

SIXTH AMENDMENT TO LEASE NO. 904A
BETWEEN THE CITY OF LOS ANGELES AND
ALTASEA AT THE PORT OF LOS ANGELES

THIS SIXTH AMENDMENT to Lease No. 904A ("Agreement") is made and entered into by and between the CITY OF LOS ANGELES, a municipal corporation ("City"), acting by and through its Board of Harbor Commissioners ("Board"), and ALTASEA AT THE PORT OF LOS ANGELES ("Tenant").

The Agreement is hereby amended a sixth time as follows:

1. Section 3.1. Section 3.1 is deleted in its entirety and replaced with the following provision:

"3.1 Description. The premises subject to this Agreement consist of Parcel Nos. B56A, B56B, B56C, B57, B57.5, B58, B59, B60, B60B, B61A, B61B, B61C, B70, B71, B72A, and B72B, as delineated and more particularly described on Permit Map-Authority No. L904A ("Premises") that is on file in the office of the Chief Harbor Engineer of the Harbor Department ("Harbor Engineer") and is attached hereto as Exhibit A-4. The list of Existing City Improvements is attached hereto as Exhibit C. The total acreage of the Premises is 32.13 acres of land/wharf/warehouse and water including 20.83 acres of land/wharf/warehouse and 11.3 acres of water. The Premises encompass the total property and improvements subject to this Agreement. However, Tenant shall be entitled to accept and take possession of individual Parcels within the Premises pursuant to the process for Tenant acceptance and possession of individual Parcels described in Section 3.2 below. Exhibit B shall identify the Demised Premises as said Demised Premises may be revised from time to time during the Term of the Agreement. Upon incorporating any individual Parcels into the Demised Premises, the Executive Director shall issue an updated Demised Premises Exhibit as Exhibit B-3 and so forth numerically as Tenant accepts and takes possession of Parcels over the Term of the Agreement. Said revised Exhibit B-# shall be transmitted to Tenant and shall list all of the Parcels that Tenant has accepted or is in possession of as permitted in Section 3.2 of this Agreement. Upon City's transmittal to Tenant, each such issued Exhibit B-# shall be deemed to: (i) be incorporated into this Agreement without further action of the Board or Council; and (ii) supersede any earlier iterations of Exhibit B-#."

2. Exhibit A-3 is hereby deleted in its entirety and replaced with Exhibit A-4, attached hereto and made a part of the Agreement.
3. Addition of Parcel B56C and Removal of Parcel S22. All references in the Agreement to Parcel B56A and/or B56B shall be deemed to include Parcel B56C which is added to the Premises pursuant to Paragraph 1 above. Parcel S22 is hereby removed from the Premises pursuant to Paragraph 1 above and

all references in the Agreement to Parcel S22 are hereby deleted in their entirety.

4. Section 3.2.1.3(d). Section 3.2.1.3(d) is deleted in its entirety and replaced with the following provision:

“(d) Parcels B56A, B56B and B56C: Tenant shall accept Parcels B56A, B56B and B56C no later than July 1, 2023. The following shall be required prior to acceptance:

- i. Tenant shall complete a design concept reasonably satisfactory to the Executive Director that connects the pedestrian rights of way from 22nd Street and Signal Street to an integrated and multifaceted engagement experience within the Premises for public visitors and promotion of the marine-related research, education and commercial endeavors occurring on the Premises. To the extent feasible, Tenant’s design concept shall adhere to the San Pedro Waterfront Design Guidelines.
- ii. City and Tenant shall agree on a final completion schedule for Parcels B56A, B56B and B56C after the project scope is finalized City and Tenant shall agree on a final completion schedule for Parcel B56A-C after the final project scope is defined and a final scope of environmental assessment is determined by City.
- iii. After acceptance of Parcel B56C, Tenant shall not initiate any work or improvements without having first complied with applicable environmental review laws and regulations and completion of applicable Environmental Review.”

5. Section 3.3.4.5. Section 3.3.4.5 hereby is deleted in its entirety and replaced with the following provision:

“3.3.4.5. Parcels B56A, B56B, and B56C

(a) Scope - City and Tenant shall agree on a final scope of work for Tenant Improvements in compliance with Section 3.2.1.3(d)(i).

(b) Schedule – City and Tenant shall agree on a final completion schedule for Tenant Improvements in compliance with Section 3.2.1.3(d).”

6. Section 3.3.5.3(a). Section 3.3.5.3(a) is hereby deleted in its entirety and replaced with the following provision:

“(a) 22nd Street Improvement Project – In accordance with Section 7.1.2,

City shall consult with Tenant regarding the design plans and specifications for City's 22nd Street improvements located adjacent to the Premises, conditioned upon the Parties' prior agreement for Tenant's improvements set forth in Section 3.3.3.4.5."

7. Section 3.3.6.3. Section 3.3.6.3 is hereby deleted in its entirety and replaced with the following provision:

"3.3.6.3 Parcels B56A, B56B and B56C Environmental Remediation Reimbursement:

(a) City's Environmental Remediation Reimbursement Conditions Precedent

- i. Tenant shall document its actual costs paid for remediation of Parcels B56A, B56B and B56C.
- ii. Tenant shall complete Parcels B56A, B56B and B56C Tenant Improvements."

8. Section 5.4.1. Section 5.4.1 is hereby deleted in its entirety and replaced with the following provision:

"5.4.1 Parcels B56A, B56B and B56C. Minimum Annual Rent for Parcels B56A and B56B shall be \$7,013.30 and for Parcel B56C shall be \$3,169.40 provided Tenant complies with Exhibit F."

9. Section 5.4.3. Section 5.4.3 is hereby deleted in its entirety and is not replaced.

10. Section 5.8.1(a). Section 5.8.1(a) is deleted in its entirety and replaced with the following provision:

"(a) Parcels B56A, B56B and B56C shall have a maximum Rent Credit of Twelve Million Dollars (\$12,000,000). Upon completion of Tenant's Improvements agreed to pursuant to Section 3.3.4.5, Tenant shall submit documentation detailing actual Tenant expenditures for improvement of Existing City Improvements and new Public Access Infrastructure. The Executive Director shall review Tenant's documentation to ensure only applicable costs for Existing City Improvements and new Public Access Infrastructure are included. The lesser of the maximum Rent Credit for Parcels B56A, B56B and B56C or actual Tenant expenditures for Existing City Improvements and new Public Access Infrastructure shall be certified in writing by the Executive Director to Tenant."

11. Section 7.6.1. Section 7.6.1 is deleted in its entirety and replaced with the following provision:

“7.6.1 City Monetary Contribution for Tenant’s Improvements at Berth 58-60 Warehouse.

(a) Monetary Contribution:

- i. Following Tenant’s compliance with the requirements set forth in Sections 7.6.1(b) and (c), City shall commit Six Million Dollars (\$6,000,000) as set forth in Section 7.6.1(d), to partially fund the Berth 58-60 Warehouse Improvements listed in Section 3.3.4.3(a), not including, however, 1) any expenditures to complete the solar energy project on the Premises or 2) for payments toward any aspects of the Berth 58-60 Warehouse Improvements for which Tenant could request reimbursement from City for remediation of environmentally regulated material under Section 3.3.5.1 of the Agreement;
- ii. City’s monetary contribution to the Warehouse 58-60 Improvements shall not be included in the calculation of Rent Credits under Section 5.8.

(b) Conditions Precedent to City Monetary Contribution – Tenant Improvements and Subleasing: Tenant shall provide evidence to the City, acceptable to the Executive Director, for the following components as a condition precedent to the City committing its funds as set forth in Section 7.6.1(d):

- i. Tenant shall use commercially reasonable efforts to cause its subtenant to complete the solar energy project on the Premises at Parcels B58 through B60 and Parcels B60B, B72A and B72B capable of generating approximately 2 Megawatts of power by December 31, 2023. The Executive Director may grant Tenant an extension of up to one year if at least 90-days prior to December 31, 2023 Tenant provides a written request for an extension and evidence of Tenant’s commercially reasonable efforts to complete the solar energy project;
- ii. Tenant shall provide evidence to City that the \$500,000 proceeds from the solar project sublease with Signal Street Operating, LLC is invested in the Warehouse 58-60 Improvements project scope as defined in Section 3.3.4.3.
- iii. Tenant shall provide evidence for the following components of subtenant occupancy at Warehouse 58 (including existing subleases outside of Warehouse 58

that provide Tenant the right to relocate such subtenant(s) to Warehouse 58 and for which Tenant advises City of its intent to relocate such subtenants to Warehouse 58 following construction of the Berth 58 Warehouse Improvements). If the conditions set forth in this Section 7.6.1(b)(iii) are not met prior to Tenant requiring City's monetary contribution to proceed with the Warehouse 58-60 Improvements, despite Tenant using commercially reasonable efforts to satisfy said conditions, then City and Tenant agree to meet and confer to resolve said conditions in a reasonable manner that will provide City a comparable level of monetary security through existing subleases and would allow Tenant to proceed with the Warehouse 58-60 Improvements and receive the City's monetary contribution under this Section 7.6.1:

1. In order to receive \$6 million from City, Tenant shall provide evidence of the following:
 - i. Subleases for space at Warehouse 58 utilize at least 85% of the rentable space;
 - ii. Subleases for space at Warehouse 58 show an average lease term between 3 and 5 years; and
 - iii. Subleases for space at Warehouse 58 show a rental revenue threshold of at least 85% of the following five successive year's proforma values of the subleases referenced in Section 7.6.1(b)(iii)(1) starting from the rent commencement date or nine months following Tenant's delivery of sublease premises to sublessee, whichever is earlier: Year 1 = \$904,500; Year 2 = \$931,635; Year 3 = \$959,584; Year 4 = \$988,372; and Year 5 = \$1,018,023.
2. In order to receive partial allocation of the \$6 million up to \$3 million from the City, Tenant shall provide evidence of the following:
 - i. Subleases for space at Warehouse 58 utilize at least 50% of the rentable space;
 - ii. Subleases for space at Warehouse 58

satisfying Section 7.6.1(b)(iii)(2)(i) above show an average lease term between 3 and 5 years; and

- iii. Subleases for space at Warehouse 58 show a rental revenue threshold of at least 50% of the following five successive year's proforma values of the subleases referenced in Section 7.6.1(b)(iii)(1) starting from the rent commencement date or nine months following Tenant's delivery of sublease premises to sublessee, whichever is earlier: Year 1 = \$904,500; Year 2 = \$931,635; Year 3 = \$959,584; Year 4 = \$988,372; and Year 5 = \$1,018,023.
- iv. Evidence of letters of intent to occupy the remaining 50% of the Berth 58 Warehouse with requisite sublease revenue to meet or exceed the following five successive year's proforma values of the subleases when added to sublease revenue referenced in Section 7.6.1(b)(iii)(2): Year 1 = \$904,500; Year 2 = \$931,635; Year 3 = \$959,584; Year 4 = \$988,372; and Year 5 = \$1,018,023.

(c) Conditions Precedent to City Monetary Contribution – Berth 58-60 Warehouse Construction Contract: Tenant has elected to complete construction of Berth 58 Warehouse Improvements by June 30, 2024 as provided in Section 3.3.4.3(b), provided Tenant will have the option to extend such timeline for up to one (1) year based on Tenant's construction schedule conditioned on Tenant entering a construction contract to commence work no later than May 1, 2023 for the Berth 58-60 Warehouse Improvements listed in Section 3.3.4.3(a)(i) with said construction contract compliant with conditions listed below in this Section 7.6.1(c). Tenant shall provide evidence to the City, acceptable to the Executive Director, for the following construction contracting procedures and contracting obligations for the Berth 58-60 Warehouse Improvements as set forth in Section 3.3.4.3(a) as a condition precedent to the City committing its funds as set forth in Section 7.6.1(d):

- i. Tenant shall undertake the following construction contracting procedures;

- 1. Utilize the design-bid-build method of construction

project procurement;

2. Comply with all California Public Works contracting requirements, including payment of prevailing wages as determined by the State of California, for the Berth 58-60 Warehouse Improvements;
 3. Utilize industry standard competitive bidding procedures, at a minimum as set forth in Exhibit M, Section (A)(7), for the selection of contractors for the construction of the Berth 58-60 Warehouse Improvements; and
 4. Provide the proposed Berth 58-60 Warehouse Improvements bid(s)/contract(s) documents to City for review prior to advertisement, and after such submittal, City shall have thirty (30) business days to review and submit any requests or objections to Tenant regarding the bid/contract documents, provided however, such review shall not constitute City's approval that the bid/contract's terms are compliant with federal, state or local laws, and City reserves a right of refusal to fund its account under 7.6.1(d)(i)(3) in the event the bid/contract documents are not acceptable to City and are used by Tenant for awarding the Warehouse 58-60 Improvements project.
- ii. Tenant shall undertake the following contracting obligations;
1. Include certain terms in the bid/contract documents, including but not limited to, requiring the contractor(s) to indemnify City, name City as an additional insured, require any environmental remediation work to be separate bid items and require the selected contractor(s)' Project Manager(s) to provide City with written monthly progress reports; during the review period set forth in Section 7.6.1(c)(i)(4), City may request additional terms or removal of terms after discussion with and concurrence by Tenant; and
 2. Obtain payment and performance bonds for the Warehouse 58-60 Improvements project prior to the commencement of construction.

(d) Tenant Funding Structure and City On-Going Payment Obligations:

i. Tenant Funding Structure

1. Tenant has provided Landlord evidence acceptable to the Executive Director demonstrating that Tenant has the requisite funds in the amount of \$20 million, either in its possession or contractually committed, to pay for the Warehouse 58-60 Improvements. The minimum funding requirement under this provision and requiring acceptable evidence is based on an estimated project cost of \$26 million minus the Harbor Department's conditional contribution of \$6 million.
2. Tenant shall establish a separate account ("Construction Funding Account") to pay for the cost of the Warehouse 58-60 Improvements at a financial institution of its choice, into which Tenant will initially deposit \$1 million to make progress payments under the contract(s) entered into by Tenant pursuant to this Section 7.6.1 for the Berth 58-60 Warehouse Improvements (hereinafter the "Construction Contract"). Tenant shall refresh the deposit amount on a quarterly basis to the initial funding amount of \$1 million; provided that Tenant shall not be required to set aside and deposit the entire cost of the Warehouse 58-60 Improvements in the Construction Funding Account;
3. The Construction Funding Account shall be designated as solely for the purpose of paying for the Warehouse 58-60 Improvements; the Parties agree that no withdrawals shall be made from the Construction Funding Account for any purpose except to pay the Berth 58-60 Warehouse Improvements until such contract work is complete;
4. Tenant shall authorize its selected financial institution to provide City with oversight access to the Construction Funding Account for purposes of monitoring funding levels and payments made for the Berth 58-60 Warehouse Improvements, including providing City with automatic notifications of any and all withdrawals from the Construction Funding

Account; and

5. Upon Tenant providing City satisfactory evidence of completion of the Warehouse 58-60 Improvements and final payments made to the contractor(s) for the Berth 58-60 Warehouse Construction Contract, Tenant shall be authorized to remove any remaining funds from the Construction Funding Account without further obligation to City.

ii. On-Going Payment Obligations

1. City shall make payments to Tenant based on the Construction Contract terms and conditions, as follows:

- a. City shall make proportional progress payments to Tenant according to the Berth 58-60 Warehouse Construction Contract based on the percentage derived from dividing the total amount committed by City conditioned on Section 7.6.1(b)(iii) which may be either \$6 million or \$3 million by the total Construction Contract amount (example: if the Construction Contract is \$20,000,000 and Tenant has only satisfied the conditions to receive \$3 million then City's proportional progress payment shall be 15% based on the equation $\$3,000,000/\$20,000,000 = 15\%$);

- b. City shall make progress payments only if Tenant is in compliance with Section 7.6.1(c) and (d).

2. Prior to making a progress payment to Tenant, City shall receive a written report on project progress from the contractor(s)' Project Manager(s); City reserves the right to monitor and conduct field inspections of the contractor(s)' work for compliance with the Construction Contract(s) terms, and City's payments shall be conditioned upon City's review process. Unless City's review process results in objections from City, City's proportionate share of the progress payments shall be made within thirty (30) days of its receipt of each written report on project progress and

a payment application. If City makes any objections then the parties will meet and confer and City will make its proportionate share of the progress payment within thirty (30) days following resolution of City's objections."

Except as amended herein, all remaining terms and conditions of Lease No. 904A shall remain in full force and effect.

IN WITNESS THEREOF, the parties hereto have executed this Sixth Amendment to Lease No. 904A on the date to the left of their signatures.

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

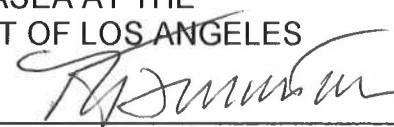
Dated: _____, 2023

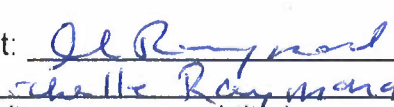
By: _____
EUGENE D. SEROKA
Executive Director

Attest: _____
AMBER M. KLESGES
Board Secretary

ALTASEA AT THE PORT OF LOS ANGELES

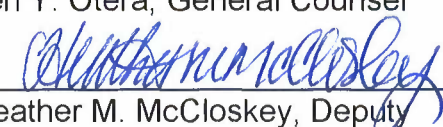
Dated: 4/17/23, 2023

By: 
TERRY TAMMINEN
President/CEO

Attest: 
Michelle Raymond
(Print/type name and title)

APPROVED AS TO FORM AND LEGALITY

April 19, 2023
HYDEE FELDSTEIN SOTO, City Attorney
Steven Y. Otera, General Counsel

By 
Heather M. McCloskey, Deputy