

**CATALINA CHANNEL EXPRESS, INC.
SECOND AMENDMENT TO
PERMIT NO. 897**

THE SECOND AMENDMENT TO PERMIT NO. 897 is made this ____ day of _____, 2015, by and between THE CITY OF LOS ANGELES, a municipal corporation, ("City"), acting by and through its Board of Harbor Commissioners ("Board") and CATALINA CHANNEL EXPRESS, INC. ("Tenant") as follows:

Article 1. The below subsections of Section 3 are amended by adding the following:

Section 3. Premises

3.1.1 On the Effective Date of the Second Amendment, this Permit shall entitle Tenant to also use and occupy the Additional Premises as depicted on Exhibit "A-2" hereto consisting of:

(a) Use of Parcel 8 – consisting of 26,155 square feet square feet of paved area underneath and 20 feet beyond the Vincent Thomas Bridge encumbered by a California Department of Transportation ("Caltrans") easement ("Caltrans Easement"), to be used for parking; and

(b) Use of Parcels 9A and 9B – consisting of 29,287 square feet of paved area to be used for a new office and warehouse facility, which uses shall require lateral support/concrete piles.

3.1.2 At the option of the City in its sole discretion, upon such land becoming available at the completion of its current use as a lay down and construction administration site for the Pier 100 project, and provided that the City elects to offer such land for use, the City will notify Tenant in writing of its right of first refusal to lease 8,883 square feet of paved area located east of the Los Angeles Department of Water and Power ("LADWP") Distribution Station No. 3 for parking uses (the "Option Area"). Tenant shall notify City in writing within thirty (30) days of said notification of its election to exercise its right of first refusal. In the event Tenant fails to notify City of its election to exercise the right of first refusal, or Tenant declines to exercise such right, City shall have no further obligation to offer the Option Area to Tenant. Tenant's use and occupancy of the Option Area is contingent upon the City and Tenant reaching mutually acceptable lease terms and is subject to obtaining all necessary approvals.

3.1.3 Parcels 8, 9A and 9B of Exhibit "A-2" shall be included in the term "Premises". If the Option Area is subsequently included within this Permit, it shall also be included within the term "Premises", either as Parcel 10 or the next in order parcel number. At the discretion of the Executive

Director, a new Harbor Engineer's drawing, to be designated Exhibit "A-2", shall be substituted by City for the attached Exhibit "A-2" upon its completion when Parcels 8, 9A, 9B and the Option Area are incorporated into the Premises without need for further approvals.

3.4 Inspection by Tenant

3.4.1 Tenant has inspected Parcels 8, 9A and 9B depicted in Exhibit "A-2" and acknowledges and agrees that said Premises are suitable for the permitted uses of the proposed freight facility, freight operations, administrative offices and call center. Tenant has performed its due diligence in ascertaining the Premises' suitability for such operations, and has taken into consideration the Caltrans Easement related to Parcel 8. No individual or person affiliated with City has made any representation or warranty with respect to Parcels 8, 9A, 9B or with respect to any improvements existing or planned.

3.4.2 Tenant acknowledges that City cannot guarantee full and unencumbered use of Parcel 8 during the term of the Permit due to said Caltrans Easement and other reservations and City is not and shall not be responsible for business interruption costs, expenses or claims, of any kind or nature, nor shall City be liable for contractual damages arising out of, caused by or related to any area closure, impeded access for deliveries to the Premises, or delay or interruption that may result from or arise out of Caltrans exercising its easement rights. Tenant acknowledges that Caltrans may need a portion of Parcel 8 for bridge repair or maintenance per the language of the easement. Tenant acknowledges that it has performed its due diligence as to the possible impacts the Caltrans Easement may cause to the Tenant's business and its operations. In the event that Caltrans requires use of its easement in whole or in part such that certain areas within the easement are not available for Tenant's use, Tenant may submit a written request to the City for alternate premises of equal size and use for the time period for which such area of Parcel 8 is unavailable due to the exercise of Caltrans rights under the Caltrans Easement. The City may, but is not be required to, provide such alternate premises provided suitable alternate premises are available. City makes no guarantee or representation that alternate premises will be available or that such premises will be of equivalent utility of Parcel 8 occupied by Tenant under this Permit. In addition, such alternate premises may not be within a distance convenient to Tenant. Should alternate premises be provided, Tenant will pay then current fair market value compensation for substitute premises and execute all appropriate and necessary agreements and/or documents that the City may require for the use of such alternate premises. Depending upon the scope of the easement impact, the Executive Director may in his or her sole and absolute discretion abate Second Amendment Compensation for Parcels 8, 9A and 9B as well as the Option Area.

3.4.3 With the exception of any rights, permissions or authorizations conveyed under a permit issued by a City Department (e.g. LADBS, LADWP, The Harbor Engineer), the City neither provides nor implies any warranty for the Premises as to its suitability for a new office and warehouse facility. Tenant has done its own due diligence as to suitability of Parcel 9A. Tenant accepts all risks associated with the Premises's geological condition, location in proximity to the Vincent Thomas Bridge, the Main Channel, the Turning Basin, the LADWP Distribution Station and the site's ability to provide lateral support. Tenant shall undertake, at its sole cost and expense, any and all actions and measures required by the Los Angeles Department of Building and Safety and the Harbor Engineer to prepare the Premises for the construction of the proposed improvements. City is not and shall not be responsible for any known or unknown costs or expenses associated with or related to the preparation of the Premises for the intended uses unless expressly provided for herein.

Article 2. The below subsections of Section 4 are amended by adding the following:

Section 4. Uses

4.1 Permitted Uses.

- (e) Waterside improvements at Berth 95 for freight operations.
- (f) The berthing/mooring of freight vessels or barges.
- (g) Movement of tractor trailers in and out of the site for the purpose of freight transport.
- (h) The operation and use of a truck scale.
- (i) Temporary storage and warehousing of goods and merchandise in transportation.

4.1.1 On the Second Amendment Effective Date, this Permit shall entitle Tenant to also use and occupy the Premises as depicted on Exhibit "A-2" to construct, operate, and maintain an office and warehouse facility for freight services to and from Catalina Island and house and operate administrative offices and a call center serving both passenger and freight operations and all uses pertinent thereto.

Section 4.10 Tenant to Supply Necessary Labor and Equipment is amended by deleting the existing provision and inserting the following:

Except as provided in the Second Amendment, Tenant shall, at its sole cost and expense, provide all equipment and labor necessary to undertake the Permitted Uses.

Section 4.13 Parking is deleted in its entirety and replaced with the following:

The Premises include limited areas designated for parking of approximately twenty-seven (27) spaces for employee parking only. The City shall be responsible for providing to Tenant for Tenant's Permitted Uses adequate parking for remaining employees and passenger operations only, which parking shall be adjacent to Parcel 9A and 9B when possible. Such parking shall be provided after the Second Amendment Effective Date. The City Improvements described therein having been completed, the original Exhibit "B" will be modified. City shall not be responsible for providing any parking or storage for tractor-trailer trucks, freight trucks with three or more axles, or containers on chassis, other than what is shown in the designated truck wells depicted in Exhibit "B-2".

Article 3. The below subsections of **Section 5. Compensation** are amended by adding the following:

5.3 Fixed Minimum Compensation

5.3.1.1 In addition to the Compensation payable for Parcels 1 through 7 specified in Section 5.3.1, beginning on the Second Amendment Effective Date, Tenant shall also make equal monthly payments to City, hereinafter referred to as Second Amendment Compensation, in lawful money of the United States as follows:

Parcel 8: \$26,155.00 per year

Parcels 9A and 9B: \$102,504.50 per year.

In the event that the Tenant acquires use of the Option Area pursuant to Section 3.1.2, compensation for the Option Area shall be the fair market value of the Option Area land as determined by appraisal obtained by the City at the time of its addition to the Premises.

5.3.1.2 In consideration for Tenant constructing Additional Tenant Improvements as depicted in Exhibit "B-2", including but not limited to increase lateral support/piles and a new office and warehouse facility, and provided Tenant submits satisfactory proof to City that Tenant has expended no less than Three Million Five Hundred Thousand Dollars (\$3,500,000) on the Additional Tenant Improvements, Tenant shall be entitled to One Million-Five Hundred Thousand Dollars (\$1,500,000) in compensation credits to be applied against no more than fifty percent (50%) of any single year's annual Second Amendment Compensation. Compensation credits may only be used during the term of this Permit as defined in Section 2.2, including any holdover period.

Section 5.3.2 is amended to add the following:

5.3.2.1 The Second Amendment Compensation shall be re-set concurrently with the Fixed Minimum Compensation as set forth in Section 5.11, and every five-year period thereafter. Beginning on the Second Amendment Effective Date, Second Amendment Compensation shall be subject to annual adjustments pursuant to the CPI index as set forth in Section 5.3.3.

Section 5.4.2.1 is amended to include the following:

In addition to Percentage Compensation payable by Tenant for the use of Parcels 1 through 7, Tenant shall also pay Second Amendment Percentage Compensation for all Permitted Uses occurring on Parcels 8, 9A and 9B, and if subsequently added, the Option Area. Second Amendment Percentage Compensation shall be defined as a percentage of Gross Receipts as defined in Section 5.4 equal to two percent (2%) of Gross Receipts, arising from or related to any freight operations conducted on the Premises on or after July 25, 2023.

Section 5.5 Compensation Deposit is amended by adding the following:

5.5.1 Within thirty (30) days of the Second Amendment Effective Date, Tenant shall deposit the sum of two months Second Amendment Compensation, which amount equals the sum of Twenty-one Thousand Four Hundred and Forty-three Dollars and Twenty-four Cents (\$21,443.24), with the Board at the address shown in subsection 5.2. This deposit amount is in addition to the Fixed Minimum Compensation Deposit previously submitted and required by Section 5.5. Compensation credits may not be applied to this deposit amount. Following each Year Five (5) readjustment pursuant to Section 5.11, Tenant shall deposit an additional sum equal to two (2) months Second Amendment Compensation as determined by the Board. Said deposit shall be held as a guarantee to cover delinquent Second Amendment Compensation. In the event all or a part of the deposit is used to apply against Second Amendment Compensation due and unpaid, Tenant shall immediately make another deposit in an amount equal to the amount so used, so that at all times during the term of this Agreement said deposit shall be maintained in the sum stated above.

Article 4. The below subsections of Section 7. Improvements are amending by adding the following:

7.1 City Improvements is amended by adding the following:

7.1.5 City shall construct, erect and install City's Second Amendment Improvements as set forth in the attached Exhibit "B-1".

7.2 Alterations of Premises by Tenant.

7.2.1.1 Construction of Additional Tenant Improvements. Tenant desires to further improve the Parcels 8, 9A and 9B of the Premises as described in this Permit with facilities for freight operations consisting of a new office and warehouse facility of no less than 18,000 square feet as well as install a truck scale, landscaping, fencing, lighting and associated paving as set forth Exhibit "B-2" ("Additional Tenant Improvements"). Beginning on the Second Amendment Effective Date, Tenant shall diligently pursue completion of the Additional Tenant Improvements as described in Exhibit "B-2" including but not limited to the processes and procedures set forth in subsections 7.2.2 to 7.2.8 of this Permit. Tenant agrees to spend no less than Three Million Five-hundred Thousand Dollars (\$3,500,000) towards construction of the Additional Tenant Improvements.

7.2.1.2 Completion of Construction. Should construction of the Additional Tenant Improvements cease for any reason prior to completion for more than twelve (12) consecutive months, the compensation credits provided to Tenant under 5.3.1.2 shall be suspended until construction again commences. Should construction of the Additional Tenant Improvements stop for more than twenty-four (24) consecutive months, Tenant shall be deemed to be in default pursuant to Section 9.1(b). Said default shall entitle the City to terminate and cancel this Second Amendment, in which case Tenant shall quit and surrender possession of Parcels 8, 9A, 9B and any Option Area conveyed to Tenant, restoring the surrendering Parcels 8, 9A, 9B and any Option Area to Board in at least as good and useable condition, acceptable to the Executive Director, as the same were in at the time of the Second Amendment Effective Date.

Article 5. Section 11. Restoration and Surrender of Premises is amended by adding a new Section 11.1.1 as follows:

11.1.1 On or before the Expiration Date, or any sooner termination of this Agreement, unless otherwise excused in writing by the City, Tenant shall quit and surrender possession of Parcels 8, 9A, 9B and any Option Area of the Premises to Board either having demolished and removed all Additional Tenant Improvements or leaving such Additional Tenant Improvements in place as City may authorize in City's sole and absolute discretion.

This Second Amendment shall become effective upon execution by City and Tenant, and upon the last approval required by the City's Charter and Administrative Code, the date it is approved by the City Council pursuant to Section 606 of City's Charter ("Second Amendment Effective Date").

Except as amended herein, all terms and conditions of Permit No. 897 shall remain the same.

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment to Permit No. 897 on the date to the left of their signatures.

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

Dated: _____

By _____
Executive Director

Attest _____
Board Secretary

CATALINA CHANNEL EXPRESS, INC.

Dated: 03.24.15.

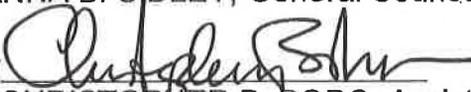
By  Greg Bombardieri
(Type/Print Name and Title) **PRESIDENT**

Attest Alex Bombardieri **Treasurer**

(Type/Print Name and Title)

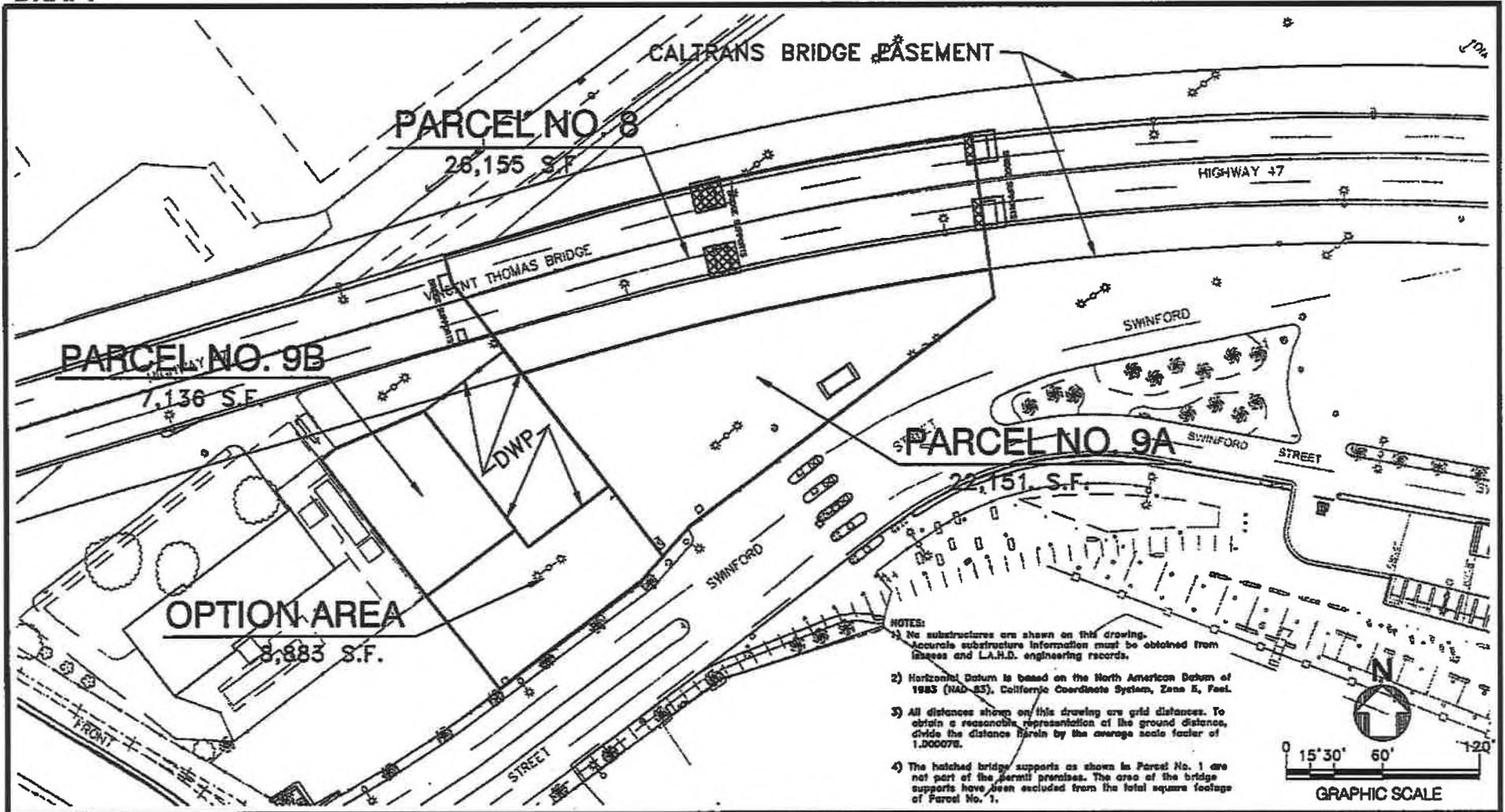
APPROVED AS TO FORM AND LEGALITY

March 26, 2015
MICHAEL N. FEUER, City Attorney
JANNA B. SIDLEY, General Counsel

By 
CHRISTOPHER B. BOBO, Assistant

CBB/jrs
3/25/15

DRAFT



Drawn by: [Name] Checked by: [Name] Date: [Date]
 Project: [Project Name]

NO. DATE DRAWN REVISIONS				CH/CD	APP'D	SCALE: AS SHOWN	CHIEF OF DESIGN	PERMIT MAP - AUTHORITY NO. P897	
						DRAWN: DRR 3/15	ASSISTANT CHIEF OF HARBOR ENGINEER	CATALINA CHANNEL EXPRESS, INC.	
						CHECKED:		DRAWING NUMBER	
						DESIGNED: D. RAASCH		. 45644	
						ENGR/ARCH		THE PORT OF LOS ANGELES ENGINEERING DIVISION 426 S. PALMS VERDES STREET SAN PEDRO CA 90731-3509	
							CHIEF OF HARBOR ENGINEER	DATE	DRAFT

Exhibit A-2

Exhibit B-1

City Improvements

A. City shall be responsible for providing the following improvements pursuant to Section 7.1.3.1:

1. Scope of Overall Project:

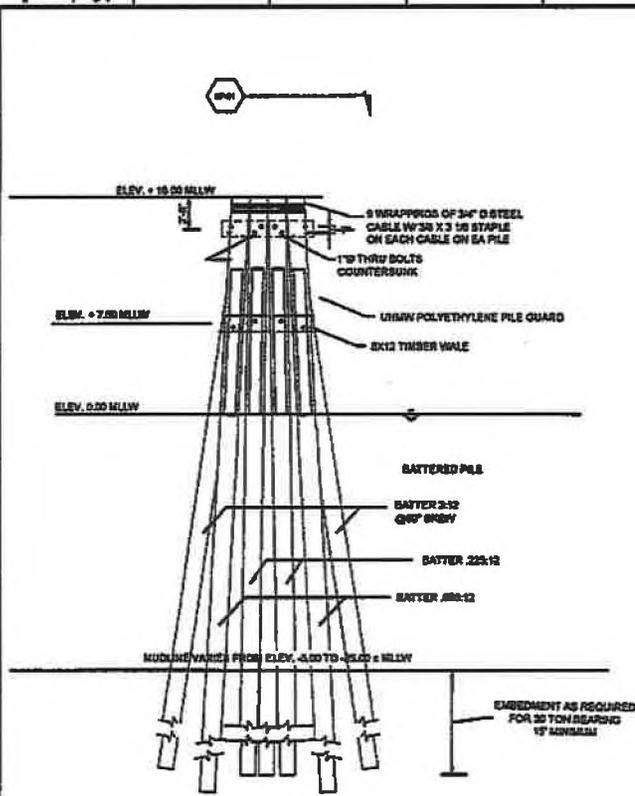
Installation of thirty-four (34) timber pilings in the water. Two (2) timber dolphins that consist of three (3) piles each will be used to secure three new floats, which will be secured to the existing piles located at the base of the Vincent Thomas Bridge. The remaining twenty-eight (28) pilings will be configured to provide four (4) dolphins with seven (7) wood pilings each to secure the two (2) new vessels.

2. Installation will follow design specifications as attached:

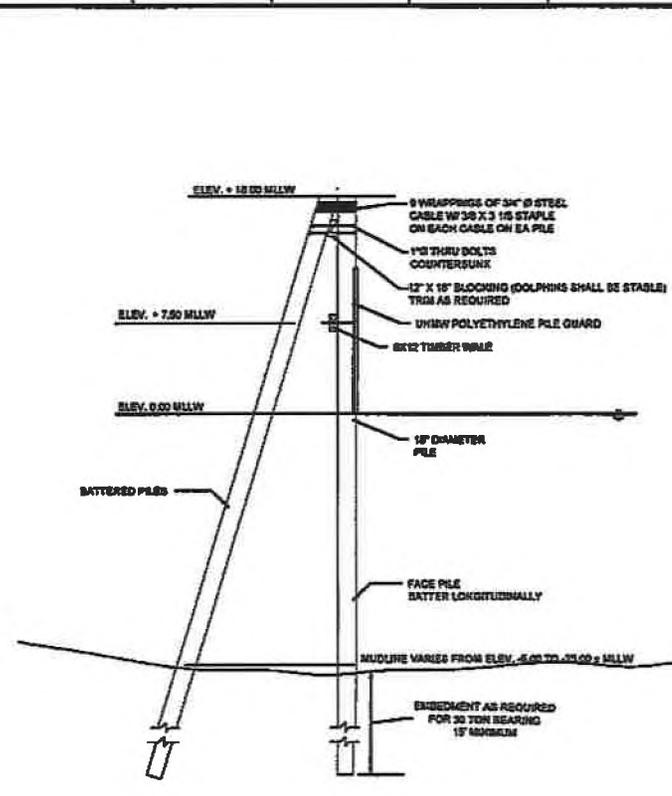
- a. Drawing G-01
- b. Drawing P-01
- c. Drawing P-02
- d. Drawing P-03

3. Labor and Materials to be Provided by City within six (6) months from the Second Amendment Effective Date:

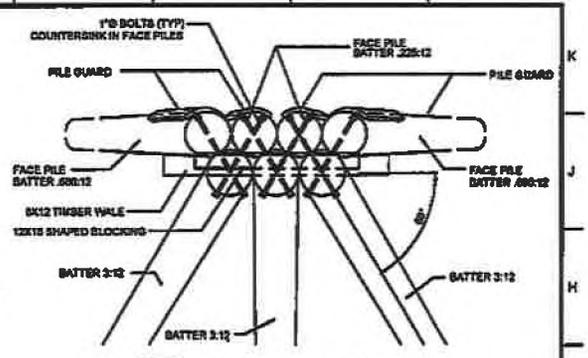
- a. Procure thirty-four (34) wood pilings as specified in Drawings P-01 to P-03.
- b. Install thirty-four (34) wood pilings as specified in Drawing G-01.



1 P-01
1P-01
FRONT ELEVATION 3-PILE DOLPHIN
SCALE: 1" = 8'



2 P-02
P-02
SIDE PROFILE 3-PILE DOLPHIN
SCALE: 1" = 8'



3 P-01
1P-01
PLAN 3-PILE DOLPHIN TOP
SCALE: 1" = 2'

PILE NOTES:
 ALL TIMBER PILES SHALL BE 14\"/>

FILES FOR THE 7-PILE DOLPHINS SHALL HAVE A DRAWN SEARING CAPACITY OF 30 TONS.

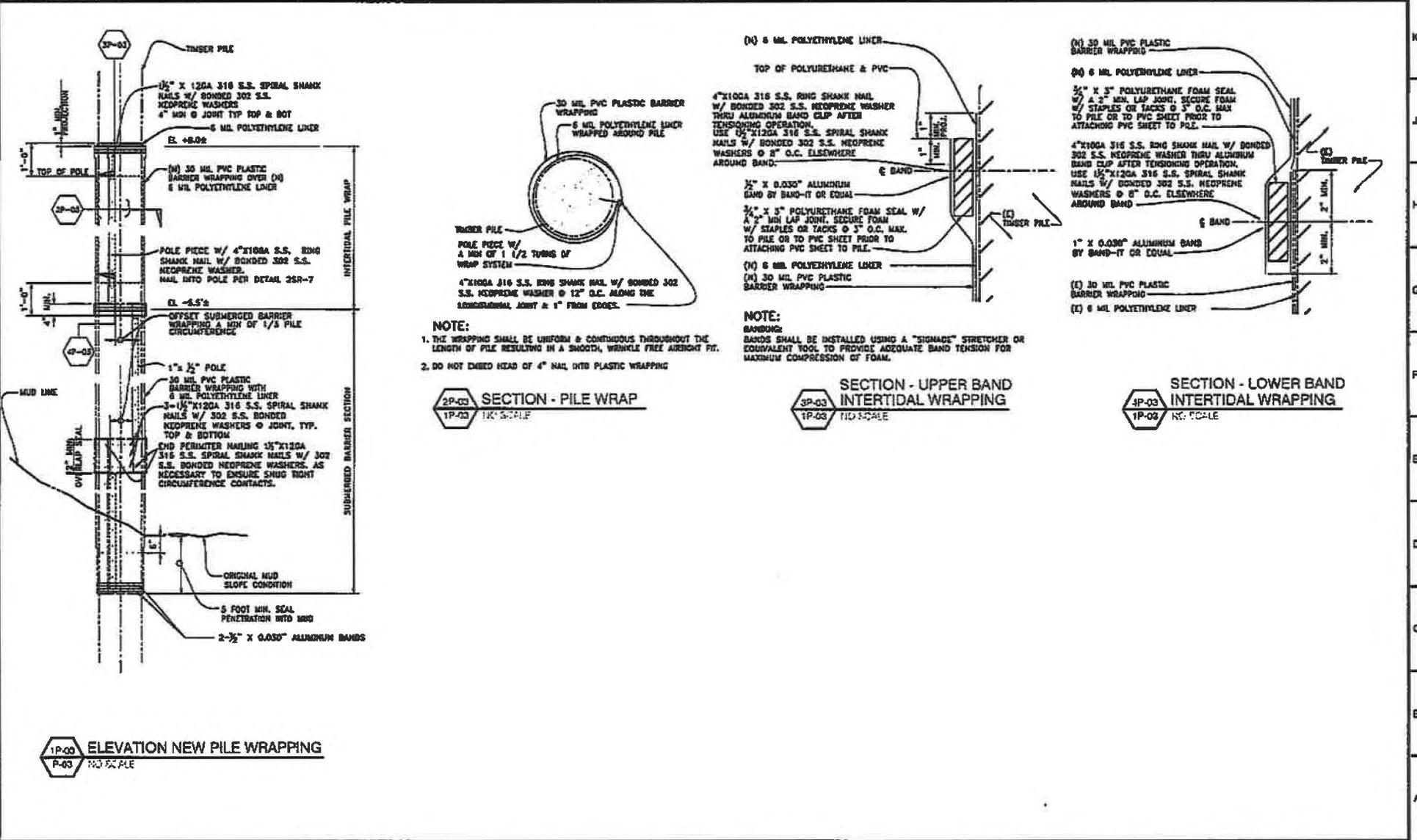
BLOCK AND SHIM WITH TREATED TIMBER BETWEEN PILES TO ENSURE A STABLE STRUCTURE.

FILES SHALL BE WRAPPED IN ACCORDANCE WITH THE PORT OF LOS ANGELES STANDARDS, FROM 6 FEET BELOW THE MUD LINE TO A TOP ELEVATION OF +8.00 MLW. SEE SHEET P-02.

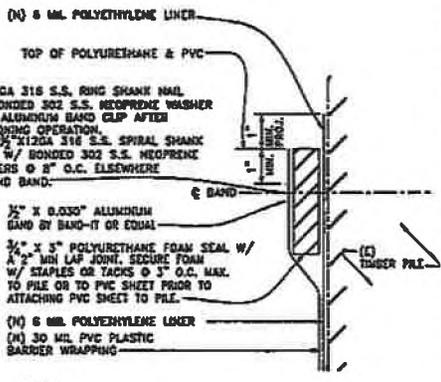
IN ADDITION TO THE STANDARD WRAP, THE BERTHING FACE OF THE 7-PILE DOLPHIN PILES SHALL HAVE A WEARING SURFACE OF UHMW POLYETHYLENE. (POLYSLICK PILE DONED BY POLYMER INDUSTRIES OR EQUAL)

NO.	DATE	BY	CHKD.	APP'D.	REVISION	NO.	DATE	BY	CHKD.	APP'D.	REVISION	NO.	DATE	BY	CHKD.	APP'D.	REVISION

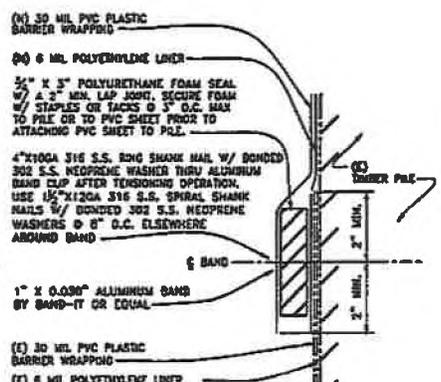
NAME: AD D'AMICO TITLE: PE CHECKED: [Signature] DESIGNED: [Signature] DRAWN: [Signature]	DATE: [Date] PROJECT NO: [Project No.] SHEET NO: [Sheet No.]	PROJECT NAME: CATALINA EXPRESS - FREIGHT BARGE LANDING SHEET TITLE: 7-PILE DOLPHIN PLAN AND ELEVATIONS THE PORT OF LOS ANGELES ENGINEERING DIVISION 455 S. PACIFIC AVENUE, STEEL BUILDING, LOS ANGELES, CALIF. 90012	APPROVED: [Signature] DATE: [Date]
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NOTE:
 1. THE WRAPPING SHALL BE UNIFORM & CONTINUOUS THROUGHOUT THE LENGTH OF PILE RESULTING IN A SMOOTH, WRINKLE FREE AIRTIGHT FIT.
 2. DO NOT EMBED HEAD OF 4" NAIL INTO PLASTIC WRAPPING



NOTE:
 BANDING:
 BANDS SHALL BE INSTALLED USING A "SIGNAGE" STRETCHER OR EQUIVALENT TOOL TO PROVIDE ADEQUATE BAND TENSION FOR MAXIMUM COMPRESSION OF FOAM.



1P-03 ELEVATION NEW PILE WRAPPING
 NO SCALE

2P-03 SECTION - PILE WRAP
 1/4\"/>

3P-03 SECTION - UPPER BAND INTERTIDAL WRAPPING
 NO SCALE

4P-03 SECTION - LOWER BAND INTERTIDAL WRAPPING
 NO SCALE

NO.	DATE	ISSUED	REVISION												
1				2				3				4			

MOFFATT & NICHOL
 200 WEST WASHINGTON, SUITE 800
 LOS ANGELES, CALIF.

CATALINA EXPRESS - FREIGHT BARGE LANDING
TIMBER PILE WRAP DETAILS
 THE PORT OF LOS ANGELES
ENGINEERING DIVISION
 425 S. PEARL STREET, SUITE 1100
 LOS ANGELES, CALIF. 90013

Exhibit B-2

Tenant Improvements

A. Tenant shall be responsible for providing the following improvements pursuant to Section 7.2.1.1:

1. Scope of Overall Project:

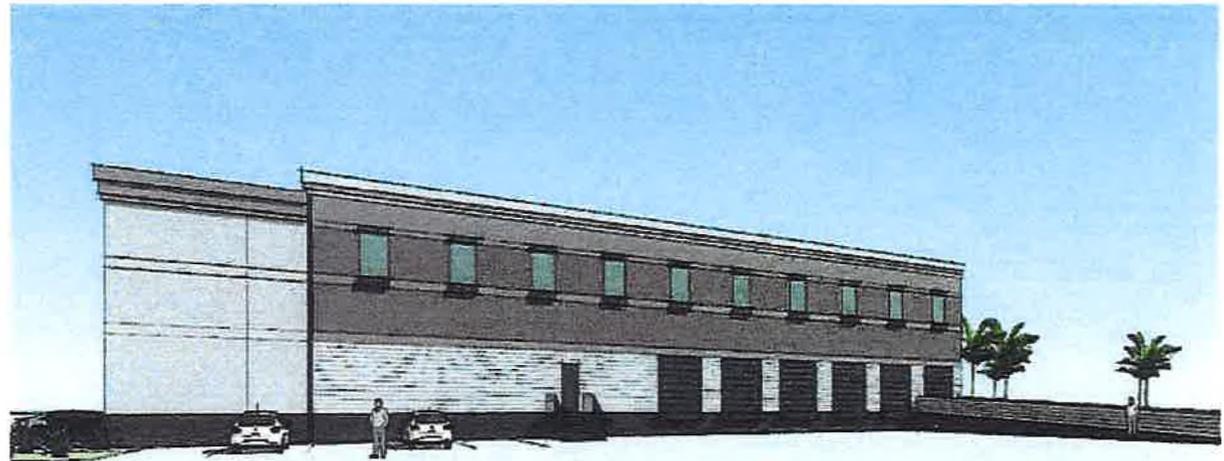
Construction of a warehouse with administrative offices of no less than 18,000 square feet that includes six truck docks, installation of a truck scale, associated landscaping, asphalt and concrete paving, lighting and fencing.

2. Design of Project:

The improvements to be built by the Tenant on Parcels 8, 9A and 9B premises are described in the attached drawings A0.1 to A3.1 and drawing A4.



SWINFORD STREET ELEVATION



BRIDGE SIDE ELEVATION

PROGRESS SET

OFFICE AND WAREHOUSE FACILITY

385 EAST SWINFORD STREET
SAN PEDRO, CA 90731

SIMONLOVER INC.
 1800 PACIFIC AVENUE
 LONG BEACH, CALIFORNIA
 PH: 562-591-2000
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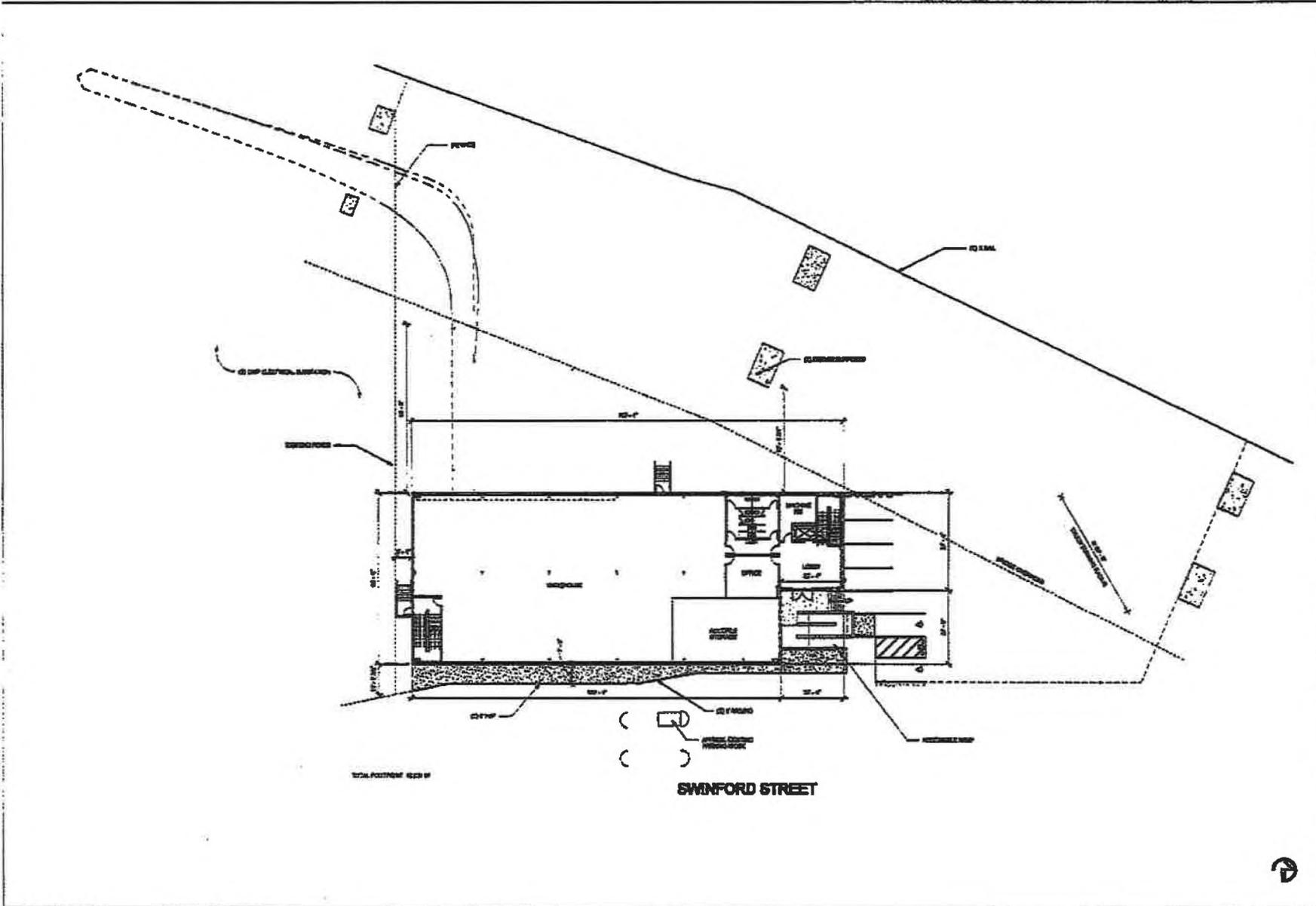


SITE PLAN
OFFICE AND WAREHOUSE FACILITY
 SAN FERNANDO, CALIFORNIA

DESIGN FOR:	DATE:
REVISION NO. / DESCRIPTION:	DATE:

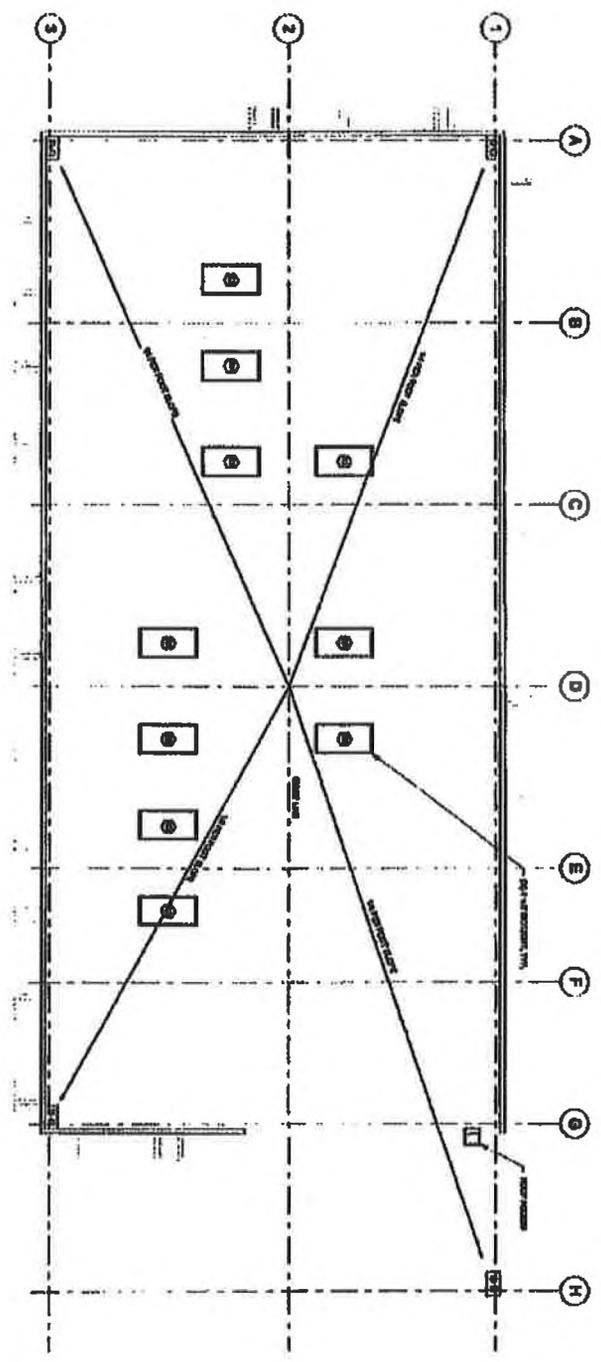
A1.1

PROJECT: 10000000000000000000



1 SITE PLAN
 SCALE: 1/8" = 1'-0"

1 ROOF PLAN
 SCALE: 3/8" = 1'-0"



A1.4

PROJECT: OFFICE AND WAREHOUSE FACILITY

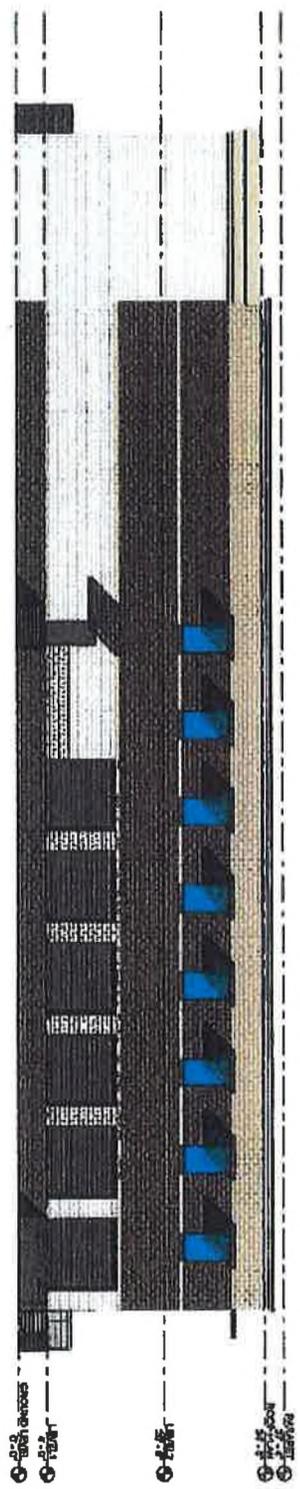
DATE:	
SCALE:	
PROJECT:	
DESIGNER:	
CLIENT:	

ROOF PLAN
OFFICE AND WAREHOUSE FACILITY
 330 EAST HAWKWOOD STREET
 SAN PEDRO, CA 90731

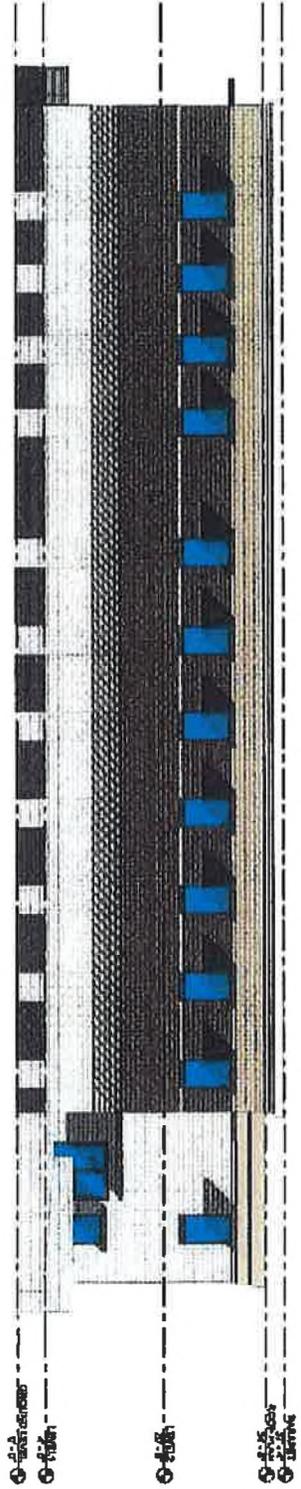


SHAW-DUNN ARCHITECTS INC.
 330 EAST HAWKWOOD STREET
 SAN PEDRO, CA 90731
 (310) 466-1111
 WWW.SHAW-DUNN.COM

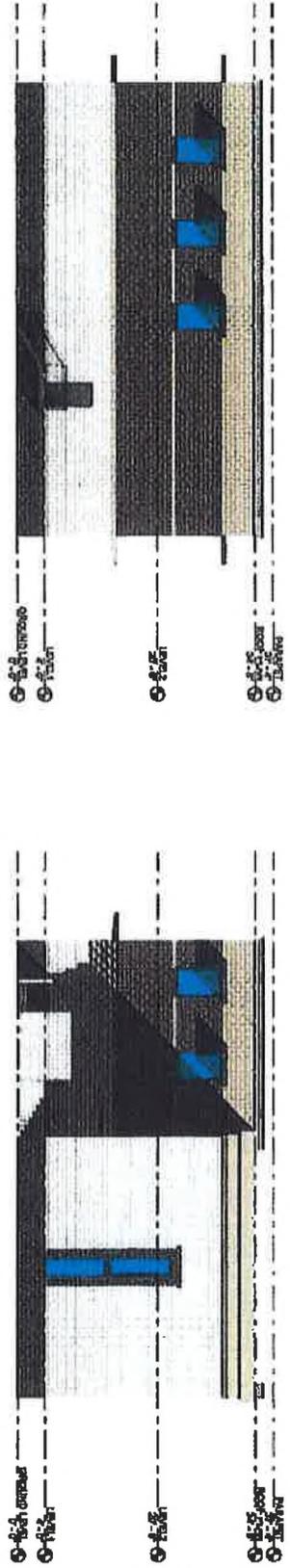




2 NORTH ELEVATION
SCALE: 1/8" = 1'-0"



3 SOUTH ELEVATION
SCALE: 1/8" = 1'-0"



4 WEST ELEVATION
SCALE: 1/8" = 1'-0"

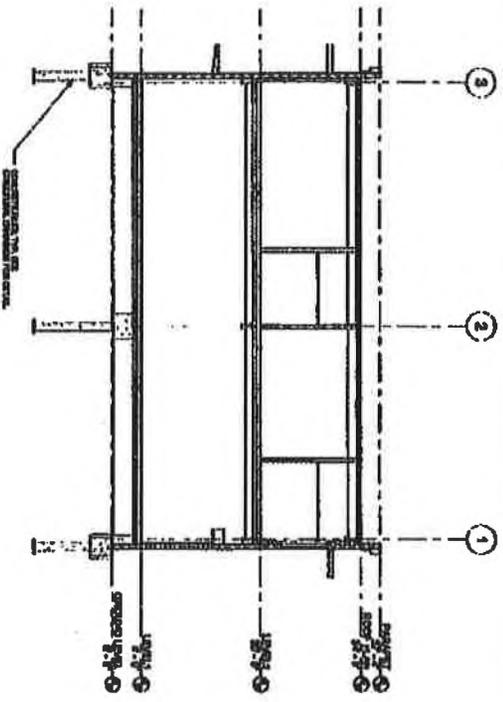
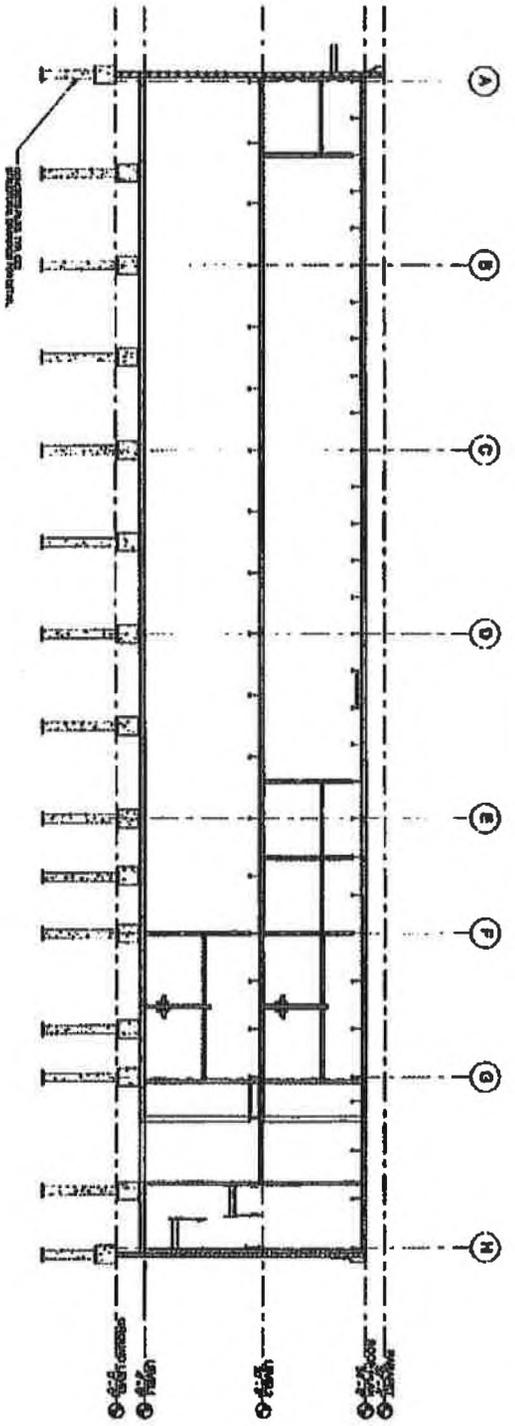
1 EAST ELEVATION
SCALE: 1/8" = 1'-0"



SHINGEL OVER INC.
2001 VICTOR AVENUE
SAN PEDRO, CA 90731
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ELEVATIONS
OFFICE AND WAREHOUSE FACILITY
310 EAST RICHFORD STREET
SAN PEDRO, CA 90731

A2.1



BUILDING SECTIONS

OFFICE AND WAREHOUSE FACILITY
 300 EAST COLLETTA STREET
 SAN FRANCISCO, CA 94131



SIMONG CHEN, INC.
 2000 MARKET AVENUE
 SUITE 100
 SAN FRANCISCO, CA 94114
 (415) 774-1111
 WWW.SIMONGCHEN.COM

A3.1

DRAWING A4

