they have not been amended or modified since that date.

Executed on _____, 2011, at San Pedro, California.

Secretary

Social Welfare Organizations

To be tax-exempt as a social welfare organization described in Internal Revenue Code (IRC) section 501(c)(4), an organization must not be organized for profit and must be operated exclusively to promote social welfare. Pursuant to changes enacted as part of the Taxpayer Bill of Rights 2, the earnings of a section 501(c)(4) organization may not inure to the benefit of any private shareholder or individual. If the organization engages in an excess benefit transaction with a person having substantial influence over the organization, an excise tax may be imposed on the person and any managers agreeing to the transaction. See Introduction to IRC 4958 for more information about this excise tax. For a more detailed discussion of the exemption requirements for section 501(c)(4) organizations, see IRC 501(c)(4) Organizations. For more information about applying for exemption, see Application for Recognition of Exemption.

To be operated exclusively to promote social welfare, an organization must operate primarily to further the common good and general welfare of the people of the community (such as by bringing about civic betterment and social improvements). For example, an organization that restricts the use of its facilities to employees of selected corporations and their guests is primarily benefiting a private group rather than the community and, therefore, does not qualify as a section 501(c)(4) organization. Similarly, an organization formed to represent member-tenants of an apartment complex does not qualify, since its activities benefit the member-tenants and not all tenants in the community, while an organization formed to promote the legal rights of all tenants in a particular community may qualify under section 501(c)(4) as a social welfare organization. An organization is not operated primarily for the promotion of social welfare if its primary activity is operating a social club for the benefit, pleasure, or recreation of its members, or is carrying on a business with the general public in a manner similar to organizations operated for profit.

Seeking legislation germane to the organization's programs is a permissible means of attaining social welfare purposes. Thus, a section 501(c)(4) social welfare organization may further its exempt purposes through lobbying as its primary activity without jeopardizing its exempt status. An organization that has lost its section 501(c)(3) status due to substantial attempts to influence legislation may not thereafter qualify as a section 501(c)(4) organization. In addition, a section 501(c)(4) organization that engages in lobbying may be required to either provide notice to its members regarding the percentage of dues paid that are applicable to lobbying activities or pay a proxy tax. For more information, see Lobbying Issues .

The promotion of social welfare does not include direct or indirect participation or intervention in political campaigns on behalf of or in opposition to any candidate for public office. However, a section 501(c)(4) social welfare organization may engage in some political activities, so long as that is not its primary activity. However, any expenditure it makes for political activities may be subject to tax under section 527(f). For further information regarding political and lobbying activities of section 501(c) organizations, see Election Year Issues, Political Campaign and Lobbying Activities of IRC 501(c)(4), (c)(5), and (c)(6) Organizations, and Revenue Ruling 2004-6.