

CITY OF LOS ANGELES HARBOR DEPARTMENT  
Port of Los Angeles

REVOCABLE PERMIT

No. 16-12

The Executive Director of the Harbor Department ("Executive Director") of the City of Los Angeles ("City") hereby grants permission to MORTIMER & WALLACE, INC., located at 2422 E. Sepulveda Blvd., Los Angeles, California 90810 ("Tenant"), to occupy and use certain lands and/or waters and/or facilities within the Harbor District owned or under the control of City acting through its Board of Harbor Commissioners ("Board"), subject to the following terms and conditions:

1. Premises. Tenant is permitted to use the lands and/or waters and/or facilities (hereinafter called "Premises"), which consists of Parcel Nos. 1, 2, 3 and 4 as delineated and more particularly described on Exhibit A, having approximately 97,008 square feet of paved land, one (1) 14,535 square foot pole shed, one (1) 2,063 square foot modular office, one (1) 1,256 square foot storage silo and two (2) 490 square foot storage silos. Also included as part of the Premises is 7,364 square feet of land as delineated and more particularly described on Exhibit A-1. By mutual agreement of Executive Director and Tenant, land and water not exceeding ten percent (10%) of the Premises granted or 20,000 square feet, whichever is greater, may be permanently added to or deleted from the Premises granted herein without further approval of the Board subject to the following conditions: (1) so long as such change in the Premises is not temporary within the meaning of Tariff (as defined in Section 4(a) below) Item No. 1035 (or its successor), the compensation set forth in Section 4 shall be increased or decreased pro rata to reflect any such addition or deletion; (2) if the change involves the addition or deletion of any improvement, the adjustment to the compensation shall also take into account this change in the same manner in which the compensation was originally calculated; (3) 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 Premises, and (4) the change in area of the Premises shall not result in the annual compensation changing by more than One Hundred Fifty Thousand Dollars (\$150,000). The Executive Director is authorized to execute amendment(s) to this Permit to effect the foregoing adjustments to area of the Premises and compensation without further action of the Board.

2. Permitted Use. The Premises shall be used for the purpose of processing, handling and storage of bulk agricultural products and the unloading of petroleum coke product from trucks into railcars, and for purposes incidental thereto ("Permitted Use") and not for any other use without the prior written consent of Executive Director which approval may be withheld by City in its sole and absolute discretion. Tenant shall not use the Premises in any manner, even if the use is a Permitted Use, which will cause cancellation of any insurance policy covering the Premises or adjacent premises; provided, however, Tenant may, in City's sole discretion, remain if it pays the increase in City's insurance costs caused by its operations. No offensive or refuse matter, or any substance constituting any unnecessary, unreasonable or unlawful fire hazard, or material detrimental to the public health, shall ever be permitted by Tenant to be or remain, on the Premises, and Tenant shall prevent any such material or matter from being or accumulating upon the Premises. Tenant further agrees not to keep on the Premises or permit to be kept, used, or sold thereon, anything prohibited by any policy of fire insurance covering the Premises or any structure erected thereon.

3. Effective and Termination Dates. This Revocable Permit ("Permit") shall be effective on March 30, 2016 after execution by the Executive Director ("Effective Date") and shall thereafter be revocable at any time by Tenant or by Executive Director, upon the giving of at least thirty (30) days' written notice to the other party stating the date upon which this Permit shall terminate ("Termination Date"); provided, however, if this Permit is not terminated prior to the fifth (5<sup>th</sup>) anniversary of the Effective Date, then before such time the Board shall review this Permit regarding its continuation and/or modification. (Termination Date shall also mean the date that the Permit terminates in connection with Tenant's Default under Section 8 and any termination by operation of law or any other reason.) The right of Executive Director to revoke this Permit is and shall remain unconditional. Neither City, nor any board,

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officer or employee thereof, shall be liable in any manner to Tenant because of such revocation. Tenant shall commence using the Premises for the Permitted Use within thirty (30) days from the Effective Date.

4. Compensation.

(a) Monthly Rent. On or before the first day of each month, in advance, Tenant shall pay to City the sum of Twelve Thousand Six Hundred Fifty Two Dollars and Eighty Eight Cents (\$12,652.88) as rental ("Rent") for the use of the Premises. Use of the Premises for purposes not expressly permitted herein, whether approved in writing by Executive Director or not, may result in additional charges, including charges required by Port of Los Angeles Tariff No. 4, as it may be amended or superseded ("Tariff"). Tenant agrees to pay such additional charges. Executive Director may change the amount of Rent required herein upon giving at least thirty (30) days' written notice to Tenant. Rent paid by Tenant shall be applied to the oldest outstanding balance. Rent is in addition to any applicable charges under the Tariff.

(b) Rent Adjustments. Provided this Permit is not sooner terminated, effective July 1<sup>st</sup> of the year following the Effective Date (which date and subsequent anniversaries shall be referred to individually as the "Adjustment Date") of the tenancy, and annually thereafter, the Rent will be adjusted as of July 1 automatically without further notice to reflect the percentage increase (but not any decrease), if any, in the Consumer Price Index, all Urban Consumers of the Los Angeles-Riverside-Orange County, California area, 1982-84=100, as published by the U.S. Department of Labor, Bureau of Labor Statistics ("CPI"), or successor index selected by the Executive Director in his or her sole reasonable discretion. 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 CPI index on the Adjustment Date and the denominator of which for the first adjustment is the July CPI Index for the calendar year in which the Effective Date occurs, and for all subsequent adjustments through the tenancy is the July CPI index of the prior Adjustment Date.

The formula illustrating the adjustment computation is as follows:

$$\text{Adjusted Rent} = \text{Rent as of Adjustment Date} \times \frac{\text{July CPI Index of Adjustment Date}}{\text{July CPI Index of Effective Date or Prior Adjustment Date}}$$

In addition to or in lieu of the above, City may, at any time, change the amount of Rent without reference to CPI adjustment by giving Tenant thirty (30) days' notice of such change as provided in Section 4(a), above.

(c) Late Charge. Rent payments which have not been paid within ten (10) days of the due date shall be subject to a service charge consisting of simple interest of one-thirtieth (1/30) of two percent (2%) of the invoice amount remaining unpaid each day, for costs and expenses incurred by reason of Tenant's late payment. City shall have the right to change the amount charged for the late charge to the amount set forth in Tariff Item No. 270 if the amount in Tariff Item No. 270 changes. Acceptance of any late charge (or any other payments) shall not constitute a waiver of Tenant's Default (defined below).

(d) Security Deposit. Prior to the issuance of this Permit, Tenant shall deposit ("Security Deposit") with City a sum equal to 2 months' Rent payments (as determined by Executive Director in his or her sole reasonable discretion) as security for Tenant's performance under this Permit including but not limited to covering Tenant's delinquent Rent, and its other obligations under this Permit including but not limited to repairing damages to the Premises. Notwithstanding the foregoing, City shall not be required to apply the Security Deposit during the term of the Permit. If the Rent is thereafter increased, Tenant shall increase the Security Deposit as necessary to assure that Tenant at all times has on deposit a sum equal to 2 months of the current Rent. If all or any part of said deposit is used to pay any Rent due and unpaid or to meet any other Tenant obligations, Tenant shall then immediately reimburse said deposit so that at all times during the life of this Permit a Security Deposit equal to the amount of the Security Deposit before the payments from the Security Deposit. Failure to maintain the full amount of the Security Deposit shall constitute a material breach of this Permit. In the sole discretion of the Executive Director,

Tenant may post other forms of security but only in a form acceptable to the City Attorney. If for any reason City has not initially required a Security Deposit from Tenant, City may at any time and for any reason require a Security Deposit in an amount the Executive Director determines necessary to secure performance of the Permit. Tenant agrees to post such deposit with City within ten (10) days of written request from City and agrees that its failure to do so constitutes a material breach of this Permit. No interest is payable by City on the Security Deposit.

(e) No Right of Set-Off. Notwithstanding any other provision of this Permit, Tenant's obligation to pay all Rent shall be absolute and unconditional and shall not be affected by any circumstance, including, without limitation, any set-off, counterclaim, recoupment, defense or other right or claim which Tenant may have against City.

(f) Place of Payment. Tenant shall render its payments to City of Los Angeles Harbor Department, P.O. Box 514300, Los Angeles, CA 90051-4300 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. Rent is to be paid only by Tenant. Notwithstanding the foregoing, acceptance of Rent paid by any entity or person other than Tenant shall not create any rights under this Permit for the entity or person making the Rent payment.

(g) Rent. All amounts payable by Tenant to City under this Permit during the term of this Permit shall be deemed to be Rent.

5. Rights-of-Way. This Permit shall at all times be subject to such rights-of-way over, on and/or through the Premises for sewers, pipelines (public or private), conduits, telephone, telecommunications equipment, light, heat or power lines that exist and/or as may from time to time be determined by Board, and shall also be subject to rights-of-way for, among other things, streets and other highways, and for railroads and other means of transportation as shall have been duly established or as shall be reserved herein, and/or other rights-of-ways for equipment access, occupancy and/or other rights reasonably necessary to comply with homeland security or related requirements of federal, state and/or local agencies; and to such rights-of-way as Board requires to drill and explore new or maintain existing oil, gas or mineral wells. This Permit and the Premises shall at all times be subject to all prior exceptions, reservations, grants, easements, leases or licenses of any kind whatsoever as the same 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 and shall also be at all times subject to 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.

6. Premises Satisfactory to Tenant/Required Modifications. Tenant has inspected the Premises and agrees that they are suitable for the Permitted Use. No officer or employee of City has made any representation or warranty with respect to the Premises, except as described in writing and attached hereto as an addendum, and in entering into this Permit, Tenant agrees it relies only on the provisions of the Permit. Any modification, improvement, or addition to the Premises and any equipment installation or removal required by the Fire Department, Department of Building and Safety, South Coast Air Quality Management District, Regional Water Quality Control Board, U.S. Coast Guard, Environmental Protection Agency, or any other agency in connection with Tenant's operations, shall be constructed, installed, or removed at Tenant's sole expense. Tenant shall obtain a General Permit from the office of the Chief Harbor Engineer, Engineering Division, of the Harbor Department ("Harbor Engineer") and shall comply with the requirements of Section 14 before making any modifications to the Premises.

7. Maintenance and Repair.

(a) Maintenance Performed by Tenant. Tenant at its sole cost and expense, shall keep and maintain the Premises, all paved areas, buildings, works and improvements of any kind thereon, 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. Notwithstanding the foregoing, if there

are wharf structures present on the Premises, City will maintain at its expense the structural integrity of the wharf structures. The wharf structure for purposes of this section means the beams, girders, subsurface support slabs, bulkheads and prestressed concrete or wood piling, joists, pile caps and timber decking (except as noted below), and any and all mooring dolphins. The wharf structure does not include the paving, the surface condition of timber decking or the fendering system.

(b) 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 at Tenant's expense. Notwithstanding, in an emergency as determined by City (including but not limited to an immediate threat of physical harm to persons and/or material damage to the Premises and/or structural or foundational damage to any improvements thereon), City shall have the right, but not the obligation, to undertake immediate repairs to the Premises and any structures thereon without notice. Tenant shall reimburse City for City's costs (as defined in Section 7(c)) within thirty (30) days after receipt of City's invoice for work performed. If 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 7(b) 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.

(c) City's Costs. "City's costs" for purposes of this Section 7 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.

(d) 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 annually, at a minimum, before the commencement of the rainy season, inspections and cleaning of the storm water catch basins (including filters), maintenance holes, and drains, maintaining the submerged land underlying the water berthing area at the Premises free and clear of debris from the wharf and from vessels, and cargo loading and unloading operations of vessels berthed at said berths in connection with Tenant's undertaking of the Permitted Use. 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.

(e) 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.

(f) City Inspections. Upon City's request, Tenant shall provide personnel to accompany City's representatives on periodic inspections of the Premises to determine Tenant's compliance with this Agreement. Notwithstanding the foregoing, nothing obligates City to make such determinations and City shall not incur any liability for not making such inspections and determinations.

8. Tenant Default.

(a) Events of Default. The occurrence of any of the following shall constitute a material breach and default by Tenant under this Permit:(1) Tenant's failure to pay when due any Rent required to be paid under this Permit if the failure continues for three (3) days after written notice from City; (2) Tenant's failure to perform any other obligation under this Permit if Tenant fails to cure the failure within thirty (30) days after delivery of written notice of the failure from City to Tenant; (3) Tenant's abandonment of the Premises including but not limited to (i) Tenant's absence from or failure to use the Premises or any

substantial portion thereof for three (3) consecutive days (excluding Saturdays, Sundays, and California legal holidays) while in default of any provision of this Permit; or (ii) If Tenant is not in default, Tenant's absence from or failure to use the Premises or any substantial portion thereof for a period of thirty (30) consecutive days unless Tenant, prior to the expiration of any such period of thirty (30) consecutive days, notifies Executive Director in writing that such nonuse is temporary and obtains the written consent of Executive Director to such nonuse; (4) To the extent permitted by law: (i) A general assignment by Tenant or any guarantor of the Permit for the benefit of the creditors without written consent of City; (ii) 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; (iii) 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; (iv) 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 Permit, unless that seizure is discharged within thirty (30) days.

(b) City's Remedies. City may pursue any and all remedies at law or in equity including seeking all monetary damages and termination of this Permit. City's remedies are cumulative and not inclusive. Nothing herein shall imply that City's right to revoke or terminate this Permit as provided in Section 3 is limited in any way. All personal property that remains on the Premises after Tenant vacates the Premises shall become the property of City, at City's option.

9. Compliance with Applicable Laws. At all times in its use and occupancy of the Premises and its conduct of operations thereon, Tenant, at Tenant's sole cost and expense, shall comply with all applicable federal, state, county, City or government agency laws, statutes, ordinances, standards, codes (including all building codes) rules, requirements or orders in effect now or hereafter in effect ("Applicable Laws") pertaining to the use or condition of the Premises and/or Tenant's operations and conduct of its business. Applicable Laws shall include, but not be limited to, all environmental laws and regulations in effect now or hereafter in effect including: (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) now or hereinafter in effect which concerns Environmentally Regulated Material (defined below), the Premises and/or Tenant's use and/or occupancy thereof. It is the parties' intent that Tenant will make, at Tenant's sole cost and expense, any and all alterations, improvements, and changes whether structural or nonstructural, that are required by Applicable Laws. In addition, Tenant shall comply immediately with all applicable environmental policies, rules and directives of City's Harbor Department. This Permit shall be construed in accordance with California law.

10. Tenant's Environmental Obligations.

(a) Tenant shall not cause or permit any Environmentally Regulated Material (defined below) 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 limited quantities of standard office and janitorial supplies containing chemicals categorized as Environmentally Regulated Material and except as permitted, required or necessary under Section 2, if any. Tenant shall handle all such Environmentally Regulated Material in strict compliance with Applicable Laws in effect during Tenant's occupancy. The term "Environmentally Regulated Material" shall mean (a) any "hazardous substance" as that term is defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA") (42 U.S.A. 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 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.

(b) Tenant shall remediate or cause the remediation of any spill, discharge or release of any Environmental Regulated Material that occurs in, on, under or about the Premises whether caused by Tenant or any Assignor (as defined in Section 11.1, below) or any third-party during Tenant's or Assignor's occupancy ("Contamination"), including Contamination of improvements, adjacent harbor waters, soil, sediment, groundwater or air or of adjacent premises (including soil, sediment, groundwater or air) and including Contamination that is a considered a nuisance under Applicable Laws. Remediation shall be to the satisfaction of City, and the requirements of the applicable governmental agencies including the Regional Water Quality Control Board ("RWQCB"), by removing or effecting the removal of all Contamination including but not limited to contaminated soil, water, groundwater, sediment or other material it may place or cause to be placed on site such that no encumbrances, such as deed or land use restrictions, be imposed on the Premises as a result of such Contamination. In fulfilling the obligations under this Section 10, Tenant shall also comply with any other conditions reasonably imposed by the City. If Tenant knows or has reasonable cause to believe that Contamination has occurred in, on, under or about the Premises, Tenant shall immediately give written notice to City.

(c) 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 including Contamination, regardless of whether the obligation for such compliance or responsibility is placed on the owner of the Premises, on the owner of any improvements on the Premises, on the user of the Premises, or on the user of any improvements on the Premises. For purposes of CERCLA, and any and all other Applicable Laws, Tenant shall be considered the owner and operator. Tenant agrees that any claims, damages, fines or other penalties asserted against or levied on City and/or Tenant as a result of 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, penalties, and/or judgments, as well as any costs expended to defend against such claims, damages, fines and penalties and/or judgments, including attorneys' and experts fees. City, at its sole option, may pay such claims, damages, fines, penalties and/or judgments resulting from Tenant's noncompliance with any of the aforementioned authorities, and Tenant shall indemnify and reimburse City for any such payments.

(d) Waste Disposal. In discharging Tenant's obligations under this Permit, if Tenant disposes of any Contamination, 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.

(e) Laboratory Testing. In discharging its obligations under this Section, 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 Permit, Tenant hereby irrevocably directs any such laboratory to provide City, upon written request from City, copies of all of its reports, tests results, and data gathered. As used in this Section, "Tenant" includes agents, employees, contractors, subcontractors, and/or invitees of the Tenant.

(f) Survival of Obligations. Except as may be otherwise provided in this Section 10, Tenant's obligations in this Section shall survive the Termination Date of this Permit.

11. Restoration and Surrender of Premises.

(a) Tenant's Restoration Obligations. Subject to Section 11(d), on or before the Termination Date of this Permit, unless otherwise excused in writing by Executive Director, Tenant shall quit and return possession of the Premises to City leaving no Tenant improvements, unless City notifies Tenant otherwise in writing, (but leaving City's improvements, if any) and leaving the Premises in at least as good and usable a condition, acceptable to Executive Director, as the same were in at the time of the first occupation thereof by Tenant, or any transferor to and/or assignor of Tenant (collectively, "Assignor") under this Permit and all other previous permits. The term Assignor shall include any and all entities that occupied the Premises prior to Tenant and actually or purportedly transferred and/or assigned its right of occupancy to Tenant either contractually or under operation of law, including any "Transfer" as defined in Section 17, below, whether or not there was a written assignment and/or approval of the assignment by City. Tenant shall not damage paving installed by City or any unpaved areas regardless of the nature of Tenant's operations on the Premises. If the condition of the Premises is upgraded during the term of this Permit, Tenant shall restore the Premises to the upgraded condition. If City terminates this Permit pursuant to Section 8, Tenant shall still be obligated to restore the Premises as provided in this Section or to pay the cost of restoration if City chooses to perform the work, at City's option, and Tenant shall be required to pay compensation to City as provided in Section 12. In connection with the foregoing, Tenant, at its sole cost and expense, shall restore the Premises (including their soil, groundwater and sediment) such that they will be returned to City: (a) free of Contamination and in at least as good of a condition as the condition prior to the installation of all above- and below-ground works, structures, improvements and pipelines of any kind, (collectively referred to as "Structures") in, on or below the Premises under this Permit and all previous permits. As between City and Tenant, Tenant shall bear sole responsibility for 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 Contamination 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) free of Structures placed on the Premises by Tenant. If the Premises, at the time of the Effective Date, have been improved by a prior tenant or by both City and a prior tenant, then such Structures which are left on the Premises at Tenant's request or for Tenant's benefit shall also be the responsibility of Tenant except as may be otherwise specified by this Permit; and (d) in a clean, level, graded and compacted condition with no excavations or holes resulting from Structures removed.

(b) Restoration Indemnity. In addition to and not as a substitute for any remedies provided by this Permit or at law or equity, Tenant shall defend, indemnify and hold harmless City from any and all claims and/or causes of action, damages, liabilities, judgments, expenses, penalties, loss of rents, and attorneys' and consultants' fees arising out of or involving: (a) Liens on the Premises, Structures, and/or on fixtures and/or equipment or property left on the Premises following the Termination Date; (b) Orders or enforcement actions pending against or in connection with the Premises, the Permitted Use and/or this Permit; (c) The cleanup of any Contamination and also shall include but not be limited to the cost of investigation, removal, remediation, restoration and/or abatement. The obligations under this Section shall survive the Termination Date of this Permit.

(c) Relocation Assistance. Nothing contained in this Permit shall create any right in Tenant or any sublessees of Tenant for relocation assistance or payment from City upon termination of this Permit (whether by revocation (Section 3) or default (Section 8) or any other reason. 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 termination of this Permit whether by City, Tenant or pursuant to Section 8 or operation of law.

(d) Demolition of Improvements; Acceptance of Improvements. If Tenant's improvements are not removed on or before the Termination 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 of any such removal or demolition. Notwithstanding the foregoing, City reserves the right, at its option, 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 in lieu of restoration of the Premises to their condition prior to such construction or Alteration (defined below).

(e) Site Restoration Plan. Independent of any regulatory agency requirements, upon written request of the Executive Director, Tenant shall submit to City a Site Characterization Work Plan for review and approval. Tenant's Site Characterization Work Plan shall include characterization of adjacent Harbor waters, soil, groundwater, and sediment of the Premises. Following City's approval of Tenant's Site Characterization Work Plan, Tenant shall conduct, at its sole cost and expense, a Site Characterization of the Premises pursuant to the Site Characterization Work Plan approved by City. The Site Characterization of the Premises shall be completed within a period of time specified by the Executive Director in his/her sole reasonable discretion and shall be submitted to City for its review. If in City's sole discretion, the results of such Site Characterization indicate that Contamination has been identified or reasonably suspected in, on under, or about the Premises, Tenant shall provide City at its sole cost and expense, a remediation action plan or soil management plan or other work plan ("Remedial Action Plan") as required by City in a form acceptable to City. Tenant shall demonstrate to the City's satisfaction that Contamination does not exist or that if Contamination exists, Tenant shall handle, store, treat, remove and properly dispose of the Contamination as described in Section 10 pursuant to the Remedial Action and to the satisfaction of City, and the requirements of the applicable governmental agencies including the Regional Water Quality Control Board ("RWQCB").

12. Rent During Restoration. Tenant understands and agrees it is responsible for complete restoration of the Premises before the Termination Date, as provided in this Permit and under Applicable Laws, including but not limited to the clean-up of any Contamination in, on or about the Premises. If, for any reason, such restoration is not completed before the Termination Date, then Tenant is obligated to pay City compensation during such restoration period, in an amount equal to the then fair market rental value of the Premises and the City's Harbor Department's then established rate of return as determined by City; however, said compensation amount shall not be less than the Rent paid by Tenant at the time of the Termination Date. Tenant also agrees to provide City a surety bond, in an amount determined by Executive Director, in his or her sole reasonable discretion, to assure removal of Contamination from the Premises at any time City demands such bond.

13. Premises Subject to Tariff. Tenant accepts the Premises and shall undertake the Permitted Use set forth in Section 2 subject to each and every of the terms and conditions provided herein, and to each and every of the rates, terms and conditions of the Tariff, as applicable to Premises and/or the Permitted Use. Tenant represents and warrants that it has received, read and understands the rates, terms and conditions of the Tariff and covenants that, at all times during the term of this Permit, it shall maintain a complete and current Tariff at the address set forth in Section 26 below. Except as otherwise set forth in this Permit, 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 Permit and a Tariff provision. In the event of such conflict, this Permit shall at all times prevail.

14. Alterations on Premises. Tenant shall not construct on or alter ("Alteration") the Premises, including a change in the grade, without first obtaining City's written approval. Tenant shall submit to City a complete Application for Discretionary Projects that attaches a complete set of drawings, plans and specifications (prepared and stamped by a licensed engineer registered in the State of California) reflecting the proposed Alteration. City's Harbor Engineer shall have the right to reject or order reasonable changes in said drawings, plans and specifications. Tenant, at its own expense, shall obtain all permits necessary for such construction. All construction by Tenant pursuant to this Permit shall be at Tenant's sole expense. Tenant shall keep the Premises free and clear of liens for labor and materials and shall hold City harmless from any responsibility in respect thereto. Tenant shall give written notice to Harbor Engineer, in advance, of the date it will commence any Alteration. Immediately upon the completion of the construction, Tenant shall notify Harbor Engineer of the date of such completion and shall, within thirty (30) days after such completion, file with Harbor Engineer, in a form acceptable to Harbor Engineer, a set of "as built" plans for such construction.

15. 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 cost of litigation (including all actual

litigation costs incurred by the City, including but not limited to costs of experts and consultants), 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, licensees or invitees;

(b) Any operation conducted upon or any use or occupation of the Premises by Tenant, its officers, agents, employees, sublessees, licensees or invitees under or pursuant to the provisions of this Permit or otherwise;

(c) Any act, omission or negligence of Tenant, its officers, agents, employees, sublessees, 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 Permit or any Applicable Laws; or

(e) The conditions, operations, uses, occupations, acts, omissions or negligence referred to in subdivisions (a), (b), (c) and (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 the Charter of City.

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 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. The term "persons" as used in this Section 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 Permit term as a result of Contamination of the Premises. 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 Contamination present in the soil or groundwater on or under the Premises.

The obligations under this Section shall survive the Termination Date of this Permit and 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.

16. Insurance. Tenant shall procure and maintain at its expense and keep in force at all times during the term of this Permit 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 One Million Dollars (\$1,000,000) for injury or death to one or more persons out of each accident or occurrence and One Million Dollars (\$1,000,000) for property damage for each accident or occurrence. Tenant shall also procure and maintain at its expense and keep in force at all times during the term of this Permit automobile insurance with limits of liability not less than One Million Dollars (\$1,000,000) covering injuries or death resulting from each accident or claim

arising out of any one claim or accident. Said limits shall provide first dollar coverage except that Executive Director may permit a self-insured retention or self-insurance in those cases where, in his or her judgment, such retention or self-insurance is justified by the net worth of Tenant. The retention or self-insurance provided shall provide that any other insurance maintained by City's Harbor Department shall be excess of Tenant's insurance and shall not contribute to it. In all cases, regardless of any deductible or retention, said insurance shall contain a defense of suits provision and a severability of interest clause.

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 Revocable Permit No. \_\_\_\_, 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;"

"The policy to which this endorsement is attached shall provide a 10-days notice of cancellation for nonpayment of premium, and a 30-days notice of cancellation for any other reasons to the Risk Manager"

"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 Insurance. In addition to and concurrently with the aforesaid insurance coverage, Tenant shall also procure and maintain, either by an endorsement thereto or by a separate policy, fire legal liability insurance with a minimum limit of Two Hundred Fifty Thousand Dollars (\$250,000.00), 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 the 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 time of this Permit. Neither City nor Board should be named as additional insureds on this policy.

(c) All Risk Insurance. Tenant shall secure, and shall maintain at all times during the term of this Permit and any holdover, fire and extended insurance 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 covered the same, or in riders attached thereto, as will provide for all losses over Two Hundred Fifty Thousand Dollars (\$250,000) 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 replacement or reconditioning of such items 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) 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 Permit 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 its 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.

(e) Such insurance procured by Tenant shall include the following features:

(i) Notice of Cancellation. Each insurance policy described above shall provide that it will not be cancelled or reduced in coverage until after City's Risk Manager has been given a 10-days notice of cancellation for nonpayment of premium, and a 30-days notice of cancellation for any other reason.

(ii) Acceptable Evidence and Approval of Insurance. Electronic submission is the required method of submitting Tenant's insurance documents. Track4LA<sup>®</sup> is the City's online insurance compliance system which is designed to be used by insurance brokers and agents to submit client insurance certificates directly to the City. Tenant's insurance broker or agent shall obtain access to Track4LA<sup>®</sup> at <http://track4la.lacity.org> and follow the instructions to register and submit the appropriate proof of insurance on Tenant's behalf.

(iii) Renewal of Policies. Prior to the expiration of each policy, Tenant shall show through submitting to Track4LA<sup>®</sup> that the policy has been renewed or extended or, if new insurance has been obtained, submit the appropriate proof of insurance to Track4LA<sup>®</sup>. If Tenant neglects or fails to secure or maintain the required insurance, or if Tenant fails to submit proof of insurance as required above, the City's Harbor Department may, at its option and at the expense of Tenant, obtain such insurance for Tenant.

(iv) Modification of Coverage. Executive Director, at his or her discretion, based upon recommendation of the Risk Manager of City's Harbor Department, 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.

(v) 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 Use. 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.

17. No Assignments/Subleases/Transfers.

No transfer of this Permit, 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 any entity that directly or indirectly controls or owns fifty percent (50%) or more 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 Permit (hereafter collectively referred to as "Transfer"), shall be valid

or effective for any purpose. "Transfer" also shall include the involvement of Tenant or its assets in any transaction, or series of transactions (by way of merger, sale, acquisition, financing, transfer, leveraged buyout or otherwise) whether or not a formal assignment or hypothecation of this Permit or Tenant's assets, which involvement results in a reduction of the net worth of Tenant (defined as the net worth of Tenant, excluding guarantors, established by generally accepted accounting principles) by an amount greater than twenty-five percent (25%) of such net worth as it was represented at the time of the execution of this Permit or as it exists immediately prior to said transaction or transactions constituting such reduction, whichever was or is greater. For purposes of this Section, 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.

18. Transfer of Stock. If Tenant is a corporation and more than ten percent (10%) of the outstanding shares of capital stock of Tenant is traded during any calendar year after filing its application for this Permit, Tenant shall notify Executive Director in writing within ten (10) days after the transfer date; provided, however, that this provision shall have no application in the event the stock of Tenant is listed on either the New York Stock Exchange, NASDAQ, or the NYSE Arca Options. If more than twenty-five percent (25%) of the Tenant's stock is transferred, whether by one or by means of successive transfers, regardless of whether Tenant is a publicly or privately held entity, such transfer shall be deemed an assignment within the meaning of the preceding paragraph. Any such transfer shall void this Permit. Such a transfer is agreed to be a breach of this Permit which shall entitle City to evict Tenant on at least seven (7) days' notice.

19. Tenant Name Change. Tenant shall notify City in writing within ten (10) days of making any changes to its name as set forth in the preamble of this Permit and shall provide City with all documents in connection with the change.

20. Signs. Tenant shall not erect or display, or permit to be erected or displayed, on the Premises any signs or advertising matter of any kind without first obtaining the written consent of Executive Director. If Tenant obtains consent, it shall comply with the requirements of Section 14. Tenant shall post, erect and maintain on the Premises such signs as Executive Director may direct.

21. Termination for Misrepresentations. This Permit is granted pursuant to an application filed by Tenant with Board. If the application or any of the attachments thereto contain any misstatement of fact which, in the judgment of Executive Director, affected his or her decision to grant said Permit, Executive Director may terminate this Permit.

22. Possessory Interest. THIS PERMIT MAY CREATE A POSSESSORY INTEREST BY TENANT WHICH MAY BE SUBJECT TO PROPERTY TAXATION. TENANT SHALL PAY ALL SUCH TAXES SO ASSESSED, AND ALL OTHER ASSESSMENTS OF WHATEVER CHARACTER LEVIED UPON ANY INTEREST CREATED BY THIS PERMIT. TENANT SHALL ALSO PAY ALL LICENSE AND PERMIT FEES REQUIRED FOR THE CONDUCT OF ITS OPERATIONS.

23. Utility Charges. Unless otherwise provided for herein, Tenant shall pay all charges for services furnished to the premises or used in connection with its occupancy, including, but not limited to, heat, gas, power, telephone, water, light and janitorial services, and pay all deposits, connection fees, charges and meter rentals required by the supplier of any such service, including City.

24. Termination by Court. If any court having jurisdiction in the matter renders a final decision which prevents the performance by City of any of its obligations under this Permit, then either party hereto may terminate this Permit by written notice, and all rights and obligations hereunder (with the exception of any undischarged rights and obligations) shall thereupon terminate.

25. Conflict of Interest. It is understood and agreed that the parties to this Permit have read and are aware of the provisions of Section 1090 et seq. and Section 87100 et seq. of the Government Code relating to conflict of interest of public officers and employees, as well as the Conflict of Interest Code of the 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 Permit. Notwithstanding any

other provision of this Permit, it is further understood and agreed that if such a financial interest does exist at the inception of this Permit, City may immediately terminate this Permit by giving written notice thereof.

26. Notice. In all cases where written notice including the service of legal pleadings is to be given under this Permit, service shall be deemed sufficient if said notice is deposited in the United States mail, postage prepaid or delivered to the Permit premises. When so given, such notice shall be effective from the date of mailing. Unless changed by notice in writing from the respective parties, notice to the parties shall be as follows:

To the City: Los Angeles Harbor Department  
P.O. Box 151  
San Pedro, California 90733-0151  
Attention: Executive Director  
Attention: Director of Real Estate

with a copy to: Office of City Attorney—Harbor Department  
425 S. Palos Verdes Street  
San Pedro, California 90731  
Attention: General Counsel

To the Tenant: Mortimer & Wallace, Inc.  
2422 E. Sepulveda Blvd.  
Los Angeles, California 90810  
Attention: Howard Wallace

Nothing herein contained shall preclude or render inoperative service of such notice in the manner provided by law. All notice periods under this Permit refer to calendar days unless otherwise specifically stated.

27. Construction of Agreement. This Permit shall not be construed against the party preparing it and shall be construed without regard to the identity of the person who drafted this Permit.

28. No Waiver. No waiver by either party at any time of any terms or conditions of this Permit shall be a waiver at any subsequent time of the same or any other term or condition. The acceptance of Rent by City shall not be deemed a waiver of any other breach by Tenant of any term or condition of this Permit other than the failure of Tenant to timely make the particular Rent payment so accepted. No breach of a covenant, term or condition of this Permit will be deemed to have been waived by City unless the waiver is in writing and executed by City.

29. Immediate Access to Repair/Maintain Premises. Tenant is aware that the City's Department of Water & Power, other utility, or other maintenance or service from or on behalf of City, may need to service or repair certain facilities on the Premises. If such repair is necessary, Tenant agrees to relocate, at its expense, all of its cargo equipment or personal property to provide such personnel adequate access. Tenant agrees to complete such relocation within twenty-four (24) hours of receiving notice from City except in case of emergency. Tenant agrees neither the department servicing the Premises nor City shall be responsible for any loss Tenant may suffer as a result of such maintenance or repair.

30. Records and Reports. All books, accounts and other records showing the affairs of Tenant with respect to its business transacted at, upon or over the Premises shall be maintained at the Premises or Tenant's nearest office to the Premises, and may be subject to examination, audit and transcription by Executive Director or any person designated by her; and in the event it becomes necessary to make such examination, audit or transcription at any place other than within fifty (50) miles of the Premises, then all costs and expenses necessary, or incident to such examination, audit or transcription shall be paid by Tenant. These records shall be retained during the term of this Permit so that the records for the four (4) most recent years are available. After this Permit terminates, Tenant shall maintain the records for the four (4) most recent years for at least two (2) years. Upon request in writing by Executive Director or his or her designated representative, Tenant shall furnish a statement of the

exact location of all records and the name and telephone number of the custodian of these records. The statement shall be submitted within fifteen (15) days of the request and shall contain such detail and cover such period of time as may be specified in any such request. From time to time Executive Director or designee shall audit Tenants' records and accounts. Information to be provided by Tenant will include, but not be limited to, general ledgers, charts of accounts, subledgers including cash receipts journals, cash disbursement journals, and all original receipts and documents which support the information provided to City.

31. Promotion of Los Angeles Harbor Facilities. Tenant shall in good faith and with all reasonable diligence use its best efforts by suitable advertising and other means to promote the use of the Premises granted by this Permit.

32. 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.

33. Time of the Essence. Time is of the essence in this Permit.

34. Nondiscrimination and Affirmative Action Provisions. 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 subcontracts awarded under or pursuant to this Permit shall contain this provision. The applicable provisions of Section 10.8 et seq. of the Los Angeles Administrative Code are set forth in the attached Exhibit B and are incorporated herein by this reference.

35. Minority, Women and Other Business Enterprise (MBE/WBE/OBE) Outreach Program. It is the policy of the City to provide minority business enterprises (MBEs), women's business enterprises (WBEs), and all other business enterprises (OBEs) an equal opportunity to participate in the performance of all City contracts in all areas where such contracts afford such participation opportunities. The Tenant shall assist the City in implementing this policy and shall use its best efforts to afford the opportunity for MBEs, WBEs, and OBEs to achieve participation in subcontracts where such participation opportunities present themselves and attempt to ensure that all available business enterprises, including MBEs, WBEs, and OBEs, have an equal opportunity to compete for and participate in any such participation opportunity which might be presented under this Permit.

36. Service Contractor Worker Retention Policy and Living Wage Policy Requirements. The 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 the 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 Permit and otherwise pursue legal remedies that may be available.

37. Wage and Earnings Assignment Orders/Notices of Assignments. The 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 and Notices of Assignments applicable to them personally. The Tenant will fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignments in accordance with California Family Code §§ 5230 et seq. The Tenant will maintain such compliance throughout the term of this Permit.

38. Equal Benefits Policy. The 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 the 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. See Exhibit C.

39. Wilmington Truck Route. It is recognized by both parties that Tenant may not directly control the trucks serving the Premises. However, Tenant will make its best effort 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. A copy of the Wilmington Truck Route is attached hereto and marked Exhibit D, which may be modified from time to time at the sole discretion of the Executive Director with written notice to Tenant.

40. Business Tax Registration Certificate. The City of Los Angeles Office of Finance requires the implementation and enforcement of Los Angeles Municipal Code Section 21.09 et seq. This section provides that every person, other than a municipal employee, who engages in 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 City's Harbor Department

41. Supervision of Business Practices. The nature and manner of conducting any and all business activities on the Premises shall be subject to reasonable regulation by Board. In the event such business is not conducted in a reasonable manner as determined by Board, it may direct that corrective action be taken by Tenant or its sublessees to remedy such practices and upon failure to comply therewith within thirty (30) days of Tenant receiving such written notice, Board may declare this Permit terminated.

Pursuant to the provisions of the Los Angeles City Charter and of the tide and submerged land grant, Tenant and its sublessees shall use the Premises in such a manner so that there shall be no discrimination made, authorized or permitted in the rates, tolls, or charges or in the facilities provided for any use or service in connection therewith.

Tenant shall also conduct its business and cause the businesses of its sublessees upon the Premises (if any have been expressly authorized by City in writing) to be conducted in a first-class manner. Tenant shall furnish and maintain a standard of service at least equal to that of the better class of similar businesses providing similar services and facilities in the City of Los Angeles and adjacent communities during the entire term of this Permit.

Board reserves the right to have access to and inspect the schedule of rates and prices for services and facilities performed or provided upon the Premises. In the event that after Tenant has been advised and given a reasonable opportunity to confer with Board and to justify any rate or price challenged by it as unreasonable or noncompensatory, and Board has determined such rate or price to be unreasonable or inappropriate for the services rendered or the facilities provided, such rates or prices shall be modified by Tenant as directed by Board.

42. 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.

43. Paragraph Headings. Paragraph headings used in the Permit are merely descriptive and not intended to alter the terms and conditions of the paragraphs.

44. Integrated Agreement. It is understood that this Permit supersedes and cancels any and all previous negotiations, arrangements, representations, agreements, negotiations and understandings, if any, between the parties and there are no oral agreements that affect any of the terms of this Permit.

45. Prior Permit Superseded. This Permit shall terminate Permit No. 752 as of the Effective Date Said termination does not affect rights of either party have accrued or obligations which remain to be performed or rights and/or obligations which provide they continue after termination or expiration of the agreement or which continue by operation of law..

46. Amendments. No provision of this Permit may be amended except by an agreement in writing signed by City and Tenant. Any such modifications are subject to all applicable approval processes set forth in City's Charter, City's Administrative Code, or other applicable law.

47. Governing Law and Venue. This Permit is made and entered into in the State of California and shall in all respects be construed, interpreted, enforced and governed under 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 Permit shall be filed and litigated in the state or federal courts located in the County of Los Angeles, State of California.

48. Additions. There is attached to this Permit an addendum, consisting of numbered Sections 49-51, inclusive, the provisions of which are made a part of this Permit as though set forth herein in full.

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

DATED: \_\_\_\_\_

By \_\_\_\_\_  
EUGENE D. SEROKA  
Executive Director

Attest: \_\_\_\_\_  
AMBER M. KLESGES  
Board Secretary

The undersigned Tenant hereby accepts the foregoing Permit and agrees to abide and be bound by and to observe each and every of the terms, conditions and covenants, thereof, including those set forth in the addendum, if any, and excluding those marked as being deleted.

MORTIMER & WALLACE, INC.

DATED: \_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_  
Type/Print Name and Title of Officer

Attest: \_\_\_\_\_

\_\_\_\_\_  
Type/Print Name and Title of Officer

APPROVED AS TO FORM AND LEGALITY

\_\_\_\_\_, 2016  
MICHAEL N. FEUER, City Attorney  
JANNA B. SIDLEY, General Counsel

By: \_\_\_\_\_  
Heather M. McCloskey, Deputy

## ADDENDUM

49. Pipelines. Tenant shall maintain at Tenant's nearest office to the Premises the as-built drawings that identify the precise position of any pipelines, utilities or improvements of any type Tenant places on the Premises, whether placed above or below ground. Upon twenty-four (24) hours' written notice by Executive Director, Tenant shall undertake at its sole cost and expense whatever measures are reasonably necessary, including subsurface exploration for any pipeline or any other substructure under Tenant's control or servicing Tenant's operation within the Premises granted herein, to precisely locate the position of such items if City considers such as-built drawings insufficient to locate such items. Tenant agrees any work necessary to locate such items or any damage which may result from the location being incorrectly described, whether incurred by Tenant or City, shall be borne exclusively by Tenant. Exploration and preparation of all documentation recording the location of lines or structures shall be completed within the time specified in said notice. The subsurface exploration shall verify the vertical as well as horizontal location of all pipelines and substructures. Documentation reflecting the results of said exploration shall be filed with the Harbor Engineer.

If Tenant neglects, fails or refuses within the time specified in said notice to begin or fails to prosecute diligently to complete the work of locating any pipeline or any other substructure under Tenant's control or servicing Tenant's operation within the Premises granted herein, the City shall have the right to enter onto the Premises and perform the work designated in the notice. All subsurface exploration required by the provisions contained herein whether performed by Tenant or City shall be performed at Tenant's expense. In addition, Tenant agrees to bear the cost of any and all damage of whatever nature caused by any act, omission, or negligence of the City and any and all of its boards, officers, agents, consultants, and employees in the performance of said subsurface exploration as required by this provision. Work performed by City or City's contractors under this provision does not alter Tenant's obligation to maintain the Premises in a safe condition, both during and after completion of the work.

(a) Rules Governing Pipelines. After installation, and in any event for the duration of this Permit, Tenant shall comply with pipeline testing and inspection requirements, as well as the laws and regulations of the Pipeline Code, the Pipeline Safety Act, the California Public Utilities Code, the California Public Utilities Commission regulations for pipelines, the California State Lands Commission Marine Facilities Division ("CSLCIMFD"), the State of California Bureau of Conservation/Division of Oil, Gas, and Geothermal Resources ("DOGGR"), and any other state and/or federal agency not mentioned above, and as required by the California State Fire Marshal ("CSFM") under the Pipelines Safety Act. The City reserves the right to request tests for facilities not under the direct authority of the CSFM, the CSLCIMFD, the DOGGR, the California Public Utilities Commission, and the Federal Office of Pipeline Safety ("FOPS").

(b) Pipeline Tests or Inspections. Upon request by Executive Director, Tenant shall provide the Director of Real Estate of City's Harbor Department and the Director of Environmental Management of City's Harbor Department a master schedule showing dates for pipeline testing and inspection(s) in accordance with the requirements referenced in Section 49.1 above. The master schedule shall include an itemized list with corresponding line item reference numbers for each pipeline covered under the subject Permit, corresponding required test(s) or inspection(s), date(s) of test(s) or inspection(s), method(s) of test(s) or inspection(s), applicable agency, the frequency of required test(s) or inspection(s), and the California State Fire Marshal Line No. and the California State Fire Marshal Test ID No., if applicable. If Tenant's existing pipelines are modified, or new pipelines are added to the Premises, Tenant shall follow the authorization procedure described in Section 49.1 and provide an updated master schedule with any addition or subtraction of pipelines. This shall cover testing or inspection requirements of all agencies mentioned in Section 49.1, above, as well as any other additional required test(s) or inspection(s).

If Tenant's pipeline test(s) or inspection(s) are approved by the applicable agency requiring or overseeing the test(s) or inspections(s), upon Executive Director's request Tenant shall confirm in writing to the City approval of the test(s) or inspections(s) and/or submit documentation including master

schedule reference number for pipeline(s) being reported on, date(s) of test(s) or inspection(s), method(s) of test(s) or inspection(s) and a general non-technical summary of results.

Upon Executive Director's request, Tenant shall submit a summary of its certified test or inspection approval results to the Director of Environmental Management of City's Harbor Department within thirty (30) days after they have been approved by the agencies which required the pipeline testing or inspection(s), and the records of such test(s) shall be retained by Tenant for as long as is required by Applicable Laws, but in any event not less than three (3) years. Records of all tests will be made available for inspection by Executive Director or designee at his or her request.

If Tenant's pipeline test(s) or inspection(s) are disapproved, and/or there are irregularities with Tenant's pipeline test(s) or inspection(s), indicating a leak or other operational deficiency, Tenant shall notify the Director of Environmental Management of City's Harbor Department within three (3) days of disapproval and/or receipt of test(s) or inspection(s) results with a non-technical summary of the results including the circumstances that resulted in the disapproval or test(s)/inspection(s) irregularities as well as all test documentation produced and a description and schedule for implementation of corrective action as directed by the applicable agency requiring or overseeing the test(s) or inspection(s).

City's receipt of any notice and/or documentation regarding any pipeline tests, inspection results, and/or irregularities with Tenant's pipelines does not constitute a waiver of any kind of Tenant's obligations under this Permit or under Applicable Laws and does not waive any rights and/or remedies of City.

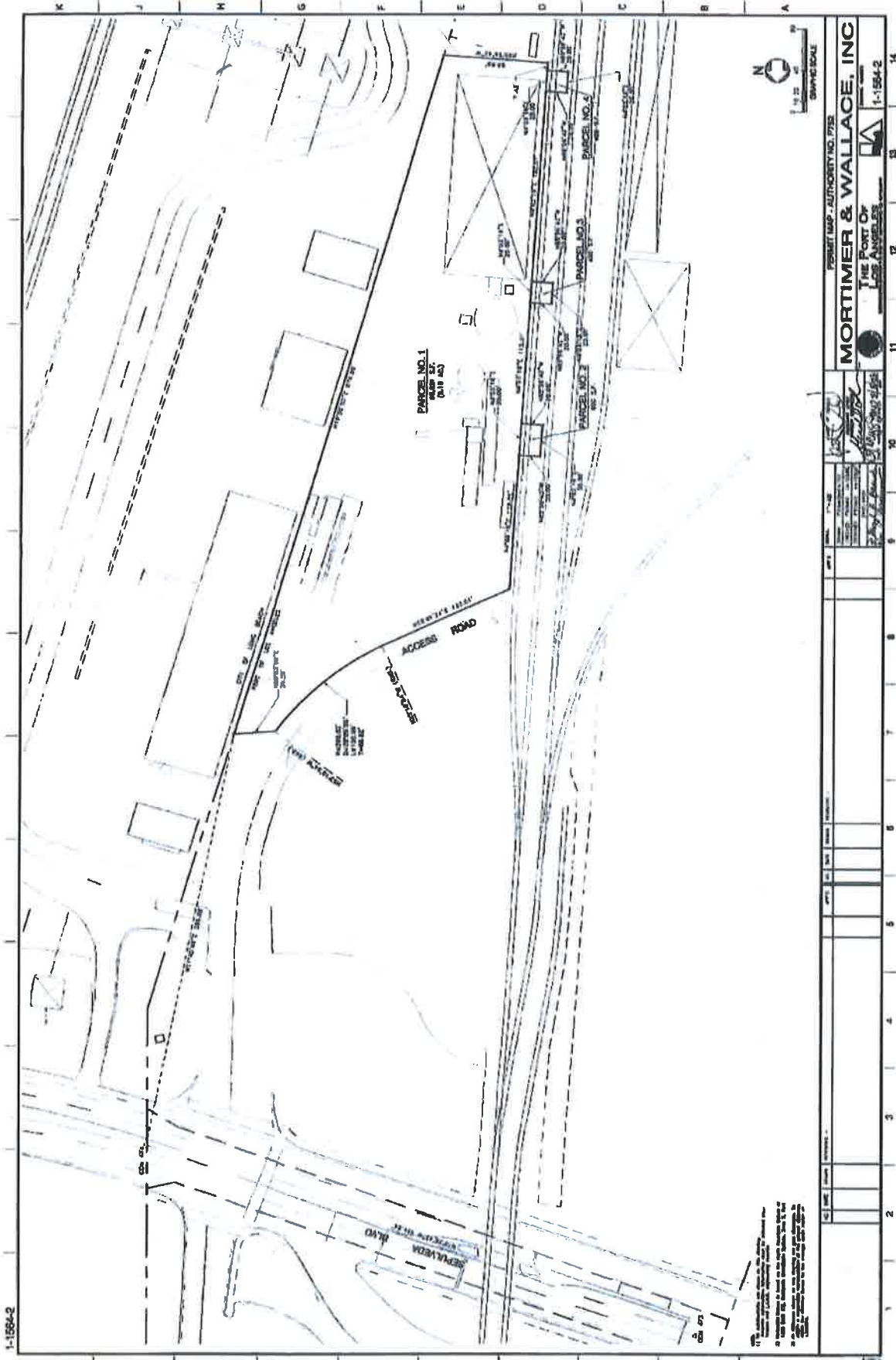
(c) Relocation of Pipelines. At any time during the term of this Permit, Board shall have the right to make any such change in the route or location of any pipeline constructed or maintained on the Premises by Tenant pursuant to the authority of this Permit as may be required or made necessary for the progress of harbor development or the performance of any work or improvement within the jurisdiction of Board. If Board shall determine that any such change or relocation is necessary, Board shall give at least ninety (90) days' written notice to Tenant and the work of removal and relocation shall be completed within such time after said written notice as shall be fixed in said notice. The cost of any such removal and relocation shall be borne by Tenant. Tenant hereby expressly waives the provisions of the Water Resources Development Act of 1980, and as amended, pertaining to cost allocation for pipeline relocation.

50. Tanks. If storage tanks are located on or below the Premises, Tenant, at its expense, shall submit to City an inventory of all storage tanks, within thirty (30) days from the commencement of the term of this Permit, indicating the number of tanks, type (atmospheric, etc.), contents, capacity, past historical use, location and the date each tank was last tested for structural integrity and leaks. Tenant shall also, at its sole expense, when required by law or when deemed necessary by the Executive Director or his or her designee, test all storage tanks located on the Premises for structural integrity and leaks. Upon written request, Tenant shall make available to City the results of all such tests. Testing required herein shall be to the satisfaction of City and in conformance with all Applicable Laws (as defined in Section 9 above). If during Tenant's occupancy of the Premises a tank or the pipelines servicing a tank containing hazardous material and/or any regulated liquids/material are discovered to be leaking, Tenant shall immediately notify the City and take all steps necessary to repair the tank and/or pipelines and clean up the contaminated area to the satisfaction of City and in accordance with all Applicable Laws.

51. Right to Self-Insure. Upon written approval by the Executive Director, Tenant may self-insure if the following conditions are met:

- A. Tenant has a formal self-insurance program in place prior to execution of this Permit. If a corporation, Tenant must have a formal resolution of its board of directors authorizing self-insurance.
- B. Tenant agrees to protect the City, its boards, officers, agents and employees at the same level as would be provided by full insurance with respect to types of coverage and minimum limits of liability required by this Permit.

- C. Tenant agrees to defend the City, its boards, officers, agents and employees in any lawsuit that would otherwise be defended by an insurance carrier.
- D. Tenant agrees that any insurance carried by City's Harbor Department is excess of Tenant's self-insurance and will not contribute to it.
- E. Tenant provides the name and address of its claims administrator.
- F. Tenant submits a Financial Statement or Balance Sheet prior to Executive Director's consideration of approval of self-insurance and annually thereafter evidence of financial capacity to cover the self-insurance.
- G. Tenant agrees to inform City's Harbor Department in writing immediately of any change in its status or policy which would materially affect the protection afforded City's Harbor Department by this self-insurance.
- H. Tenant has complied with all laws pertaining to self-insurance.



1-1584-2



PROJECT MAP, AUTHORITY NO. 7752  
**MORTIMER & WALLACE, INC.**  
 THE PORT OF  
 LOS ANGELES  
 1-1584-2

1	2	3	4	5	6	7	8	9	10	11	12	13	14

EXHIBIT A

**PREMISES MAP 2**



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## **EXHIBIT B - 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 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

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;
  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 C

### Sec. 10.8.2.1. Equal Benefits Ordinance.

Discrimination in the provision of employee benefits between employees with domestic partners and employees with spouses results in unequal pay for equal work. Los Angeles law prohibits entities doing business with the City from discriminating in employment practices based on marital status and/or sexual orientation. The City's departments and contracting agents are required to place in all City contracts a provision that the company choosing to do business with the City agrees to comply with the City's nondiscrimination laws.

It is the City's intent, through the contracting practices outlined in this Ordinance, to assure that those companies wanting to do business with the City will equalize the total compensation between similarly situated employees with spouses and with domestic partners. The provisions of this Ordinance are designed to ensure that the City's contractors will maintain a competitive advantage in recruiting and retaining capable employees, thereby improving the quality of the goods and services the City and its people receive, and ensuring protection of the City's property.

#### (c) Equal Benefits Requirements.

(1) No Awarding Authority of the City shall execute or amend any Contract with any Contractor that discriminates in the provision of Benefits between employees with spouses and employees with Domestic Partners, between spouses of employees and Domestic Partners of employees, and between dependents and family members of spouses and dependents and family members of Domestic Partners.

(2) A Contractor must permit access to, and upon request, must provide certified copies of all of its records pertaining to its Benefits policies and its employment policies and practices to the DAA, for the purpose of investigation or to ascertain compliance with the Equal Benefits Ordinance.

(3) A Contractor must post a copy of the following statement in conspicuous places at its place of business available to employees and applicants for employment: "During the performance of a Contract with the City of Los Angeles, the Contractor will provide equal benefits to its employees with spouses and its employees with domestic partners." The posted statement must also include a City contact telephone number which will be provided each Contractor when the Contract is executed.

(4) A Contractor must not set up or use its contracting entity for the purpose of evading the requirements imposed by the Equal Benefits Ordinance.

(d) Other Options for Compliance. Provided that the Contractor does not discriminate in the provision of Benefits, a Contractor may also comply with the Equal Benefits Ordinance in the following ways:

(1) A Contractor may provide an employee with the Cash Equivalent only if the DAA determines that either:

a. The Contractor has made a reasonable, yet unsuccessful effort to provide Equal Benefits; or

b. Under the circumstances, it would be unreasonable to require the Contractor to provide Benefits to the Domestic Partner (or spouse, if applicable).

(2) Allow each employee to designate a legally domiciled member of the employee's household as being eligible for spousal equivalent Benefits.

(3) Provide Benefits neither to employees' spouses nor to employees' Domestic Partners.

(e) Applicability.

(1) Unless otherwise exempt, a Contractor is subject to and shall comply with all applicable provisions of the Equal Benefits Ordinance.

(2) The requirements of the Equal Benefits Ordinance shall apply to a Contractor's operations as follows:

a. A Contractor's operations located within the City limits, regardless of whether there are employees at those locations performing work on the Contract.

b. A Contractor's operations on real property located outside of the City limits if the property is owned by the City or the City has a right to occupy the property, and if the Contractor's presence at or on that property is connected to a Contract with the City.

c. The Contractor's employees located elsewhere in the United States but outside of the City limits if those employees are performing work on the City Contract.

(3) The requirements of the Equal Benefits Ordinance do not apply to collective bargaining agreements ("CBA") in effect prior to January 1, 2000. The Contractor must agree to propose to its union that the requirements of the Equal Benefits Ordinance be incorporated into its CBA upon amendment, extension, or other modification of a CBA occurring after January 1, 2000.

(f) **Mandatory Contract Provisions Pertaining to Equal Benefits.** Unless otherwise exempted, every Contract shall contain language that obligates the Contractor to comply with the applicable provisions of the Equal Benefits Ordinance. The language shall include provisions for the following:

(1) During the performance of the Contract, the Contractor certifies and represents that the Contractor will comply with the Equal Benefits Ordinance.

(2) The failure of the Contractor to comply with the Equal Benefits Ordinance will be deemed to be a material breach of the Contract by the Awarding Authority.

(3) If the Contractor fails to comply with the Equal Benefits Ordinance the Awarding Authority may cancel, terminate or suspend the Contract, in whole or in part, and all monies due or to become due under the Contract may be retained by the City. The City may also pursue any and all other remedies at law or in equity for any breach.

(4) Failure to comply with the Equal Benefits Ordinance may be used as evidence against the Contractor in actions taken pursuant to the provisions of Los Angeles Administrative Code Section 10.40, et seq., Contractor Responsibility Ordinance.

(5) If the DAA determines that a Contractor has set up or used its Contracting entity for the purpose of evading the intent of the Equal Benefits Ordinance, the Awarding Authority may terminate the Contract on behalf of the City. Violation of this provision may be used as evidence against the Contractor in actions taken pursuant to the provisions of Los Angeles Administrative Code Section 10.40, et seq., Contractor Responsibility Ordinance.

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

