

Lease No. 904 - Parcel 2A Acceptance and Possession Requirements

Lease No. 904 contains requirements to be met by the Tenant before the Harbor Department is required to undertake certain obligations regarding improvements at the site ("City New Improvements"). With respect to Parcel 2A (also known as Berth 57), these New City Improvements include the design and construction of Signal Street improvements and the wharf/ground improvements at Berth 57. [See Lease Exhibit L(2).]

Under the terms of the lease, the Harbor Department is required to start design of the wharf and street improvements at Parcel 2A only after all the following events take place:

1. AltaSea obtains tax exempt status per Section 501(c)(3) of the Internal Revenue Code [Lease Section 7.1.2]. Completed

The Internal Revenue Service has determined that AltaSea is exempt from federal income tax under section 501(c)(3). The IRS notified AltaSea of this determination by letter dated May 9, 2014.

2. The Executive Director of the Harbor Department determines that AltaSea is in compliance with the requirements of Section 3.2.1 with respect to Parcel 2A, as follows;

- i. AltaSea delivers written notice of its intent to exercise the right to accept Parcel 2A. Still pending

AltaSea has not submitted written notice of intent, however this can be done at any time AltaSea is ready to accept the parcel.

- ii. AltaSea submits a development schedule for Parcel 2A.

AltaSea submitted a development schedule to staff on May 12, 2014. Completed but may need updates.

- iii. AltaSea submits a 5-year business plan for Parcel 2A.

AltaSea submitted a 5-year business plan. Pending but technically not required until acceptance of parcels.

- iv. AltaSea submits an updated economic analysis for any Demised Premises and Parcel 2A.

AltaSea submitted an economic analysis for the project in August 2013, which is still current in its findings. AltaSea intends to submit an updated economic analysis report at the time of occupancy in 2019.

- v. AltaSea submits an Application for Port Permit (APP) with cost estimates per Lease Section 4.14.

AltaSea Submitted an APP and cost estimate for Parcel 2A on Submitted and recent Port requested clarifications are being reviewed.

- vi. AltaSea submits a Capital Campaign Plan for Parcel 2A.

AltaSea prepared a Capital Campaign Plan for Phase One, which includes Parcel 2A, dated April 1, 2014, which was submitted to staff on May 12, 2014.

- vii. AltaSea submits evidence of committed capital in the amount of 75% of the APP cost estimates for Parcel 2A.

Still pending

- viii. AltaSea shows completion of prior improvements and compliance with non-monetary compensation for previously accepted parcels.

This milestone is not applicable because no parcels have been previously accepted by AltaSea.

- 3. AltaSea has accepted Parcel 1A prior to or concurrent with accepting Parcel 2A.

Still pending

- 4. Lease No. 904 has been transferred from Rockefeller Philanthropy Advisors, Inc. to AltaSea at the Port of Los Angeles.

Still pending and hard deadline is 12-22-14 or start of construction.

Note: Responses above are good as of 7-9-14.