

SETTLEMENT AGREEMENT AND MUTUAL RELEASE OF CLAIMS
BETWEEN THE CITY OF LOS ANGELES AND
PASHA STEVEDORING & TERMINALS, L.P.

THIS SETTLEMENT AGREEMENT AND MUTUAL RELEASE OF CLAIMS (hereinafter "Agreement") is made and entered into by and between the CITY OF LOS ANGELES, a municipal corporation ("City") acting by and through its Board of Harbor Commissioners ("Board"), and PASHA STEVEDORING & TERMINALS, L.P. (hereinafter "Pasha Stevedoring & Terminals L.P." or "PST") (each, individually referred to as "Party" and collectively referred to as "Parties") with respect to the following:

RECITALS

WHEREAS, a dispute arose between the City and PST over the past due compensation under Space Assignment No. 09-01 for Berths 206-209; and

WHEREAS, as a result of negotiations between the Parties, PST and City have arrived at a settlement of the City's claims for past due compensation under Space Assignment No. 09-01 on the terms and conditions below.

AGREEMENT

Now, therefore, for good and valuable consideration, the Parties agree as follows:

1. Payment:

- 1.1 PST shall pay to City the amount of One Million Dollars (\$1,000,000) ("Settlement Amount") over a five (5) year term in the amount of Sixteen Thousand Six Hundred Sixty-Six Dollars and Sixty-Seven Cents (\$16,666.67) (each, a "Settlement Payment") per month on or before the first day of the month. Each Settlement Payment is due whether or not an invoice is received.
- 1.2 PST acknowledges that PST's agreement to enter into this Settlement Agreement is a material part of City's agreement to enter into Permit No. 963. A material breach of this Agreement including failure to make a Settlement Payment shall constitute also constitute a default under Permit No. 963.
- 1.3 If PST's payments are delinquent, a late payment shall accrue at the rate provided in item no. 270 of Tariff No. 4 (or its successor), currently consisting of simple interest of 1/30 of two percent (2%) of the invoice amount remaining paid each day.

2. PST shall deliver concurrently with the execution of this Agreement an Irrevocable Unconditional Letter of Credit ("Letter of Credit") In the amount of One

Hundred Thousand Dollars (\$100,000.00) issued by an institution approved by City which shall remain in place until all payments are made under this Agreement. City shall have the right to draw down on the Letter of Credit in the event of a breach of this Agreement by PST (e.g., failure to make a Settlement Payment(s)). As an alternative to the Letter of Credit, PST may deposit with City the amount of One Hundred Thousand Dollars (\$100,000.00) in cash ("Alternative Cash Security") for the same purpose as the Letter of Credit. Neither the Letter of Credit nor the cash alternative is, or shall be considered, a security deposit for Permit No. 963. Neither the Letter of Credit or the Alternative Cash Security shall limit the rights of City to pursue any and all remedies for the collection of non-payment of any unpaid Settlement Payments. If City draws down on the Letter of Credit or the Alternative Cash Security, PST shall deposit an amount to return the amount of \$100,000 within ten (10) business days.

3. Guaranty. In addition to the Letter of Credit or Alternative Cash Security, PST's parent, The Pasha Group, shall execute a guaranty of PST's obligations under this Agreement. This requirement is a material covenant of this Agreement.

4. Release. Except for the Parties' respective obligations herein, City and PST each, on behalf of themselves and their respective officers, directors, executives, representatives, agents, boards, partners, joint venturers, predecessors-in-interest, successors-in interests, parents, and subsidiaries, agents, and employees, release, generally and specifically, any and all claims, known and unknown, that each Party may have against the other with respect to or arising out of the dispute being settled by this Agreement, the past due compensation under Space Assignment No. 09-01, upon full payment of the Settlement Amount.

5. 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 City (or its Harbor Department):

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

and to: Real Estate Division
P.O. Box 151
San Pedro, CA 90733-0151

If to Tenant: Pasha Stevedoring & Terminals, L.P.
4040 Civic Center Drive, Suite 350
San Rafael, CA 94903
Attention: Chief Executive Officer

With a copy to: Chief Financial Officer

6. Each of the Parties acknowledges and agrees that it may hereafter discover facts different from, or in addition to, those which they now believe to be true with respect to the matters being released herein, and it agrees that the release set forth herein shall be and remain effective in all respects notwithstanding such different or additional facts or the discovery thereof. Further, with respect to the matters being released herein, the Parties hereby waive and relinquish, to the fullest extent permitted by law, the provisions, rights and benefit of California Civil Code Section 1542, which provides as follows:

“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.”

7. By entering into this Agreement, neither Party makes any admission of fact or law regarding any of the claims released herein. This Agreement's terms have been reached solely as a compromise to avoid the uncertainties and costs of litigation and do not necessarily reflect any Party's assessment of the merits of any Party's claims or positions.

8. This Agreement constitutes the compromise of disputed claims and is subject to the protections afforded by California Evidence Code Sections 1115 and 1152, the Federal Rules of Evidence Section 408, and similar statutes and rules.

9. This is a public document and may be disclosed to individual members of the public and other persons and entities. As between the Parties, however, the terms of this Agreement and the acts leading up to, including its negotiation and signing, are without prejudice or value and shall not be used, referred to, offered or cited in any communication, proceeding or hearing for any purpose (apart from the enforcement of this Agreement), including without limitation as a waiver, estoppel or invalidation of any position any of the Parties may take with respect to any issue, claim or defense concerning any matter.

10. Each Party represents and acknowledges that it has had the opportunity to be fully advised by the counsel of its choice in connection with this Agreement, that the terms of this Agreement are the result of negotiations between the Parties, and that this

Agreement shall not be construed in favor of, or against, any Party by reason of the extent to which a Party or its counsel participated in its drafting, or by reason of differences between this Agreement and prior drafts, if any.

11. This Agreement is intended to confer rights, benefits, and obligations only upon the Parties hereto, and is not intended to confer any right, benefit, or obligation whatsoever upon any other person or entity. Neither this Agreement nor any of the rights, benefits, or obligations arising from this Agreement may be assigned or delegated by any Party without the prior written consent of the other, which consent shall not be withheld unreasonably.

12. All the terms of this Agreement shall be binding upon, and inure to the benefit of, and be enforceable by, the successors, assigns, heirs, administrators or trustees of the Parties hereto.

13. This Agreement is deemed entered into in Los Angeles, California, and shall be governed and construed in accordance with the laws of the State of California. This Agreement is being delivered and is intended to be performed in the state of California and shall be construed and enforced in accordance with the laws of this state. Any dispute arising under this Agreement shall be litigated exclusively in courts located in the State of California and County of Los Angeles in accordance with the local rules of court regarding venue for the Los Angeles Superior Court and not elsewhere.

14. In the event any provision of this Agreement is held to violate any applicable law or to be unenforceable by a court of competent jurisdiction, such provision shall be deemed null and void to the extent thereof, without affecting the balance of this Agreement.

15. This Agreement contains and reflects the entire and final integrated agreement between the Parties concerning its subject matter, and supersedes any earlier agreements or understandings between the oral or written, with respect to the subject matter thereof. All other representations or statements heretofore made, verbal or written, are merged herein.

16. This Agreement may not be rescinded, changed or modified orally. No amendment, modification, addendum, or revision of this Agreement shall be valid unless it is in writing and signed by the Parties to be bound, and receives all required approvals including the Board and if required the City Council of Los Angeles.

17. The Parties agree to cooperate with each other by taking such further and additional actions and executing such further and additional instruments, as may reasonably be required to give full effect to the terms of this Agreement.

18. Any descriptive headings used in this Agreement are for convenience only and are not intended to limit or enlarge the rights of any Party.

19. Each person signing this Agreement hereby represents and warrants that he or she has the authority to bind the entity on behalf of which he or she has signed.

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(Signature Page to Follow)

IN WITNESS WHEREOF, the Parties hereto have executed this Settlement Agreement and Mutual Release of Claims on the date to the left of their signatures.

THE CITY OF LOS ANGELES by its
Board of Harbor Commissioners

Dated: _____, 20__

By: _____
EUGENE D. SEROKA
Executive Director

Attest: _____
AMBER M. KLESGES
Board Secretary

PASHA STEVEDORING
& TERMINALS, L.P.,
a California Limited partnership

Dated: May 7, 2024

PASHA STEVEDORING &
TERMINALS, INC.,
a California corporation

By: George Pasha
GEORGE W. PASHA IV
President and COO

APPROVED AS TO FORM
May 14, 2024
HYDEE FELDSTEIN SOTO, City Attorney
STEVEN Y. OTERA, General Counsel
By: Estelle M. Braaf
ESTELLE M. BRAAF, Deputy