

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

THIS SECOND 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 second time as follows:

1. Section 2.2. Section 2.2 hereby is deleted in its entirety and is replaced with the following provision:

"2.2 Term. The term of this Agreement shall be for the remainder of the 50 year Term, as stated in the Original Lease No. 904, terminating December 22, 2063 ("Term") unless sooner terminated in accordance with the terms of the Agreement; provided however, that the parties shall negotiate in good faith for a 66 year lease term, upon Tenant presenting to City a binding sublease with a major university and evidence of funding to complete the renovation and/or reconstruction of the academic research and development center at Parcel B57 in compliance with the terms of the Agreement. The Board and City Council shall retain full discretion to determine whether the evidence of funding is acceptable and whether to accept or reject the proposed term extension when such items are presented to the City for consideration."

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

"3.1 Description. The premises subject to this Agreement consist of Parcel Nos. B56A, B56B, B57, B57.5, B58, B59, B60, B61A, B61B, B61C, B70, B71, S22, 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-2. The list of Existing City Improvements is attached hereto as Exhibit C. The total acreage of the Premises is 32.73 acres of land/wharf/warehouse and water including 21.43 acres of land/wharf/warehouse and 11.30 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-2 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-#."

3. Exhibit A-1 hereby is deleted in its entirety, and is replaced with Exhibit A-2, attached hereto and made a part of the Agreement.
4. Section 3.2.1.3 (c). Section 3.2.1.3(c) hereby is deleted in its entirety and is replaced with the following provision:

"(c) Parcels B57 and B61B: Tenant shall accept Parcels B57 and B61B no later than December 31, 2021. The following shall be required prior to acceptance:

- i. City and Tenant shall agree on a final scope of work for the Parcel B57 Wharf Improvements under Section 3.3.5.2(a) with a not to exceed amount of \$10.2 million for total construction and soft costs which shall not include seismic improvements to the sea wall. Buildings constructed or existing within Parcel B57 require independent structural support to meet seismic and other structural requirements which shall be the Tenant's responsibility; and
- ii. City and Tenant shall agree on a final scope of work for the Signal Street improvements under Section 3.3.5.2(b) which shall only include the complete width of the street on the eastern boundary line of Parcel B57 with an estimated not to exceed amount of \$5.42 million in total construction and soft costs.
- iii. City and Tenant shall agree on a final completion schedule for Parcel B57 after the final project scope is defined and a final scope of environmental assessment is determined by City."

5. Section 3.2.1.3 (f). Section 3.2.1.3 (f) hereby is added as follows:

"(f) Pre-Acceptance Use of Parcels B56A, B56B and B57: Prior to the acceptance date of Parcel B57 under Section 3.2.1.(c) and Parcels B56A and B56B under Section 3.2.1.3(d), and subject to Environmental Review under Section 3.2.5, Tenant may use or sublease portions of these Parcels as depicted on Exhibit T for outdoor and enclosed storage (Parcels B56A and B56B) and wharf access for loading and unloading of vessels (Parcel B57) (Pre-Acceptance Use). No rent will be charged for Tenant's Pre-Acceptance Use of the Parcels as set forth herein.

6. Exhibit T, attached hereto, is made a part of the Agreement.

7. Section 3.2.5. Section 3.2.5 hereby is deleted in its entirety and is replaced with the following provision:

“3.2.5 Environmental Review. Tenant’s development proposals for any modifications or improvements to the Premises shall be subject to environmental review by City for compliance with the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA). The City has completed and certified Final Environmental Impact Report SCH#2010121013 (“certified FEIR”) for the Project. Tenant shall be responsible for paying for all costs related to document preparation and City review required by any environmental review, including an EIR under CEQA and an EIS under NEPA, if applicable. Upon Tenant’s request for acceptance of any Parcel(s) pursuant to Section 3.2.1.1, City shall review the APP submitted pursuant to Section 3.2.1.1(c) for Tenant development proposal(s) for consistency with the certified FEIR, and any subsequent environmental reviews performed for the Project. In the event Tenant’s development proposal is inconsistent with the previously performed environmental analyses or documents, subject to Section 7.5.1, the City shall perform, at Tenant’s expense, additional environmental analysis in accordance with CEQA and NEPA, as appropriate. The Executive Director’s determination of Tenant’s compliance in meeting the requirements for Parcel acceptance pursuant to 3.2.1.2 shall be held in abeyance until the environmental consistency review process and any subsequent environmental review processes have been completed and, if required, Board approval of Tenant’s development proposal. Nothing in this Section 3.2.4 shall commit City or Board to approve the requested development proposal. The Board reserves the right to consider and act on Tenant’s development proposals that deviate from the certified EIR, including, but not limited to, the requirement of mitigations measures.”

8. Section 3.2.6. Section 3.2.6 hereby is deleted in its entirety and is replaced with the following provision:

“3.2.6 Extensions of Time. Upon receiving a request from Tenant in writing at least 90-days prior to the expiration of any Tenant Parcel acceptance period, the Board, at its sole option, may extend any timeline established in Section 3.2.1.3 up to one year for Tenant to accept an individual Parcel. Tenant shall include with any such written request information and documentation detailing the status of compliance with the requirements set forth in Section 3.2.1.1 for the Parcel(s) for which the extension is being requested.”

9. Section 3.3.4.2. Section 3.3.4.2 hereby is deleted in its entirety.

10. Section 3.3.4.3. Section 3.3.4.3 hereby is deleted in its entirety and replaced with the following provision:

“3.3.4.3 Parcels B57.5, B58, B59, B60, B61A

(a) Scope

- i. Warehouses 58, 59 and 60 - Develop leasable space for subtenants who qualify to occupy the warehouses at Berths 58 through 60 as set forth under Section 4.1, Permitted Uses. Improvement of up to 120,000 square feet of the existing 180,000 square feet shall be required to meet code requirements for the expected subtenants including but not limited to: New electrical service, electrical rooms and distribution, Upgraded interior and exterior lighting, New cold water system, New fire alarm system, Provisions for trailer hook-up within the sheds for office use, Modular restroom facilities, Modular ramp and stair systems for ADA access to each subtenant space, Modular storefront, Modular trailers, Chain link walls between subtenant spaces, New guardrails along loading dock, Signage and environmental graphics displays, Parking, Exterior seating, New landscaping.
- ii. Public Promenade - Tenant shall provide Public Promenade improvements in compliance with the San Pedro Waterfront Design Guidelines for the entire north to south length of Parcels B58, B59, B60 and B61A, including integration into Parcels B57 and B57.5, and if applicable Parcels B70 and B71.
- iii. Wharf Improvements – Tenant shall repair the existing concrete-pile supported concrete and asphalt wharf on approximately 1,500 linear feet of the existing concrete wharf at Berth 57.5 through Berth 60. Tenant shall repair and upgrade the existing in-water piles, the concrete and asphalt deck and the fender piles. Tenant shall repave approximately 56,100 square feet of degraded asphalt on the wharf deck. Tenant may construct a maximum of three crane installation locations including upgraded structural piles within the existing wharf from Berths 58 through 60.
- iv. Parcel 57.5 Improvements – Tenant shall grind and repave approximately 40,000 square feet of asphalt at Parcel B57.5 in the area between Parcels B58 and B57. Tenant may determine the feasibility of using solar panels to construct a shaded area on Parcel B57.5 for classroom activities and special events. Tenant's feasibility study for use of solar panels at Parcel B57.5 shall include Environmental Review under Section 3.2.5. If solar panels are not feasible on Parcel B57.5, Tenant shall not be required to complete any additional improvements other than as set forth in this Section 3.3.4.3(a)(iv).

(b) Schedule – Tenant shall complete improvements to the Berth and

Warehouse on Parcels B58 or B60 no later than December 31, 2022. Tenant shall complete any remaining Improvements set forth in Section 3.3.4.3 (a) i-iv no later than December 31, 2023. City and Tenant will meet and confer in good faith upon City receiving a written notice from Tenant no later than 6 months following the effective date of the 2nd Amendment to this Agreement requesting a meeting to evaluate remediation-related scope of work and whether time extensions under Section 3.2.6 are required for Tenant to complete the Improvements set forth in this Section 3.3.4.3.

(c) Required Minimum Investment – Tenant shall invest no less than 80% of the estimated project cost of \$35 million in Parcels B57.5, B58, B59, B60.”

11. Section 5.1.4. Section 5.1.4 hereby is deleted in its entirety.

12. Section 5.1.5. Section 5.1.5 hereby is deleted in its entirety and replaced with the following provision:

“5.1.5 Final Compensation Period: “Final Compensation Period” shall mean the period commencing upon Tenant’s completion of each of the Improvements set forth in Section 3.3.4.”

13. Section 5.3. Section 5.3 hereby is deleted in its entirety.

14. Section 5.4.5. Section 5.4.5 hereby is deleted in its entirety and replaced with the following provision:

“5.4.5 Parcels B58-60 and B61A. Minimum Annual Rent for Parcels B58-60 and B61A shall be \$75,600 provided the Tenant complies with Exhibit E. Provided, however, that the compensation shall be pro-rated based on the phased schedule set forth in Section 3.3.4.3(b), as follows:

- (i) Tenant shall begin paying 1/3 of the rent due herein (\$25,200) upon completion of the first phase of Improvements described in Section 3.3.4.3(b) or December 31, 2022, whichever occurs first;
- (ii) In addition to the 1/3 rent then being paid, the remaining 2/3 of the rent due herein (\$50,400) shall be paid starting upon the completion of the remaining Improvements described in Section 3.3.4.3(b) or December 31, 2023, whichever occurs first.

15. Section 5.8.1(b). Section 5.8.1(b) hereby is deleted in its entirety and is replaced with the following provision:

“(b) Parcels B57.5, B58-B60, B61A and B61C shall have a maximum Rent Credit of thirty-five million dollars (\$35,000,000). Upon completion of redevelopment of Warehouses 58-60 and development of the

Public Promenade as set forth in Section 3.3.4.3, Tenant shall submit documentation detailing actual Tenant expenditures for development of the Public Promenade and the redevelopment of Warehouses 58-60. The Executive Director shall review the Tenant documentation to ensure only redevelopment of Warehouses 58-60 and Public Promenade costs are included. The lesser of either the maximum Rent Credit for Parcels B58-B60 and B61A or Tenant's actual expenditures for redevelopment of potentially historic Warehouses 58-60 and development of Public Promenade shall be certified in writing by the Executive Director to Tenant. However, notwithstanding the requirements set forth in Section 5.8.2, upon completion of either B58 or B60 per the schedule set forth in Section 3.3.4.3(b), Tenant may request up to \$12 million in rent credits prior to completion of all the Tenant Improvements set forth in Section 3.3.4.3.

16. Section 5.8.1(d). Section 5.8.1(d) hereby is deleted in its entirety.
17. Section 13.4.1(d). Section 13.4.1(d) hereby is deleted in its entirety and replaced with the following provision:

"(d) Subleasing to SCMI or a SCMI Member University. Subject to Environmental Review under Section 3.2.5, Tenant may sublease Parcel B57 for a term not to exceed twenty-five (25) years to the Southern California Maritime Institute or a SCMI Member University, either i) as joint co-subtenants or ii) to one party as a sub-tenant which in turn may sub-lease to the other party, provided that:

- (i) the Board approves the sublease document with a term not to exceed twenty-five (25) years, which approval shall occur concurrently with approval of this Agreement, and such sublease is attached hereto as Exhibit N-3; and
- (ii) Tenant and SCMI and/or a SCMI Member University shall have five (5) years from the Effective Date of this Second Amendment to the Agreement to execute said sublease.

18. Section 13.4.1(g). Section 13.4.1(g) hereby is added as follows:

"(g) Subject to Section 13.2 and Environmental Review under Section 3.2.5, Tenant may sublease portions of the Premises as shown in Exhibit U for solar panels placed on rooftops, and install infrastructure required for such solar panels on adjacent parcels. In addition to the rooftop panels shown on Exhibit U, and subject to Environmental Review under Section 3.2.5 and approval by the Board, Tenant may propose an additional 200,000 square feet of subleases for solar panels to be placed on parcels in the possession of Tenant."

19. Exhibit U attached hereto, is made a part of the Agreement.

Except as amended herein, all remaining terms and conditions of Lease No. 904A

shall remain in full force and effect.

This SECOND Amendment shall be effective upon the date of signature by the Executive Director after approval of the Board and the City of Los Angeles City Council in accordance with the requirements of the City of Los Angeles City Charter and Administrative Code.

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IN WITNESS THEREOF, the parties hereto have executed this Second 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: _____

By _____
EUGENE D. SEROKA
Executive Director

Attest _____
AMBER M. KLESGES
Board Secretary

Dated: 9/17/2020

ALTASEA AT THE
PORT OF LOS ANGELES
By: _____
TIMOTHY B. MCOSKER
Chief Executive Officer

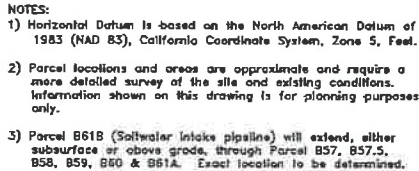
Attest: C. Pabbanda
Charuni Pabbanda, Counsel
(Print/type name and title)

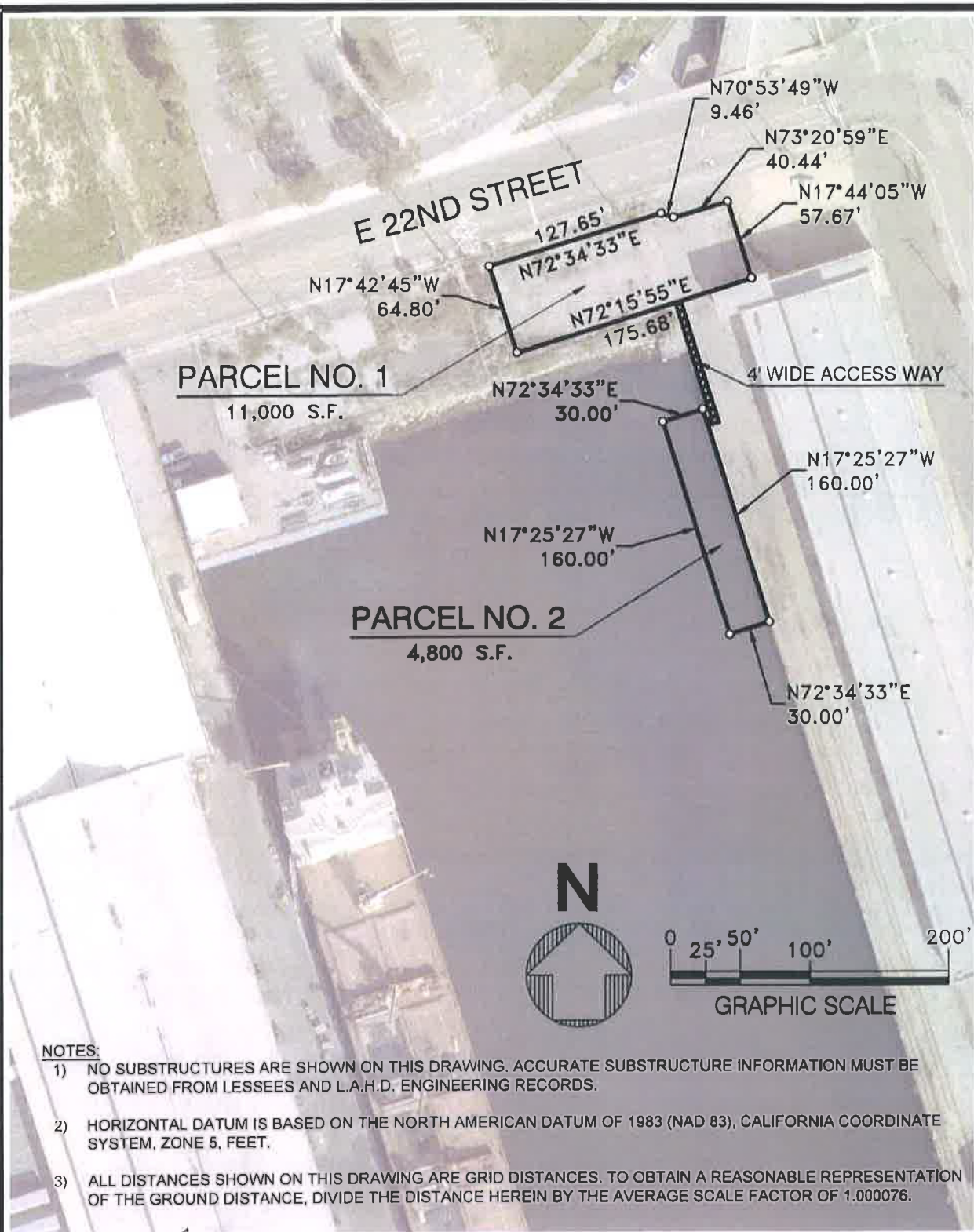
APPROVED AS TO FORM AND LEGALITY


9/18, 2020
MICHAEL N. FEUER, City Attorney
Janna B. Sidley, General Counsel

By _____
Heather M. McCloskey, Deputy

MAIN CHANNEL

Exhibit A-2



SCALE: AS SHOWN	CHIEF OF DESIGN <i>[Signature]</i>	PERMIT MAP - AUTHORITY NO. L904A	
DRAWN: P. HOANG	ASSISTANT CHIEF OF HARBOR ENGINEER <i>Stuart L. Frick</i>	ALTASEA	
CHECKED: C. BROWN		 THE PORT OF LOS ANGELES ENGINEERING DIVISION 425 S. PALMS VERDEN STREET SAN PEDRO CA 90731-3309	DRAWING NUMBER
DESIGNED: P. HOANG			5-7389
ENGR/ARCH <i>Phoebe Hoang</i>	CHIEF HARBOR ENGINEER <i>[Signature]</i> 8-15-20 DATE		

