

CITY OF LOS ANGELES HARBOR DEPARTMENT  
Port of Los Angeles

REVOCABLE PERMIT  
No. 19-17

The Board of Harbor Commissioners ("Board") of the City of Los Angeles ("City") hereby grants permission to SO CAL SHIP SERVICES, a California corporation ("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 the Board subject to the following terms and conditions:

1. Premises. Tenant is permitted under this Revocable Permit ("Permit") to use the lands and/or waters and/or facilities (hereinafter called "Premises") located at 971 S. Seaside Avenue (Parcels 1, 2, 3) and 1410 Barracuda Street (Parcels 4, 5) Terminal Island, CA 90731, as follows:

Parcel 1	9,978 square feet (sf) (paved land)
Parcel 2	22,172 sf (paved land)
Parcel 3	18,161 sf (paved land)
Parcel 4	26,500 sf (paved land)
Parcel 5	16,371 sf (warehouse)

as delineated and more particularly described on the temporary drawing Exhibit "A" attached hereto and incorporated herein by this reference. Such drawing will be replaced by a final drawing issued by the Office of the Chief Harbor Engineer of the Harbor Department. By mutual agreement of Executive Director ("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 Board subject to the following conditions: (1) so long as such change in the Premises is not temporary within the meaning of the Port of Los Angeles Tariff No. 4, as it may be amended or superseded ("Tariff"), Item No. 1035 (or its successor), the compensation set forth in Section 4 of this Permit shall be increased or decreased pro rata to reflect any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 exceeding One Hundred Fifty Thousand Dollars (\$150,000). 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 Board.

2. Permitted Use. The Premises shall be used for employee parking and storage of equipment and maritime related dunnage and other uses 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 that 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 Permit shall have an effective date ("Effective Date") of May 1, 2020 after it is executed by the Executive Director after approval by Board, and any other required approvals, 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"). Notwithstanding anything in Section 1, either party may give thirty (30) days' written notice that it wishes to revoke (terminate) and return one or more of Parcels 1-5; however, Parcels 4 and 5 have to be terminated concurrently, and the return of any parcel shall not be allowed to create a remaining landlocked parcel. **This Permit shall not exceed twenty-four (24) months from the Effective Date. The foregoing does not imply that the Permit cannot be terminated earlier than 24 months from the Effective Date.** (Termination Date shall also mean the date that the Permit terminates in connection with Tenant's Default under Section 13 of this Permit 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, 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 rental ("Rent") for the use of the Premises according to the table below. Initial rent will be Eighteen Thousand Nine Hundred and Fifty-One Dollars and Forty-Three Cents, per month as "Monthly Rent." Provided this Permit is not sooner terminated, the Monthly Rent shall be adjusted as follows and as further detailed in Exhibit AA:

October 1, 2020 to December 31, 2020:	\$23,449.75 per month
January 1, 2021 to December 31, 2021:	\$28,007.56 per month
January 1, 2022 to April 30, 2022:	\$34,845.74 per month

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 under the 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) 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, without further notice to Tenant, 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 under Section 13 of this Permit.

(c) Security Deposit. Prior to the issuance of this Permit, Tenant shall deposit with City a sum equal to two months' Monthly Rent in the initial amount of Thirty Seven Thousand Nine Hundred Two Dollars (\$37,902) in cash or a letter of credit from a financial institution acceptable to City as security for Tenant's performance under this Permit ("Security Deposit") 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 to any of Tenant's obligations under this Permit during the term of the Permit. At all times there shall be a Security Deposit on deposit with City in the amount of two months' Monthly Rent. When the Monthly Rent is increased pursuant to Section 4(a), or any other reason, Tenant shall increase the Security Deposit within ten (10) days in order to have 2 months of Monthly Rent on deposit. If all or any part of the Security Deposit is used to pay any Rent due and unpaid or to meet any other Tenant obligation, Tenant shall then immediately reimburse City for the amount applied so that at all times during the life of this Permit a Security Deposit in the amount of 2 months of Monthly Rent shall be on deposit with City. Failure to maintain the full amount of the Security Deposit shall constitute a material breach of this Permit. In the sole discretion of Executive Director, Tenant may post other forms of security but only in a form acceptable to the Los Angeles 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 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.

(d) 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.

(e) 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.

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

5. 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.

6. Rights-of-Way. This Permit shall at all times be subject to rights-of-way over, on, under, and through the Premises for (1) sewers; storm drains; pipelines (public or private); telecommunications equipment; conduits; telephone, cable, fiber optic, and/or power lines; and all similar items; (2) streets, highways, railroads, and all other means of transportation; and (3) equipment access, occupancy, and all other rights reasonably necessary to comply with homeland security or related requirements of federal, state, and local agencies; regardless of whether such rights-of-way exist or are authorized by Board or City in the future. City further reserves rights-of-way over, on, under, and through the Premises as Board or City requires to drill and explore new, or to 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 Board or City may reasonably require after the Effective Date for which Tenant shall receive no compensation unless otherwise expressly provided.

7. Premises Satisfactory to Tenant / Required Modifications. Tenant has inspected the Premises and agrees that they are suitable for the Permitted Use. It is understood and agreed that Tenant accepts the Premises in an "AS-IS", "WHERE-IS" condition, with all faults and limitations. Tenant acknowledges that it has been occupying the Premises before the Effective Date continuously since January 17, 2008 for which occupancy Tenant has paid City including a payment in the amount of \$80,682.07 for the period of July 19, 2019 to April 30, 2020 for its occupation of Parcels 1-3. 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 City's Harbor Department ("Harbor Engineer") and shall comply with the requirements of Section 13 of this Permit before making any modifications to the Premises.

7(a) The Premises are under an approved United States Environmental Protection Agency (USEPA) and Department of Toxic Substances Control (DTSC) Soil Management Plan (SMP). There shall

be no soil disturbances or development of the Premises without going through the APP process (see section 9 below) and if approved, all work will require City's (e.g., Environmental Management Division) consultation and oversight. The Premises shall be subject to a Land Use Covenant and Agreement (LUC) by and between the DTSC and City which provides, among other things, environmental restrictions and which is currently in draft form. A copy of the draft LUC is attached here to as Exhibit E. A copy of the final LUC shall be substituted for the draft LUC when completed without further action of the Board. The LUC shall be incorporated into the Agreement by this reference. Among other things, the LUC prohibits the Premises from being used as residence. Tenant represents and warrants that it will not permit anyone to use the Premises as a residence.

8. Maintenance and Repair.

(a) Maintenance Performed by Tenant. Tenant, at its sole cost and expense, shall keep and maintain the Premises, and all 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 8 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 8(c) of this Permit) within thirty (30) days after receipt of City's invoice for work performed. If Tenant shall commence such repairs and diligently pursue the same to completion or shall begin to perform the required maintenance within the thirty (30) day period, City shall refrain from commencing or pursuing further any repairs or performing any required maintenance until the work has been completed by Tenant. Tenant shall thereafter pay on demand City's costs incurred pursuant to this Section 8(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 8 shall include, in City's sole reasonable discretion, the cost of maintenance or repair or replacement of property neglected, damaged or destroyed, including direct and allocated costs for labor, materials, services, equipment usage, and other indirect or overhead expenses arising from or related to maintenance, repair, or replacement work performed by or on behalf of City.

(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 any storm water catch basins (including filters), maintenance holes, and drains, maintaining the submerged land underlying any 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 Permit. Notwithstanding the foregoing, nothing obligates City to make such determinations and City shall not incur any liability for not making such inspections and determinations.

9. 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 Port Permits (APP) that attaches a complete set of drawings, plans and specifications reflecting the proposed Alteration. Where applicable, the drawings, plans and specifications must be prepared and stamped by a licensed engineer registered in the State of California. All projects in the Harbor District are subject to review by City's Harbor Department pursuant to the California Environmental Quality Act (CEQA) and the certified Port Master Plan. 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.

10. Signs and Lighting. 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, Tenant shall also comply with the requirements of Section 9 of this Permit prior to erecting or displaying any signs or advertising matter on the Premises. Tenant shall further post, erect, and maintain on the Premises such signs as Executive Director may direct. Tenant acknowledges that the Premises may lack adequate lighting for a Permitted Use and that Tenant is responsible for installing temporary or permanent lighting as it may deem necessary to perform any labor, or to protect any property stored or located on the Premises, or to otherwise use the Premises for any Permitted Use. Tenant shall comply with the requirements of Section 9 of this Permit prior to installing any lighting. Any lighting installed shall meet Illuminating Engineering Society / American National Standards Institute (IES/ANSI) standards.

11. Immediate Access to Repair / Maintain Premises. Tenant is aware that 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 equipment and other 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.

12. Premises Subject to Tariff. Tenant accepts the Premises and shall undertake the Permitted Use set forth in Section 2 of this Permit 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 of this Permit. 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.

13. 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 three (3) 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; and/or (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 of this Permit 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.

14. Compliance with Applicable Laws and Environmental Obligations.

(a) 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, regulations, 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:

(i) The Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA") (42 USCS §§ 9601 et seq.) in its present or successor form and its implementing regulations;

(ii) The Resource Conservation and Recovery Act and Hazardous and Solid Waste Amendments of 1984 ("RCRA") (42 USCS §§ 6901 et seq.) in its present or successor form and its implementing regulations;

(iii) The federal Clean Water Act (33 USCS §§ 1251 et seq.) in its present or successor form and its implementing regulations;

(iv) The California Porter-Cologne Water Quality Control Act (California Water Code §§ 13020 et seq.) in its present or successor form and its implementing regulations;

(v) The federal Clean Air Act (42 USCS §§ 7401 et seq.) in its present or successor form and its implementing regulations;

(vi) The California Clean Air Act of 1988 (Chapter 1568, Statutes of 1988) in its present or successor form and its implementing regulations;

(vii) The California Lewis-Presley Air Quality Management Act of 1976 (California Health and Safety Code §§ 40400 et. seq.) in its present or successor form and its implementing regulations; and

(viii) 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 (as defined in Section 14(c)), the Premises, and/or Tenant's use and/or occupancy thereof.

(b) 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, known as the Port Environmental Policies. This Permit shall be construed in accordance with California law.

(c) Tenant shall not cause or permit any Environmentally Regulated Material, as defined in this Section 14(c), 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 of this Permit, 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:

(i) Any "hazardous substance" as that term is defined in CERCLA;

(ii) "Hazardous waste" as that term is defined in the RCRA;

(iii) 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);

(iv) Radioactive material, including any source, special nuclear, or byproduct material as defined in the Atomic Energy Act of 1954 (42 USCS §§ 2011 et seq.) in its present or successor form;

(v) Asbestos in any form or condition;

(vi) Polychlorinated biphenyls ("PCBs") and any substance or compound containing PCBs; and

(vii) Petroleum products.

(d) Tenant shall remediate or cause the remediation of any spill, discharge, or release of any Environmentally Regulated Material that occurs in, on, under, or about the Premises ("Contamination"), whether caused by Tenant or any third-party during Tenant's occupancy, 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 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, 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 14, Tenant shall also comply with any other conditions reasonably imposed by 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.

(e) 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.

(f) 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. Neither City, Port of Los Angeles, nor Los Angeles Harbor Department shall appear on any manifest document as a generator of such material.

(g) In discharging Tenant's obligations under this Permit, Tenant shall perform any tests using a State of California Department of Health Services certified testing laboratory or other similar laboratory upon City's written approval. 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 14, "Tenant" includes agents, employees, contractors, subcontractors, and/or invitees of Tenant.

(h) Tenant shall implement City's Harbor Department's policies, known as Best Management Practices, in order to reduce the potential for pollutants to enter Harbor waters, as follows:

(i) Facility Operations: Clean and maintain facility regularly. Use dry cleaning methods whenever possible; avoid washing areas down. Do not allow sweepings or sediment to enter the storm drain or the Harbor. Collect wash water for disposal or direct to a clarifier. Do not encourage scavengers. Do not feed birds, feral cats, sea lions, or other scavengers. Recycle whenever possible.

(ii) Maintenance Operations: Use drip pans to prevent any drips or leaks from contacting the ground during maintenance and fueling operations. Clean spills or drips immediately using dry methods. Use spill cleanup kits to confine or contain spills. Do not hose down equipment or allow process water to enter the storm drain or the Harbor. Place tarps beneath maintenance and repair operations to prevent materials such as paint chips and metals from contacting the ground.

(iii) Material and Waste Handling and Storage: Train employees responsible for waste management on handling and disposal procedures. Store all hazardous and universal waste in accordance with all federal, state, and local regulations. Store all materials and waste inside and in secondary containment. If stored outside, store only in designated, covered, and contained areas. Store waste in covered, leak proof, labeled containers. Keep lids closed on all outdoor containers including dumpsters. Store all oily products (e.g. engines), batteries, tires, and metal off the ground and under cover when stored outdoors.

(i) Except as may be otherwise provided in this Permit, Tenant's obligations in this Section 14 shall survive the Termination Date of this Permit.

15. Restoration and Surrender of Premises.

(a) Tenant's Restoration Obligations. Subject to Section 15(d) of this Permit, 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, space assignments and/or other occupancies. 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 19 of this Permit, 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 13 of this Permit, Tenant shall still be obligated to restore the Premises as provided in this Section 15 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 16 of this Permit. In connection with the foregoing, Tenant, at its sole cost and expense, shall restore the Premises (including the soil, groundwater, and sediment) such that the Premises 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-ground 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 including, but not be limited to, the cost of investigation, removal, remediation, restoration and/or abatement. The obligations under this Section 15 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 13) 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 (§§ 7260 et seq.) with respect to any relocation of its business or activities upon the termination of this Permit whether by City, by Tenant, pursuant to Section 13 of this Permit, or by 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, as constructed or altered, in lieu of restoration of the Premises to their condition prior to such construction or alteration.

(e) Site Restoration Plan. Independent of any regulatory agency requirements, upon written request of 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 Executive Director in his or 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 Tenant's 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 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 14 of this Permit pursuant to the Remedial Action Plan and to the satisfaction of City, and the requirements of the applicable governmental agencies including the Regional Water Quality Control Board.

16. 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 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.

17. Indemnity.

(a) 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 but not limited to claims of its officers, employees, agents, contractors sublessees, licensees or invitees, including cost of litigation (including all actual litigation costs incurred by 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:

(i) 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;

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

(iii) Any act, error, omission, willful misconduct, or negligence of Tenant, its officers, agents, employees, sublessees, licensees, or invitees, arising from the use, operation, or occupancy of the

Premises, regardless of whether any act, omission, or negligence of City, its officers, agents, employees or invitees contributed thereto;

(iv) 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

(v) The conditions, operations, uses, occupations, acts, omissions, or negligence referred to in subdivisions (i), (ii), (iii) and (iv) 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.

(b) 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 17. The term "persons" as used in this Section 17 shall include, but not be limited to, officers and employees of Tenant.

(c) 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, consultants' fees, and experts' fees) which arise during or after the Permit term as a result of Contamination for which Tenant is otherwise responsible for under the terms of this Permit. 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.

(d) The indemnity obligations under this Section 17 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.

18. 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 insurance or Marine General Liability, including contractual 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 bodily injury and property damage for each occurrence / Two Million Dollars (\$2,000,000) general aggregate.

(b) 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. This insurance shall cover all owned, non-owned, and/or hired automobile.

(c) Limits for coverage required under Section 18(a) and (b) of this Permit 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.

(d) Fire Legal Liability Insurance. In addition to and concurrently with the aforesaid insurance coverage, Tenant shall procure and maintain, either by an endorsement thereto or by a separate policy, fire legal liability insurance with a minimum of Two Hundred Fifty Thousand Dollars (\$250,000) covering legal liability of Tenant for damage or destruction to the works, buildings and improvements owned by City provided that said minimum limits of liability shall be subject to adjustments by Executive Director to conform with the deductible amount of the fire insurance policy maintained by the Board's fire insurance policy, upon thirty (30) days' prior written notice thereof to Tenant at any time during the term of this Permit.

(e) Property/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 One Hundred Percent (100%) of the replacement value of the works, buildings and improvements erected or owned by Tenant on the Premises, with such provision in the policies issued to cover the same, or in riders attached thereto, as well provided 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 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.

(f) Where Tenant operates watercraft, liability coverage for such craft must be provided as follows: Protection and indemnity coverage with limits of One Million Dollars (\$1,000,000) per occurrence for bodily injury, illness, death, loss of or damage to the property of another including masters and members of the vessel crew, and Jones Act risks or equivalent thereto internationally. City shall be named as an Additional Insured.

(g) Policies submitted pursuant to Section 18(a)(b) and (d) of this Permit shall, in addition, provide the following coverage either in the original policy or by endorsement substantially as follows:

(i) "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 the City of Los Angeles, Board of Harbor Commissioners, 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. 19-17, 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."

(ii) "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 City's Risk Manager."

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

(iv) "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."

(v) "Notice of occurrences or claims under the policy shall be made to the City's Risk Manager with copies to the Los Angeles City Attorney's Office."

(h) 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 California Labor Code. Tenant shall file with City one of the following:

- (i) A certificate of consent to self-insure issued by the Director of Industrial Relations, State of California;
- (ii) A certificate of Workers' Compensation insurance issued by an admitted carrier; or
- (iii) An exact copy or duplicate thereof of the policy certified by the Director or the insurer.

Such documents shall be filed prior to Tenant's occupancy of the Premises. Where Tenant has employees who are covered by the United States Longshore and Harbor Workers' Compensation Act ("USLHWC Act"), Tenant shall furnish proof of such coverage to City. It is suggested that Tenant consult with its insurance professional of its choosing to determine whether its proposed operation methods will render its employees subject to coverage under the USLHWC 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.

(i) All insurance procured by Tenant shall comply with the following:

(i) 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-day notice of cancellation for nonpayment of premium, and a 30-day notice of cancellation for any other reason.

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

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

(iv) 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) Tenant shall report in writing to Executive Director within fifteen (15) days after it, its officers, or its 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 its managing agents.

19. 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 19, 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.

20. 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.

21. 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 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 Section 19. Any such transfer shall void this Permit. Such a transfer is agreed to be a breach of this Permit which shall entitle the Executive Director to immediately terminate this Permit by giving written notice thereof.

22. Termination for Misrepresentations. This Permit is granted pursuant to an application filed by Tenant with City. 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 immediately upon written notice to Tenant.

23. 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.

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 City's Harbor Department. All parties hereto agree that they are unaware of any financial or economic interest of any public officer or employee of City relating to this 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 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 Tenant: So Cal Ship Services  
Attn: Mark Wrobel  
971 Seaside Avenue  
Terminal Island, CA 90731

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. 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 Permit shall be joint and several.

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

31. 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.

32. Minority, Women and Other Business Enterprise (MBE/WBE/OBE) Outreach Program. It is the policy of 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. Tenant shall assist 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.

33. Service Contractor Worker Retention Policy and Living Wage Policy Requirements. Board adopted Resolution No. 5771 on January 3, 1999, to adopt the provisions of Los Angeles City Ordinance No. 171004 relating to Service Contractor Worker Retention, Section 10.36 et seq. of the Los Angeles Administrative Code, as the policy of City's Harbor Department. Further, Charter Section 378 requires compliance with 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 City to terminate this Permit and otherwise pursue legal remedies that may be available.

34. Wage and Earnings Assignment Orders/Notices of Assignments. Tenant is obligated to fully comply with all applicable state and federal employment reporting requirements for 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. Tenant will fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignments in accordance with Section 5230 et seq. of the California Family Code. Tenant will maintain such compliance throughout the term of this Permit.

35. Equal Benefits Policy. Board adopted Resolution No. 6328 on January 12, 2005, 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, a copy of which is attached as Exhibit "C", as a policy of City's Harbor Department. Tenant shall comply with the policy wherever applicable. Violation of the policy shall entitle City to terminate this Permit and otherwise pursue legal remedies that may be available.

36. Wilmington Truck Route. It is recognized by both parties that Tenant may not directly control any 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 as depicted on the attached as Exhibit "D". The Wilmington Truck Route may be modified from time to time at the sole discretion of Executive Director with written notice to Tenant.

37. State Tidelands Act. This Permit, 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 (1929 Cal. Stats., Ch. 651), as amended, and Article VI of the Charter of 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.

38. Section Headings. Section headings used in the Permit are merely descriptive and not intended to alter the terms and conditions of the sections.

39. 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 related to the subject matter of this Permit and there are no oral agreements that affect any of the terms of this Permit.

40. 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.

41. 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.

42. Prior Entitlements Superseded. This Permit supersedes Space Assignment Numbers 17-36, 17-37, 08-19, 08-20, 11-14, 11-17 and all other occupancies of Tenant. From and after the Effective Date, said superseded Space Assignments and Tenant's occupancy under anything other than this Permit shall have no further force or effect except to the extent either party has accrued any continuing rights or obligations that remain to be exercised or performed after the termination or expiration of the superseded Space Assignments and/or by operation of law including but not limited to indemnity obligations.

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

CITY OF LOS ANGELES By and through  
its Board of Harbor Commissioners

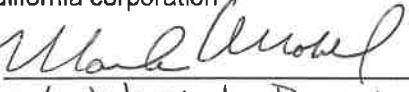
By: \_\_\_\_\_  
EUGENE D. SEROKA  
Executive Director

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

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

DATED: 5-8-2020

SO CAL SHIP SERVICES,  
a California corporation

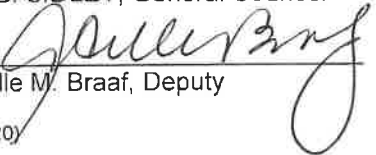
By:   
Mark Wrobel - President / owner  
(Type/Print Name and Title)

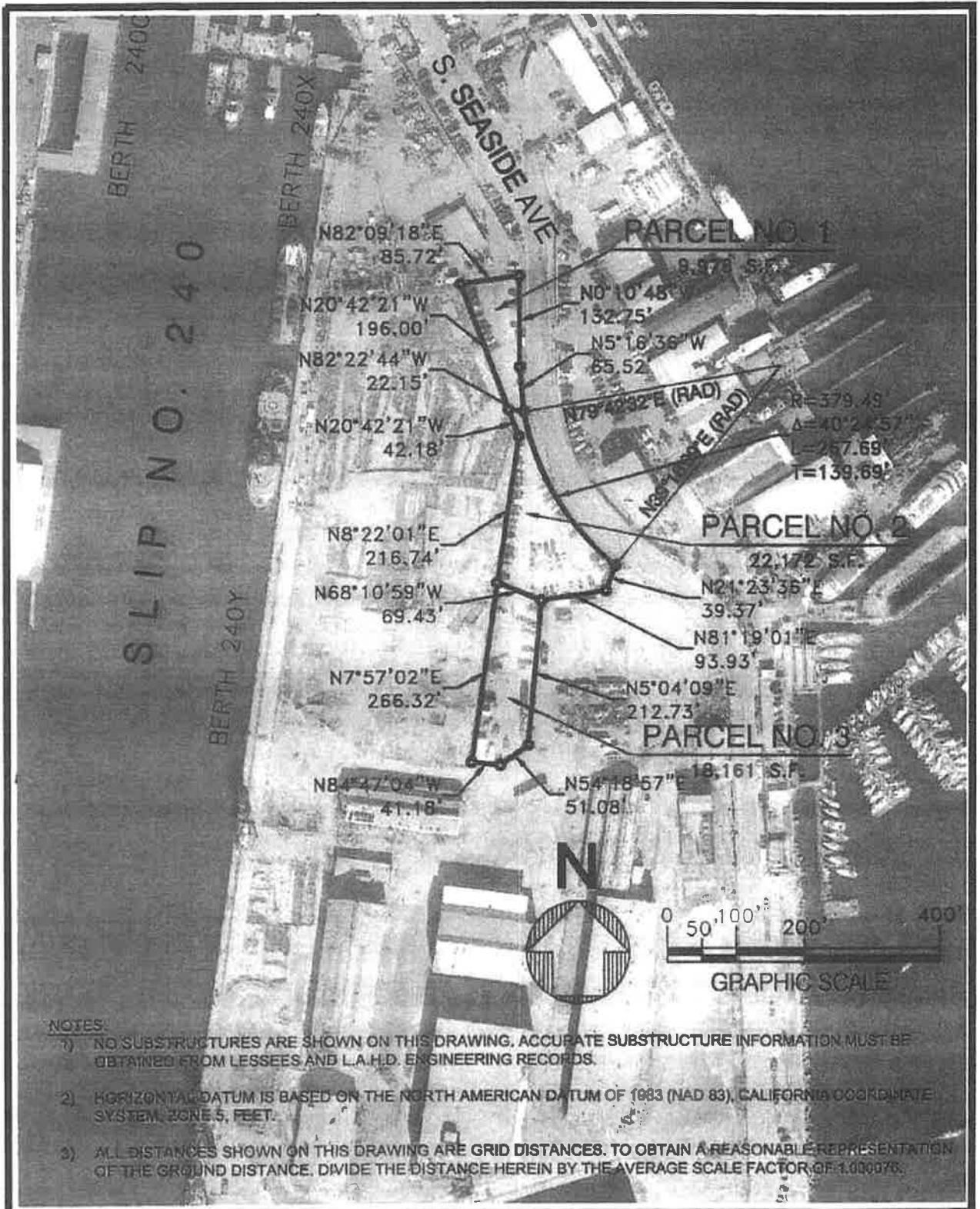
Attest: \_\_\_\_\_

\_\_\_\_\_  
(Type/Print Name and Title)

APPROVED AS TO FORM AND LEGALITY

6/10, 2020  
MICHAEL N. FEUER, City Attorney  
JANNA B. SIDLEY, General Counsel



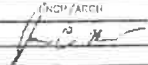

By:   
Estelle M. Braaf, Deputy  
EB:Its  
(05/21/2020)



**NOTES:**

- 1) NO SUBSTRUCTURES ARE SHOWN ON THIS DRAWING. ACCURATE SUBSTRUCTURE INFORMATION MUST BE OBTAINED FROM LESSEES AND L.A.H.D. ENGINEERING RECORDS.
- 2) HORIZONTAL DATUM IS BASED ON THE NORTH AMERICAN DATUM OF 1983 (NAD 83), CALIFORNIA COORDINATE SYSTEM, ZONE 5, FEET.
- 3) ALL DISTANCES SHOWN ON THIS DRAWING ARE GRID DISTANCES. TO OBTAIN A REASONABLE REPRESENTATION OF THE GROUND DISTANCE, DIVIDE THE DISTANCE HEREIN BY THE AVERAGE SCALE FACTOR OF 1.000076.

FILE: \\sdc\proj\1917\1917001\1917001.dwg USER: JACOB  
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SCALE:	CIVIL DESIGN  ASSISTANT CHIEF OF HARBOR ENGINEER	<b>PERMIT MAP - AUTHORITY NO. RP19-17</b>	
DRAWN: P. HOANG CHECKED: C. BROWN DESIGNED: P. HOANG	 CHIEF HARBOR ENGINEER	<b>SOUTHERN CALIFORNIA SHIP SERVICES</b>	
IN CHARGE  CHIEF HARBOR ENGINEER	DATE 5/19/20		DRAWING NUMBER <b>5-7383</b>
		THE PORT OF LOS ANGELES <b>ENGINEERING DIVISION</b> 425 S. PALMS VERDES STREET SAN PEDRO CA 90731-3100	



**SOCAL SHIP SERVICES RENT SCHEDULE**

PARCEL	TYPE	SIZE IN SF	STATUS	YEAR 2020		YEAR 2021		YEAR 2022			
				RENTAL RATE MAY 1 TO SEPT 30 2020	TOTAL RENT (\$ MONTHS)	RENTAL RATE OCT 1 TO DEC 31 2020	TOTAL RENT (\$ MONTHS)	RENTAL RATE JAN 1 TO DEC 31 2021	TOTAL RENT (\$ MONTHS)	RENTAL RATE JAN 1 TO APR 30 2022	TOTAL RENT (\$ MONTHS)
1	PAVED LAND	9,978	CORTESE	\$0.17	\$8,481.30	\$0.19	\$5,687.46	\$0.24	\$28,736.64	\$0.30	\$11,973.60
2	PAVED LAND	22,172	CORTESE	\$0.17	\$18,846.20	\$0.19	\$12,638.04	\$0.24	\$63,855.36	\$0.30	\$26,606.40
3	PAVED LAND	18,161	CORTESE	\$0.17	\$15,436.85	\$0.19	\$10,351.77	\$0.24	\$52,303.68	\$0.30	\$21,793.20
4	PAVED LAND	26,500	NORMAL	\$0.17	\$22,525.00	\$0.24	\$19,080.00	\$0.28	\$89,040.00	\$0.35	\$37,100.00
5	WAREHOUSE	16,371	NORMAL	\$0.36	\$29,467.80	\$0.46	\$22,591.98	\$0.52	\$102,135.04	\$0.64	\$41,909.76
<b>TOTAL:</b>				<b>\$94,757.15</b>	<b>\$70,349.25</b>	<b>\$336,090.72</b>	<b>\$139,382.96</b>				
Total Land Area				76,811							
MONTHLY RENT:				\$18,951.43	\$23,449.75	\$28,007.56	\$34,845.74				

TOTAL RENT CALENDAR YEAR 2020: \$165,106.40  
 TOTAL RENT CALENDAR YEAR 2021: \$336,090.72  
 TOTAL RENT CALENDAR YEAR 2022: \$139,382.96  
 NET TOTAL RENT (2 YEARS) \$640,580.08

CORTESE DISCOUNT: Parcels 1-3	20.83%	14.29%
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## 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.

### AFFIRMATIVE ACTION PROGRAM PROVISIONS

- 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

### AFFIRMATIVE ACTION PROGRAM PROVISIONS

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;

### AFFIRMATIVE ACTION PROGRAM PROVISIONS

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.

## Equal Benefits Ordinance

### 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.

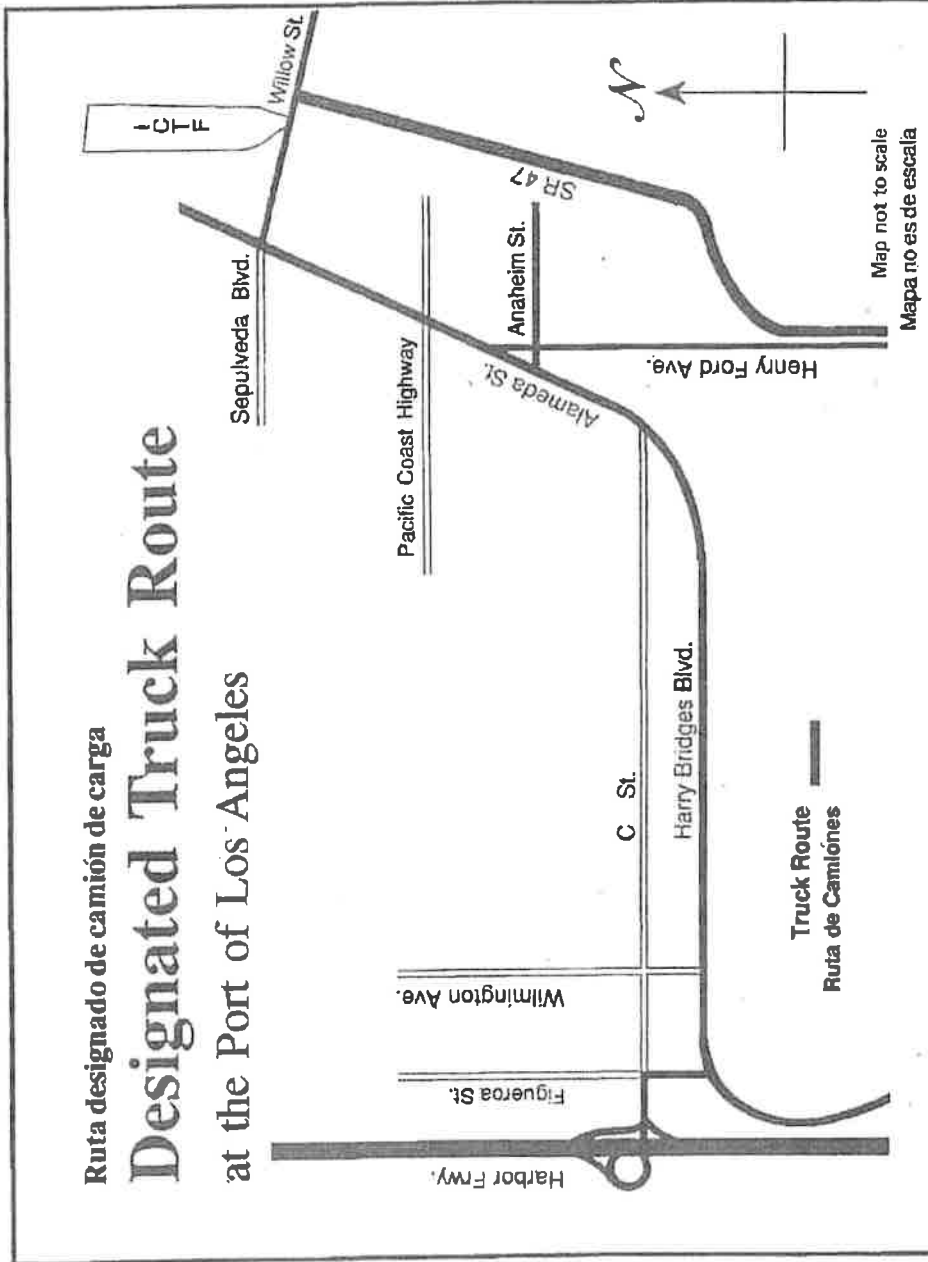
(3) If the Contractor fails to comply with the Equal Benefits Ordinance the Awarding Authority may cancel, terminate or suspend the Contract, in whole or in part, and all monies due or to become due under the Contract may be retained by the City. The City may also pursue any and all other remedies at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



65-90

RECORDING REQUESTED BY:

Department of Toxic Substances Control  
and  
City of Los Angeles Harbor Department  
425 South Palos Verdes Street  
San Pedro, California 90731

WHEN RECORDED, MAIL TO:

Department of Toxic Substances Control  
5796 Corporate Avenue  
Cypress, California 90630  
Attention: Branch Manager  
Site Mitigation and Restoration Program

SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE

LAND USE COVENANT AND AGREEMENT

ENVIRONMENTAL RESTRICTIONS

County of Los Angeles, Assessor Parcel Number(s): 7440-031-907,  
7440-032-904, 7440-033-904 and 7440-034-903  
Southwest Marine  
Site Code: 401456

This Land Use Covenant and Agreement ("Covenant") is made by and between the Harbor Department of the City of Los Angeles, City of Los Angeles Harbor Department a municipal corporation, acting by and through its Board of Harbor Commissioners (the "Covenantor"), the current owner of the property located at 985 Seaside Avenue (Berth 240), Port of Los Angeles, in the County of Los Angeles, and State of California (the "Property"), and the Department of Toxic Substances Control (the "Department"). Pursuant to Civil Code section 1471, the Department has determined that this Covenant is reasonably necessary to protect present or future human health or safety or the environment as a result of the presence on the land of hazardous materials as defined in Health and Safety Code 25260. The Covenantor and the Department hereby agree

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that, pursuant to Civil Code section 1471 and Health and Safety Code section 25355.5, the use of the Property be restricted as set forth in this Covenant and that the Covenant shall conform with the requirements of California Code of Regulations, title 22, section 67391.1.

## ARTICLE I

### STATEMENT OF FACTS

1.1. Property Location. The Property that is subject to this Covenant, totaling approximately 204 acres, is more particularly described in the attached Exhibit A, "Legal Description", and depicted in Exhibit B, "Plot Plan". The Property is divided into the Parcel 1, Parcel 2, and Parcel 3 (3a, and 3b), and is located in the area bounded by South Seaside Avenue on the east and northeast and the Los Angeles Main Channel on the west and a Federal Corrections Facility to the south. The Property Site Location is shown in Exhibit C. A Site Topographic Map is depicted in Exhibit B. The Property is identified as portions of County of Los Angeles, Assessor Parcel Numbers (APNs): 7440-031-907, 7440-032-904, 7440-033-904 and 7440-034-903.

1.2. Remediation of Property. This Property has been investigated and/or remediated under the Department's oversight in accordance with a Remedial Action Order (RAO; HAS-RAO 08/09-056). The Department approved a *Removal Action Workplan* in 2013, a *Final Revised Soil and Groundwater Removal Action Plan (RAP)* on September 21, 2016, the *Removal Action Completion Report (RACR)* in 2018, in accordance with Health and Safety Code, division 20, chapter 6.8, and a Memo to File dated February 14, 2020. The RACR includes a Soil Management Plan (SMP). An Operation and Maintenance (O&M) Plan was finalized in January 2019. Section 5.15 of the RAO specifies implementation and adherence to the O&M Plan.

Remediation activities conducted at the Property included excavation/removal of contaminated soils. Hazardous substances at the Property include polychlorinated biphenyls (PCBs), antimony, arsenic, chromium, copper, lead, mercury, zinc, and total petroleum hydrocarbons. Due to limited access, the complete removal of contaminated soil to unrestricted use could not be achieved. Post-remediation concentrations of PCBs and metals in soil remaining at the Property above levels acceptable for

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and soil containing metals may be encountered within 10 feet of the seawall, soil, which could not be excavated, remains in place.

Hazardous substances, including lead up to 320 milligrams per kilogram (mg/kg) in the former paint shop in the northern part of Parcel 2, lead up to 400 mg/kg and PCBs up to 7.8 mg/kg along the western part of Parcel 3a and in the northwestern part of Parcel 2, PCBs up to 58.8 mg/kg and lead up to 350 mg/kg in the northern boundary of Parcel 3a (southern edge of Parcel 3b) remain at the Property above levels acceptable for unrestricted land use.

1.3 Application for Port Permit (APP): As discussed in the RAP, the City of Los Angeles Harbor Department (Harbor Department) must review and approve certain activities and improvements on the Property. The approval process by the Harbor Department includes submission of an APP. The APP requirements are independent of this Covenant, and regardless of the APP process, DTSC has separate and distinct enforcement authority pursuant to this Covenant.

1.4 Basis for Environmental Restrictions. As a result of the presence of hazardous wastes, which are also hazardous substances/materials as defined in Health and Safety Code section 25260, at the Property, the Department has concluded that it is reasonably necessary to restrict the use of the Property and groundwater in order to protect present or future human health and or safety or the environment, and that this Covenant is required as part of the Department approved remedy for the Property. The Department has also concluded that the Property, as remediated and when used in compliance with the Environmental Restrictions of this Covenant, does not present an unacceptable risk to present and future human health or safety or the environment.

## ARTICLE II

### DEFINITIONS

2.1. Department "Department" means the California Department of Toxic Substances Control and includes its successor agencies, if any.

2.2 Environmental Restrictions "Environmental Restrictions" means all protective provisions, institutional controls, covenants, restrictions, requirements, prohibitions, and terms and conditions as set forth in this Covenant.

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2.3. Improvements. "Improvements" includes, but is not limited to buildings, structures, roads, driveways, improved parking areas, wells, pipelines, or other utilities.

2.4. Lease. "Lease" means lease, rental agreement, ~~permit, space assignment~~ or any other document that creates a right to use or occupy any portion of the Property.

2.5. Occupant. "Occupant" or "Occupants" means Owner and any person or entity entitled by ownership, leasehold, ~~permit, space assignment~~ or other legal relationship to the right to occupy any portion of the Property.

2.6. Owner. "Owner" or "Owners" means the Covenantor, and any successor in interest including any heir and assignee, who at any time holds title to all or any portion of the Property.

### ARTICLE III

#### GENERAL PROVISIONS

3.1. Runs with the Land. This Covenant sets forth Environmental Restrictions that apply to and encumber the Property and every portion thereof no matter how it is improved, held, used, occupied, leased, sold, hypothecated, encumbered, or conveyed. This Covenant: (a) runs with the land pursuant to Civil Code section 1471 and Health and Safety Code section 25355.5; (b) inures to the benefit of and passes with each and every portion of the Property; (c) is for the benefit of, and is enforceable by the Department; and (d) is imposed upon the entire Property unless expressly stated as applicable only to a specific portion thereof

3.2. Binding upon Owners/Occupants. This Covenant: (a) binds all Owners of the Property, their heirs, successors, and assignees; and (b) the agents, employees, and lessees of the Owners and the Owners' heirs, successors, and assignees. Pursuant to Civil Code section 1471, all successive Owners of the Property are expressly bound hereby for the benefit of the Department; this Covenant, however, is binding on all Owners and Occupants, and their respective successors and assignees, only during their respective periods of ownership or occupancy except that such Owners or Occupants shall continue to be liable for any violations of, or non-compliance with, the Environmental Restrictions of this Covenant or any acts or omissions during their ownership or occupancy.

3.3. Incorporation into Deeds and Leases. This Covenant shall be incorporated by reference in each and every deed and Lease for any portion of the Property.

3.4. Conveyance of Property. The Owner and new Owner shall provide Notice to the Department not later than 30 calendar days after any conveyance or receipt of any ownership interest in the Property (excluding Leases, and mortgages, liens, and other non-possessory encumbrances). The Notice shall include the name and mailing address of the new Owner of the Property and shall reference the Property name and site code as listed on page one of this Covenant. The notice shall also include the Assessor's Parcel Number(s) noted on page one. If the new Owner's property has been assigned a different Assessor Parcel Number, each such Assessor Parcel Number that covers the Property must be provided. The Department shall not, by reason of this Covenant, have authority to approve, disapprove, or otherwise affect proposed conveyance, except as otherwise provided by law or by administrative order.

3.5. Costs of Administering the Covenant to Be Paid by Owner. The Department has already incurred and will in the future incur costs associated with this Covenant. Therefore, the Covenantor hereby covenants for the Covenantor and for all subsequent Owners that, pursuant to California Code of Regulations, title 22, section 67391.1(h), the Owner agrees to pay the Department's costs in administering, implementing and enforcing this Covenant.

#### ARTICLE IV

##### RESTRICTIONS AND REQUIREMENTS

4.1. Prohibited Uses. The Property shall not be used for any of the following purposes without prior written approval by the Department:

- (a) A residence, including any mobile home or factory-built housing, constructed or installed for use as residential human habitation.
- (b) A hospital for humans
- (c) A public or private school for persons under 18 years of age.
- (d) A day care center for children

4.2. Soil Management. Soil management activities at the Property are subject

to the following requirements in addition to any other applicable Environmental Restrictions:

- (a) No activities that will disturb the areas of known contamination left in place (Exhibit E)-soils (e.g., excavation, grading, removal, trenching, filling, earth movement, mining, or drilling) shall be allowed at the Property without prior written notification and approval from the Department. In addition, all activities shall be conducted pursuant to the SMP. The SMP provides details of the location of clean imported fill that was placed on the property for non-hazardous purposes and the location of soils undisturbed during remedial actions and defined herein as "native soils."
- (b) Any native soil brought to the surface by grading, excavation, trenching or backfilling shall be managed in accordance with all applicable provisions of state and federal law.

4.3. Prohibited Activities. The following activities shall not be conducted at the Property:

- (a) Drilling for any water, oil, or gas without prior written approval by the Department.
- (b) Extraction or removal of groundwater without a Groundwater Management Plan pre-approved by the Department in writing.
- (c) Demolition of the foundations of historical buildings within Parcel 1 and 2 or the foundations of buildings and asphalt cover within Parcel 3b without an approved SMP by the Department.

4.4. Access for Department. The Department shall have reasonable right of entry and access to the Property for inspection, investigation, remediation, monitoring, and other activities as deemed necessary by the Department in order to protect human health or safety or the environment.

4.5. Access for Implementing Operation and Maintenance. The entity or person responsible for implementing the O&M Plan activities, if any, shall have reasonable right of entry and access to the Property for the purpose of implementing such operation and maintenance activities until the Department determines that no further operation and maintenance activity is required.

4.6. Inspection and Reporting Requirements. The Owner shall conduct an annual inspection of the Property verifying compliance with this Covenant and shall submit an annual inspection report to the Department for its approval by January 30<sup>th</sup> of each year. The annual inspection report must include the dates, times, and names of those who conducted the inspection and those who prepared and reviewed the annual inspection report. It also shall describe how the observations that were the basis for the statements and conclusions in the annual inspection report were performed (e.g., drive by, fly\_ over, walk\_ in, etc.). If any violation is noted, the annual inspection report must detail the steps taken to correct the violation and return to compliance. If the Owner identifies any violations of this Covenant during the annual inspection or at any other time, the Owner must within 10 calendar days of identifying the violation: (a) determine the identity of the party in violation; (b) send a letter advising the party of the violation of the Covenant; and (c) demand that the violation cease immediately. Additionally, a copy of any correspondence related to the violation of this Covenant shall be sent to the Department within 10 calendar days of its original transmission.

ARTICLE V  
ENFORCEMENT

5.1. Enforcement. Failure of the Owner or Occupant to comply with this Covenant shall be grounds for the Department to require modification or removal of any Improvements constructed or placed upon any portion of the Property in violation of this Covenant. Violation of this Covenant, such as failure to submit (including submission of any false statement) record or report to the Department, shall be grounds for the Department to pursue administrative, civil, or criminal actions, as provided by law.

ARTICLE VI  
VARIANCE REMOVAL AND TERM

6.1 Variance from Environmental Restrictions. Any person may apply to the Department for a written variance from any of the Environmental Restrictions imposed by this Covenant. Such application shall be made in accordance with Health and Safety Code section 25223.

6.2 Removal of Environmental Restrictions. Any person may apply to the Department to remove any of the Environmental Restrictions imposed by this Covenant or terminate the Covenant in its entirety. Such application shall be made in accordance with Health and Safety Code section 25224.

6.3 Term. Unless ended in accordance with paragraph 6.2, by law, or by the Department in the exercise of its discretion, this Covenant shall continue in effect in perpetuity.

ARTICLE VII  
MISCELLANEOUS

7.1 No Dedication Intended. Nothing set forth in this Covenant shall be construed to be a gift or dedication, or offer of a gift or dedication, of the Property, or any portion thereof, to the general public or anyone else for any purpose whatsoever.

7.2. Recordation. The Covenantor shall record this Covenant, with all referenced Exhibits, in the County of Los Angeles within 10 calendar days of the Covenantor's receipt of a fully executed original.

7.3. Notices. Whenever any person gives or serves any Notice ("Notice" as used herein includes any demand or other communication with respect to this Covenant), each such Notice shall be in writing and shall be deemed effective: (a) when delivered, if personally delivered to the person being served or to an officer of a corporate party being served; or (b) five calendar days after deposit in the mail, if mailed by United States mail, postage paid, certified, return receipt requested:

To Owner:  
City of Los Angeles Harbor Department  
425 South Palos Verdes Street  
San Pedro, California 90731

And

To Department:  
Department of Toxic Substances Control  
Branch Manager  
5796 Corporate Ave.  
Cypress Ca. 90630

Any party may change its address or the individual to whose attention a Notice is to be sent by giving advance written Notice in compliance with this paragraph.

7.4. Partial Invalidity. If this Covenant or any of its terms are determined by a court of competent jurisdiction to be invalid for any reason, the surviving portions of this Covenant shall remain in full force and effect as if such portion found Invalid had not been included herein.

7.5. Statutory References. All statutory or regulatory references include successor provisions.

7.6. Incorporation of Exhibits. All exhibits and attachments to this Covenant are incorporated herein by reference.

IN WITNESS WHEREOF, the Covenantor and the Department hereby execute this Covenant.

Covenantor. City of Los Angeles, Harbor Department and Board of Harbor Commissioners

By: JOHN C. SANCHEZ  
Executive Director

Attest: AMBER M. KLEGGES  
Board Secretary By \_\_\_\_\_

Title: \_\_\_\_\_

Print Name and Title of Signatory

Date: \_\_\_\_\_

APPROVED AS TO FORM AND LEGALITY

MICHAEL W. FILLER City Attorney  
JANNA B. SHELLEY General Counsel

By: Janel Kalkano Deputy City Attorney

Department of Toxic Substances Control:

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

Title: \_\_\_\_\_

Print Name and Title of Signatory

Date: \_\_\_\_\_

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of \_\_\_\_\_

On \_\_\_\_\_ before me,

\_\_\_\_\_  
*(space above this line is for name and title of the officer/notary).*

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

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

WITNESS my hand and official seal,

\_\_\_\_\_  
Signature of Notary Public (seal)

References:

2019 January. The Source Group. Operations and Maintenance Plan Former Southwest Marine Property 985 Seaside Avenue Terminal Island, California.

2018 April. The Source Group. Removal Action Completion Report Parcels 1, 2, and 3a Former Southwest Marine Property 985 Seaside Avenue Terminal Island, California.

2016 August. The Source Group. Final Revised Southwest Marine Remedial Action Plan.

Exhibits

A. Legal Property Description

B. Site Plot Plan

C. Site Location/Topo Map

D. Site Plan Parcels 1-34

E. Soil Management Plan: Figure 5 Areas of Known Contaminants Left in Place 2017

~~F. Contaminants Above Cleanup Levels in Individual Samples Yet Consistent With a 95-UCL Average Below Cleanup Goal~~

~~G. Area A- Potential-PCB, -TPH, -Metals  
Area B- Potential-TPH, -Metals~~

Commented [N114]: This figure should be revised to remove reference to Parcel 4

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Commented [N115]: Recommend removing - these figures are very hard to read and are provided in the Site RACR with a more detailed explanation of the information provided on the figures - and not referenced in text

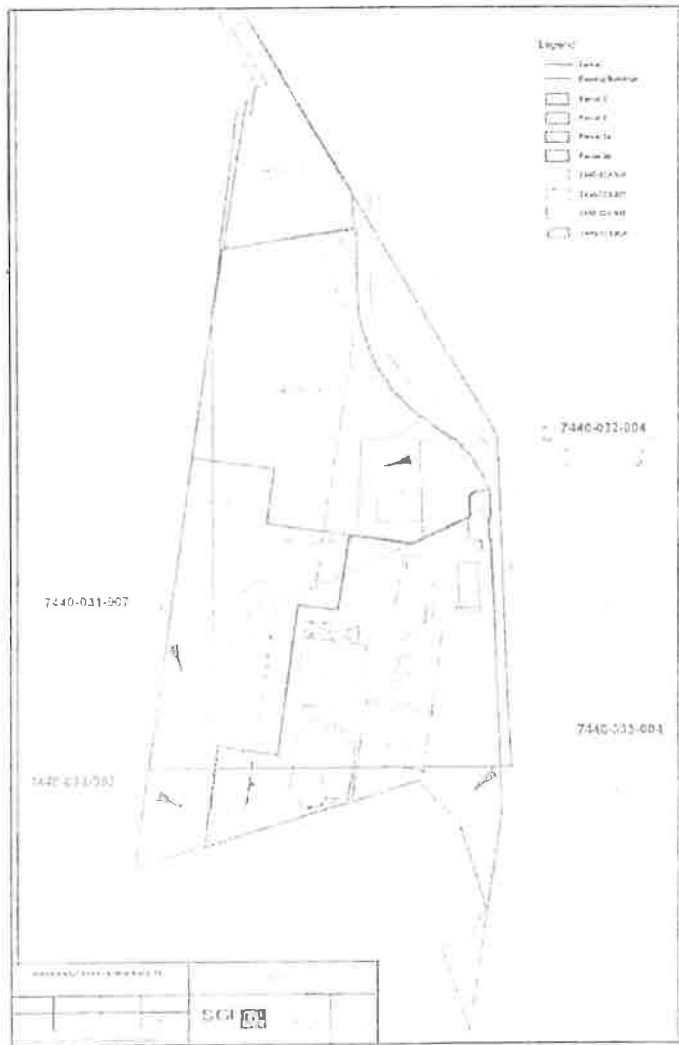
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EXHIBIT B  
Plot Plan



## Exhibit "A"

Legal Description for Covenant of Preservation  
Port of Los Angeles  
Los Angeles County  
APN 7440-031-907 and Portions of APN 7440-031-906, 7440-032-904, 7440-033-904, 7440-034-903

The land referred to herein is situated in the Port of Los Angeles, State of California and described as follows:

Commencing National Geodetic Survey Station "WIL E 10A LAC", PID DY2788 N19°45'52"W, 5198.84';

TO THE TRUE POINT OF BEGINNING, BEING THE MOST NORTHERLY CORNER OF PRESERVATION PARCEL;

THENCE N30°47'05"W, 548.92 FEET;

THENCE ON A CURVE TO THE RIGHT HAVING A RADIUS OF 222.20, LENGTH OF 120.09 FEET, WITH A RADIAL BEARING OF N58°46'02"W;

THENCE N00°10'33"W, 145.52 FEET;

THENCE ON A CURVE TO THE LEFT HAVING A RADIUS OF 308.56, LENGTH OF 126.94 FEET, WITH A RADIAL BEARING OF S87°47'21"W;

THENCE ON A CURVE TO THE LEFT HAVING A RADIUS OF 474.79, LENGTH OF 107.22 FEET, WITH A RADIAL BEARING OF S68°38'21"W;

THENCE ON A CURVE TO LEFT HAVING A RADIUS OF 311.35, LENGTH OF 138.05 FEET, WITH A RADIAL BEARING OF S55°42'03"W;

THENCE N59°34'10"W, 15.75 FEET;

THENCE ON A CURVE TO THE RIGHT HAVING A RADIUS OF 231.85, LENGTH OF 224.20 FEET, WITH A RADIAL BEARING OF N30°16'13"E;

THENCE N02°01'47"W, 252.84 FEET;

THENCE N02°29'32"W, 417.35 FEET;

THENCE ON A CURVE TO THE RIGHT HAVING A RADIUS OF 409.72, LENGTH OF 81.45 FEET, WITH A RADIAL BEARING OF N87°19'31"E;

THENCE N08°37'15"E, 183.33 FEET;

THENCE S81°22'45"E, 5.17 FEET;

THENCE S17°27'49"E, 205.13 FEET;

## Exhibit "A"

THENCE S44°40'33"E, 134.04 FEET;

THENCE N72°32'30"E, 633.62 FEET;

THENCE S07°37'19"W, 1802.12 FEET;

THENCE S24°53'41"E, 158.90 FEET;

THENCE S28°23'22"E, 122.95 FEET;

THENCE S59°04'18"W, 51.04 FEET TO THE TRUE POINT OF BEGINNING.

SAID PRESERVATION BOUNDARY CONTAINING APPROXIMATELY 883,519 SQUARE FEET OR 20.28 ACRES MORE OR LESS.

End of Description

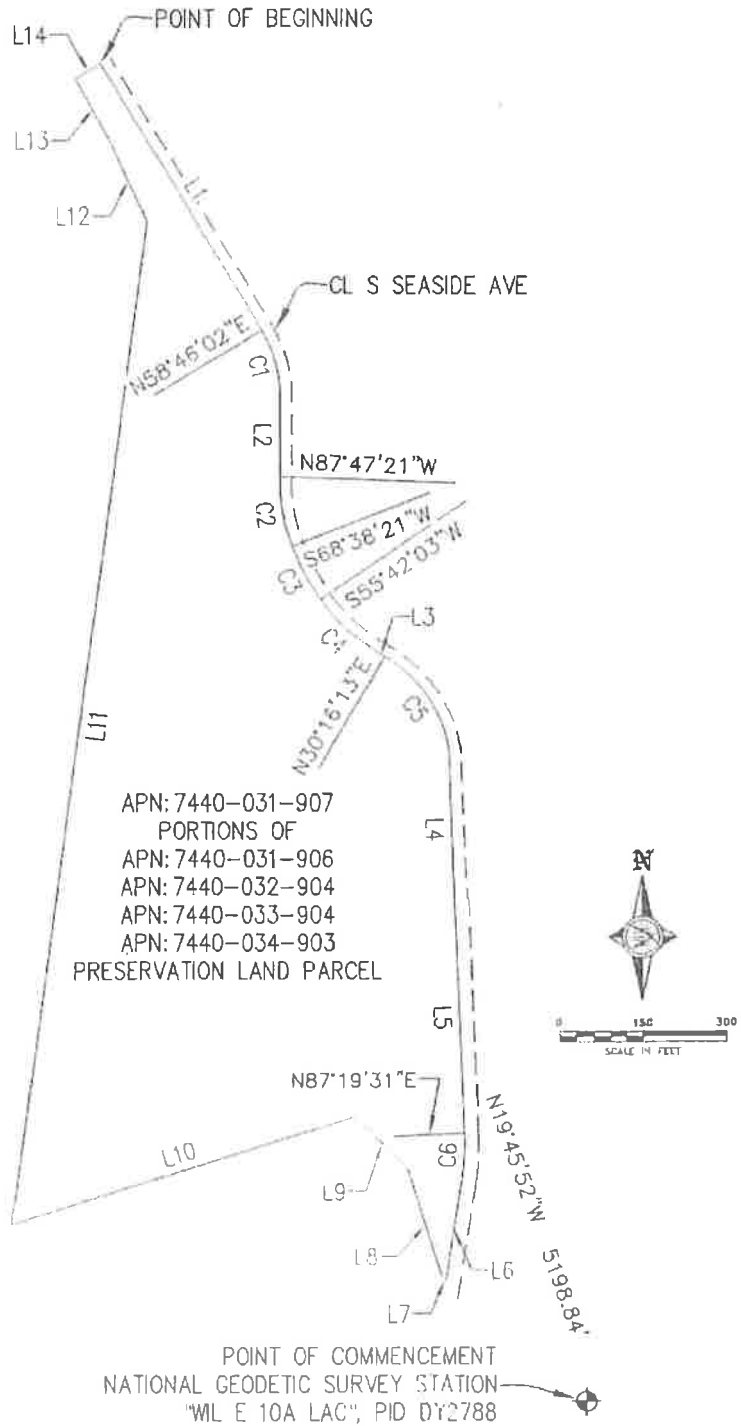


Kevin E. Morris PLS

# EXHIBIT "B"

LINE TABLE		
LINE #	LENGTH	DIRECTION
L1	548.92	N30° 47' 05"W
L2	145.52	N00° 10' 33"W
L3	15.75	N59° 34' 10"W
L4	252.84	N02° 01' 47"W
L5	417.35	N02° 29' 32"W
L6	183.33	N08° 37' 15"E
L7	5.17	S81° 22' 45"E
L8	205.13	S17° 27' 49"E
L9	134.04	S44° 40' 33"E
L10	633.62	N72° 32' 30"E
L11	1802.12	S07° 37' 19"W
L12	158.90	S24° 53' 41"E
L13	122.95	S28° 23' 22"E
L14	51.04	S59° 04' 18"W

Curve Table			
Curve #	Length	Radius	Delta
C1	120.09	222.20	030°58'02"
C2	126.94	308.56	023°34'18"
C3	107.22	474.79	012°56'18"
C4	138.05	311.35	025°24'17"
C5	224.20	231.85	055°24'19"
C6	81.45	409.72	011°23'26"



DATE: 02-18-2020	DESCRIPTION: ADDD APN NUMBERS TO PLAT	SCALE: VAL
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**GLOBAL GEOMATICS ENGINEERING, Inc.**  
 15244 LINDSEY BLVD, BAKERSFIELD, CA 93312  
 (805) 832-8400 FAX (805) 832-8401

DATE: VAL	DATE: RTM	SHEET 3 OF 3 SHEETS
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Exhibit C  
 Site Location/Topo Map



Exhibit D  
Site Plan: Parcels 1-3



Exhibit E  
Soil Management Plan: Figure 5  
Areas of Known Contaminants Left in Place 2017



Exhibit F

Contaminants Above Cleanup Levels in Individual Samples  
Yet Consistent With a 95 UCL Average Below Cleanup Goal

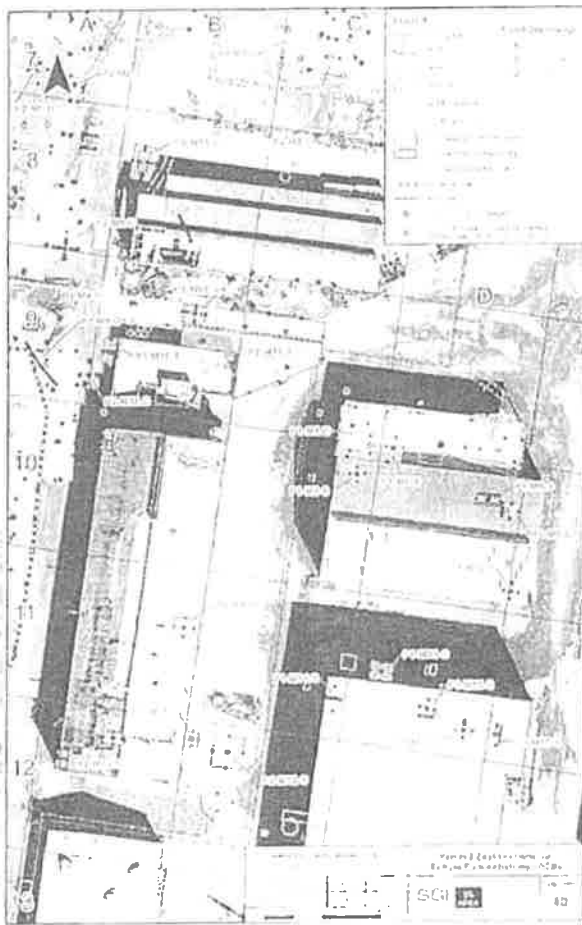




Exhibit G  
Area A: Potential PCB, TPH, Metals  
Area B: Potential TPH, Metals

