



**THE PORT
OF LOS ANGELES**

425 S. Palos Verdes Street Post Office Box 151 San Pedro, CA 90733-0151 TEL/TDD 310 SEA-PORT www.portoflosangeles.org

Antonio R. Villaraigosa

Mayor, City of Los Angeles

Board of Harbor
Commissioners

S. David Freeman
President

Jerilyn López Mendoza
Vice President

Kaylynn L. Kim

Douglas P. Krause

Joseph R. Radtsich

Geraldine Knatz, Ph.D

Executive Director

July 24, 2008

**Honorable Members of the
City Council of the
City of Los Angeles**

CD No. 15

Attention: Mr. John White, City Clerk's Office

**SUBJECT: CHARTER SECTION 606 - PROPOSED LEASE AGREEMENT
BETWEEN CLEAN ENERGY, THE PORT OF LOS ANGELES, AND
THE PORT OF LONG BEACH**

Pursuant to Charter Section 606 of the City Charter, enclosed for passage by your Honorable Body is an Ordinance approved as to form by the City Attorney, approving Order No. 08-6962 and proposed Lease Agreement between the Port of Los Angeles, the Port of Long Beach and Clean Energy, which was adopted by the Board of Harbor Commissioners at its meeting held June 5, 2008, for the construction and maintenance of a new Liquefied Natural Gas fueling station.

RECOMMENDATION:

The City Council, subject to approval of the Mayor, adopt the proposed Board Order and Ordinance which approves proposed Lease Agreement No. 08-2678 between Clean Energy, the Port of Los Angeles, acting by and through its Board of Harbor Commissioners, and the Port of Long Beach, acting by and through its Board of Harbor Commissioners, and return to the Board of Harbor Commissioners for further processing.

ENVIRONMENTAL ASSESSMENT:

The proposed action is a Contract, Right of Entry Agreement and Lease Agreement between the POLA, the POLB, and Clean Energy for the construction and maintenance of a new LNG fueling station to support emission reduction goals at the Ports. As such, the Director of Environmental Management has determined that the proposed activity is exempt from the California Environmental Quality Act (CEQA) in accordance with Article III, Section 1(32) and 4(7) of the Los Angeles City CEQA Guidelines.

JUL 29 2008

TRADE, COMMERCE & TOURISM

July 24, 2008

Honorable Members of the
City Council of the
City of Los Angeles
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CD No. 15

FISCAL IMPACT:

Of the total 2.8 acre project, the POLA's land commitment is 50% of 1.1 acres, or 0.55 acres. The POLA will receive 20% of revenues generated by this project. The amount of revenues is indeterminable at this time, as it is based on the number of gallons purchased by the public, for which the POLA will receive a penny per gallon (subject to its pro rata commitment of 0.55 acres). After the initial five-year period, the penny per gallon compensation will be reviewed along with establishing a minimum fixed rent for the leased space.

TIME LIMIT:

After receipt, the City Council has 30 days to act; otherwise the matter will be deemed approved.

Respectfully submitted,



ROSE M. DWORSHAK
Commission Secretary

cc: Trade, Commerce & Tourism Committee
Councilwoman Hahn, encs.
Councilman Rosendahl, encs.
Councilman LaBonge, encs.
Cecilia Moreno, Public Affairs, encs.
Alvin Newman, CAO, encs.
Christine Yee Hollis, CLA, encs.
Jenny Chavez, CD 15, encs.

RECOMMENDATION APPROVED; ORDER NO. 08-6962 ADOPTED;
RESOLUTION NO. 08-6546 ADOPTED AND
AGREEMENT NO. 08-2678 APPROVED
BY THE BOARD OF HARBOR COMMISSIONERS

June 5, 2008

Rose M. Dwarshak
SECRETARY



DATE: MAY 22, 2008

FROM: REAL ESTATE DIVISION

**SUBJECT: ORDER AND ORDINANCE NO. 08-6962 - PROPOSED LEASE AGREEMENT BETWEEN CLEAN ENERGY, THE PORT OF LOS ANGELES, AND THE PORT OF LONG BEACH
RESOLUTION NO. 08-6546 - PROPOSED CONTRACT AND RIGHT OF ENTRY AGREEMENT BETWEEN CLEAN ENERGY, THE PORT OF LOS ANGELES, AND THE PORT OF LONG BEACH**

SUMMARY:

The proposed action requests Board approval of a proposed Contract, Right of Entry Agreement, and Lease Agreement between the Port of Los Angeles (POLA), the Port of Long Beach (POLB), and Clean Energy for the construction and maintenance of a new Liquefied Natural Gas (LNG) fueling station. The proposed site for the new LNG fueling station includes property owned solely by the POLB and an adjacent 1.1 acre parcel that is jointly owned by the POLA and the POLB (collectively, "Ports"). The Right of Entry and Leasing Agreements are applicable to the parcel owned by the Ports. The new LNG fueling station will serve to fill the current and future needs of LNG trucks and equipment at the Ports.

RECOMMENDATIONS:

It is recommended that the Board of Harbor Commissioners (Board):

1. Approve the proposed Contract, Right of Entry Agreement, and Lease Agreement between Clean Energy, and the POLA, acting by and through its Board, and the POLB, acting by and through its Board; and other documents associated with the recordation of Parcel Map L.A. No. 2004-2141;
2. Adopt the Resolution approving the proposed Contract and Right of Entry Agreement;
3. Authorize the Executive Director to execute and the Board Secretary to attest to the proposed Contract and Right of Entry agreement;
4. Adopt the Order and Ordinance approving the proposed Lease Agreement;
5. Authorize and direct the Board Secretary to transmit the Order, Ordinance, and Lease Agreement to the City Council for its approval pursuant to Section 606 of the City Charter; and
6. Authorize the Executive Director to execute and the Board Secretary to attest to the proposed Lease Agreement upon approval by City Council.

DATE: MAY 22, 2008

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SUBJECT: ORDER AND ORDINANCE NO. 08-6962 - PROPOSED LEASE AGREEMENT BETWEEN CLEAN ENERGY, THE PORT OF LOS ANGELES, AND THE PORT OF LONG BEACH
RESOLUTION NO. 08-6546 - PROPOSED CONTRACT AND RIGHT OF ENTRY AGREEMENT BETWEEN CLEAN ENERGY, THE PORT OF LOS ANGELES, AND THE PORT OF LONG BEACH

DISCUSSION:

1. Control Measure SPBP-HDV2 of the San Pedro Bay Ports Clean Air Action Plan (CAAP) calls for the establishment of a public LNG fueling station and an LNG truck maintenance and repair facility.
2. In response, a Request for Proposal (RFP) to enter into a lease for the construction and maintenance of an LNG fueling station on property near the Anaheim Street Grade Separation (ASGS) at the Terminal Island Freeway was advertised in February 2007.
3. Clean Energy, a California corporation headquartered in Seal Beach, was the successful proposer to the RFP. Clean Energy's proposal recommends reliance on existing Southern California truck maintenance facilities until a large enough LNG fleet of trucks exists within the Ports to make a new maintenance facility economically viable.
4. Clean Energy operates over 170 natural gas fueling stations in Arizona, California, Colorado, New Mexico, New York, Massachusetts, Texas, and Washington. In Canada, Clean Energy operates fueling stations in British Columbia and Ontario. Clean Energy is also in the process of constructing California's first LNG production plant in Boron, which is expected to open in late 2008.
5. The proposed site for the new LNG fueling station is a 2.8 acre parcel which includes a 1.7 acre combined parcel acquired by the POLB in 1996 for the construction of the ASGS, and an adjacent 1.1 acre parcel (a former railroad right of way) that is located in the City of Los Angeles and adjacent to the Los Angeles/Long Beach border, which is jointly owned by the Ports. The Ports are processing a Parcel Map in order to consolidate several parcels into one parcel for use as the fueling station.
6. The Contract describes the obligation of the Ports to use commercially reasonable efforts to record a Parcel Map. The Contract allows nine months for recordation of the Parcel Map; however, it is expected that it should take no more than three months to record.
7. The Right of Entry Agreement will permit Clean Energy to perform pre-development and entitlement activities for the project. The term for the Right of Entry is from the date of execution of the Contract to the effective date of the Lease Agreement, but will not be longer than nine months.

SUBJECT: ORDER AND ORDINANCE NO. 08-6962 - PROPOSED LEASE AGREEMENT BETWEEN CLEAN ENERGY, THE PORT OF LOS ANGELES, AND THE PORT OF LONG BEACH
RESOLUTION NO. 08-6546 PROPOSED CONTRACT AND RIGHT OF ENTRY AGREEMENT BETWEEN CLEAN ENERGY, THE PORT OF LOS ANGELES, AND THE PORT OF LONG BEACH

8. The Lease Agreement will permit Clean Energy to construct and maintain the new LNG fueling station. The Lease has a ten-year term, with two, five-year options to extend. The amount payable by Clean Energy shall be \$0.01 per gallon of LNG for the first five years, which will be renegotiated every five years. Commencing on the second, five-year segment, the parties will negotiate a minimum rent, along with a review of the \$0.01 per gallon fee. The \$0.01 per gallon fee is consistent with the rate commonly charged for fueling stations. Upon the expiration or early termination of the Lease, the Ports will have the option to acquire some or all of the improvements.
9. In December 2003, the Ports entered into Tenancy in Common Agreement No. 2304. Pursuant to the provisions of this agreement, ownership costs and expenses related to properties owned by the Ports, and income generated from properties owned by the Ports, will be shared equally by both Ports. These provisions apply only to the 1.1 acre parcel jointly owned by the Ports, which is 40% of the total square footage of the proposed site. As such, the POLA will receive 20% of the total revenue from the LNG fueling station.

ENVIRONMENTAL ASSESSMENT:

The proposed action is a Contract, Right of Entry Agreement and Lease Agreement between the POLA, the POLB, and Clean Energy for the construction and maintenance of a new LNG fueling station to support emission reduction goals at the Ports. As such, the Director of Environmental Management has determined that the proposed activity is exempt from the California Environmental Quality Act (CEQA) in accordance with Article III, Section 1(32) and 4(7) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

Of the total 2.8 acre project, the POLA's land commitment is 50% of 1.1 acres, or 0.55 acres. The POLA will receive 20% of revenues generated by this project. The amount of revenues is indeterminable at this time, as it is based on the number of gallons purchased by the public, for which the POLA will receive a penny per gallon (subject to its pro rata commitment of 0.55 acres). After the initial five-year period, the penny per gallon compensation will be reviewed along with establishing a minimum fixed rent for the leased space.

ECONOMIC IMPACT:

This Board action will have no net direct employment effect.

DATE: MAY 22, 2008

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SUBJECT: ORDER AND ORDINANCE NO. 08-6962 - PROPOSED LEASE AGREEMENT BETWEEN CLEAN ENERGY, THE PORT OF LOS ANGELES, AND THE PORT OF LONG BEACH
RESOLUTION NO. 08-6546 - PROPOSED CONTRACT AND RIGHT OF ENTRY AGREEMENT BETWEEN CLEAN ENERGY, THE PORT OF LOS ANGELES, AND THE PORT OF LONG BEACH

CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved as to form the Contract, Right of Entry Agreement, Lease Agreement, Order, and Ordinance.

TRANSMITTALS:

1. Contract
2. Right of Entry Agreement
3. Lease Agreement
4. Site Aerial Map
5. Order
6. Ordinance

for 
MICHAEL J. GALVIN II
Director of Real Estate

APPROVED:

for 
GERALDINE KNATZ, Ph.D.
Executive Director

MJG:RG:raw
BL263raw

for 
KATHRYN McDERMOTT
Deputy Executive Director

ORDER NO. 08-6962

IT IS HEREBY ORDERED by the Board of Harbor Commissioners that Agreement No. 08-2678 granted by the CITY OF LOS ANGELES, acting by and through its Board of Harbor Commissioners, and the CITY OF LONG BEACH, acting by and through its Board of Harbor Commissioners, to CLEAN ENERGY, a California corporation, for the purpose of leasing land in the City of Los Angeles for the construction and operation of a liquefied natural gas fueling station, is hereby approved and the Executive Director and the Secretary of the Board are hereby authorized and directed to execute and attest to the same on behalf of the City of Los Angeles upon this Order being approved by the City Council as described below.

The Secretary shall certify to the adoption of this Order by the Board of Harbor Commissioners of the City of Los Angeles and shall cause a copy of the same to be presented to the City Council as provided in Section 606 of the Charter of the City of Los Angeles. If the Council shall approve this Order within 30 days after such Order shall have been presented to it, or if the Council shall fail to disapprove this Order within said 30 days, the Order shall be deemed approved and shall become effective upon such approval without publication. The Agreement approved by this Order shall become effective immediately upon execution by the City's Executive Director and Board Secretary after such Council approval of the Order.

I HEREBY CERTIFY that the foregoing Order was adopted by the Board of Harbor Commissioners of the City of Los Angeles at its meeting of June 5, 2008

Rose M. Dworshak
ROSE M. DWORSHAK
Acting Board Secretary

APPROVED AS TO FORM

May 15, 2008
ROCKARD J. DELGADILLO, City Attorney

By *Heather M. McCloskey*
HEATHER M. McCLOSKEY, Deputy

HMM/
05/02/08

ORDINANCE NO. _____

An ordinance approving Order No. 08-6962 of the Board of Harbor Commissioners of the City of Los Angeles for the lease of certain real property in the City of Los Angeles for the purpose of constructing and operating a liquefied natural gas fueling station.

**THE PEOPLE OF THE CITY OF LOS ANGELES
DO ORDAIN AS FOLLOWS:**

Section 1. Order No. 08-6962, passed and adopted by the Board of Harbor Commissioners of the City of Los Angeles on the 5th day of June 2008, approving a Lease, by and among the City of Los Angeles, the City of Long Beach, and Clean Energy, a California corporation, is hereby ratified, confirmed, and approved. The approved order reads:

ORDER NO. 08-6962

IT IS HEREBY ORDERED by the Board of Harbor Commissioners that Agreement No. 08-2678 granted by the CITY OF LOS ANGELES, acting by and through its Board of Harbor Commissioners, and the CITY OF LONG BEACH, acting by and through its Board of Harbor Commissioners, to CLEAN ENERGY, a California corporation, for the purpose of leasing land in the City of Los Angeles for the construction and operation of a liquefied natural gas fueling station, is hereby approved and the Executive Director and the Secretary of the Board are hereby authorized and directed to execute and attest to the same on behalf of the City of Los Angeles upon this Order being approved by the City Council as described below.

The Secretary shall certify to the adoption of this Order by the Board of Harbor Commissioners of the City of Los Angeles and shall cause a copy of the same to be presented to the City Council as provided in Section 606 of the Charter of the City of Los Angeles. If the Council shall approve this Order within 30 days after such Order shall have been presented to it, or if the Council shall fail to disapprove this Order within said 30 days, the Order shall be deemed approved and shall become effective upon such approval without publication. The Agreement approved by this Order shall become

effective immediately upon execution by the City's Executive Director and Board Secretary after such Council approval of the Order.

I HEREBY CERTIFY that the foregoing Order was adopted by the Board of Harbor Commissioners of the City of Los Angeles at its meeting of June 5, 2008

Rose M. Dworshak
ROSE M. DWORSHAK
Acting Board Secretary

Sec. 2. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

I hereby certify that this ordinance was passed by the Council of the City of Los Angeles, at its meeting of _____.

KAREN E. KALFAYAN, City Clerk

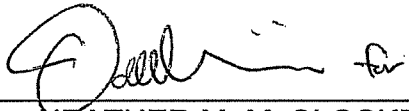
By _____
Deputy

Approved _____

Mayor

Approved as to Form and Legality

ROCKARD J. DELGADILLO, City Attorney

By 
HEATHER M. McCLOSKEY
Deputy City Attorney

Date 6/27/08

File No. _____

LEASE

CLEAN ENERGY
3020 OLD RANCH PARKWAY, SUITE 200
SEAL BEACH, CALIFORNIA 90740
(562) 493-2804
FAX NO. (562) 493-4532

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OFFICE OF THE CITY ATTORNEY
ROBERT E. SHANNON, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

THIS LEASE is made and entered into, in triplicate, as of the Lease Effective Date (as hereinafter defined), by and among the CITY OF LONG BEACH, a municipal corporation, acting by and through its Board of Harbor Commissioners, pursuant to Ordinance No. HD-_____, adopted by the Board of Harbor Commissioners of the City of Long Beach at its meeting of _____, 2008 (in its capacity as a landlord, "POLB"); the CITY OF LOS ANGELES, a municipal corporation, acting by and through its Board of Harbor Commissioners, pursuant to a resolution adopted by the Board of Harbor Commissioners of the City of Los Angeles at its meeting of _____, 2008 (in its capacity as a landlord, "POLA"; hereinafter POLA and POLB are jointly referred to herein in their respective capacities as landlords, as the "Ports"); and CLEAN ENERGY, a California corporation ("Lessee"). The "Lease Effective Date" shall be the date that the parcel map (as defined in that certain Contract between the Ports and Lessee which is further described in subparagraph 1.5 of this Lease) has been recorded. For the sole purpose of apprising the parties of the Lease Effective Date, and not as a condition to the Lease Effective Date or in any manner affecting the Lease Effective Date, POLB agrees to send a written notification of the Lease Effective Date to POLA and Lessee following the parcel map recordation described in the Contract.

1. This Lease is made with reference to the following facts and objectives:

1.1 POLB is the owner of certain unimproved real property totaling approximately 1.649 acres located in the City of Los Angeles, California

1 ("POLB Property").

2 1.2 The Ports are the owners, as tenants in common, of certain
3 unimproved real property totaling approximately 1.127 acres located in the City of
4 Los Angeles, California ("Jointly Owned Property"), which is immediately adjacent
5 to the POLB Property.

6 1.3 Together, the POLB Property and the Jointly Owned Property
7 total approximately 2.776 acres, and collectively comprise the premises (as further
8 described in paragraph 2).

9 1.4 Lessee proposes to lease the premises from the Ports and to
10 construct and operate a liquefied natural gas (LNG) fueling station thereon
11 ("station").

12 1.5 Concurrently with the execution of this Lease, the Ports and
13 Lessee have entered into a Contract ("Contract") pursuant to which the parties
14 agreed, among other things, that certain events take place prior to the
15 effectiveness of a lease of the premises, including the recordation of a parcel map
16 pursuant to the Subdivision Map Act (Government Code § 66410 et seq.). The
17 Ports and Lessee have also executed a Right of Entry Agreement concurrently
18 with this Lease.

19 1.6 The premises are subject to certain recorded covenants and
20 agreements which are to be satisfied in connection with the development of the
21 premises.

22 1.7 The recordation of the parcel map and other events described
23 in the Contract have taken place, and the Ports and Lessee intend that this Lease
24 be and is effective on the Lease Effective Date described in the preamble of this
25 Lease.

26 1.8 The Ports are willing to lease the premises to Lessee, subject
27 to the terms and conditions set forth in this Lease.

28 2. The Ports lease to Lessee and Lessee accepts a lease of certain

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333 West Ocean Boulevard, 11th Floor
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1 unimproved real property at the northwest corner of I Street and Anaheim Street in the
2 City of Los Angeles, California, collectively consisting of the POLB Property and the
3 Jointly Owned Property, depicted respectively as "Parcel 1" and "Parcel 2" on Exhibit "A"
4 attached hereto and by this reference made a part hereof. The areas leased and the
5 improvements to be constructed and operated thereon by Lessee are collectively referred
6 to in this Lease as the "Premises." The term "improvements" is the collective reference to
7 all improvements located or to be located on the Premises and the Intermediate Strip (as
8 defined in subparagraph 2.1 below) from time to time, including without limitation, the
9 Initial Improvements (as defined in paragraph 8 below), and any new, rebuilt, repaired or
10 replacement improvements constructed by Lessee on the Premises or Intermediate Strip
11 from time to time. Access to and from the Premises will be from I Street, as further
12 described in subparagraph 2.1.

13 2.1 The parties agree that access to and from the Premises will
14 be from I Street, across a strip of land jointly owned by the Ports that is located
15 between I Street and the Premises ("Intermediate Strip"). The Intermediate Strip is
16 located outside of, but adjacent to the Premises, as approximately shown on
17 Exhibit "A" attached hereto. There will be no access to or from the Premises from
18 Anaheim Street. Lessee understands and acknowledges that the precise width
19 and location of the access area across and within the Intermediate Strip ("Access
20 Area") is not known at this time, but that the width and location shall be determined
21 by the Ports in consultation with Lessee, subject to applicable laws. Upon the
22 determination by the Ports of the Access Area's precise width and location in
23 consultation with Lessee, and provided that Lessee has obtained the necessary
24 permits and approvals to construct the Initial Improvements, Lessee shall, in
25 accordance with paragraph 8 and as part of the Initial Improvements, implement
26 the Ports' determination by paving driveways, constructing curb cuts and
27 undertaking all other actions necessary to construct proper access to and from the
28 Premises. The Access Area and the New Access Area (defined in subparagraph

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ROBERT E. SHANNON, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

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2.1.1), if any, are or will be located on a portion of the Intermediate Strip, and all references in this Lease to "Intermediate Strip" shall include, without limitation, the Access Area and the New Access Area, if any. Lessee shall maintain and repair, and rebuild, if applicable, the Intermediate Strip (including the Access Area and New Access Area, if any) at its cost as set forth in paragraphs 9 and 11.

2.1.1 Notwithstanding the foregoing, Lessee understands and acknowledges that I Street may be widened in the future and that such widening may result in the adjustment, diminishment or elimination of the Intermediate Strip by virtue of such widening. If the Access Area is materially adjusted, materially diminished or eliminated as a result of the adjustment, diminishment or elimination of the Intermediate Strip, access to and from the Premises will be directly from I Street or another location determined by the Ports in consultation with Lessee, subject to applicable laws. This new area of access to and from the Premises shall be referred to as the "New Access Area." Lessee agrees to work cooperatively with the Ports and any other governmental authority with jurisdiction to accommodate any widening of I Street, however, neither Lessee nor any other person shall be entitled to any monies, damages or rent adjustment as a result of any widening of I Street or any circumstance arising therefrom or related thereto, including without limitation, any adjustment, diminishment or elimination of the Access Area or any delays, inconveniences or losses arising from or relating to any widening of I Street. The force majeure provisions of paragraph 20 and the condemnation provisions of paragraph 21 shall not be applicable to any matters relating to or arising from this subparagraph 2.1.1.

2.2 There are excepted and reserved from the Premises all minerals and mineral rights of every kind and character now known to exist or hereafter discovered, including, without limitation, oil, gas and water rights, together with the full, exclusive and perpetual rights to explore for, remove and dispose of said minerals from the Premises without, however, the right of surface

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ROBERT E. SHANNON, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

1 entry upon the Premises for such purposes.

2 2.3 The Premises shall be subject to rights of way for such
3 sewers, storm drains, pipelines, conduits and for such telephone, telegraph, light,
4 heat, power or water lines as may from time to time be determined by the
5 respective Boards of Harbor Commissioners of the Ports.

6 2.4 Lessee acknowledges that the Ports may need to perform
7 periodic maintenance, repair and/or construction work on property owned jointly by
8 the Ports or either of them which is located near or adjacent to the Premises
9 and/or the Intermediate Strip but which is not part of the Premises or the
10 Intermediate Strip ("adjacent property"). Without limiting any of the Ports' other
11 rights set forth in paragraph 2, Lessee agrees that the Ports' authorized
12 representatives shall have access to and across the Premises, Access Area and
13 New Access Area, if any, during business hours for such periodic maintenance,
14 repair and/or construction work on any such adjacent property.

15 3. The Ports hereby agree that all profits and losses attributable to the
16 Ports relating to or arising from this Lease shall be allocated between the Ports as
17 follows: 80% to POLB, and 20% to POLA. In addition, the Ports agree and Lessee
18 acknowledges that unless otherwise agreed by the Executive Directors of the respective
19 Harbor Departments of the Ports ("Executive Directors"), all rights of the Ports under this
20 Lease (including without limitation all rights to approve or disapprove, or grant or withhold
21 consent) shall be exercisable only upon the mutual concurrence of both Ports.
22 Notwithstanding the foregoing, Lessee agrees that any and all notices, requests, reports
23 and other communications that it desires or is required to provide to the Ports shall be
24 provided concurrently to both the Ports at their respective addresses set forth in
25 paragraph 27.

26 3.1 Nothing contained in paragraph 3 or elsewhere in this Lease
27 shall create a fiduciary, trustee, agency or similar relationship between the Ports.

28 In addition, the obligations of the Ports under this Lease are several and not joint.

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1 unless otherwise specifically provided for in this Lease; POLB shall have no
2 obligation regarding any obligation of POLA under this Lease, and POLA shall
3 have no obligation regarding any obligation of POLB under this Lease.

4 3.2 The parties understand and acknowledge that the Ports'
5 participation in this Lease is in their respective capacities as landlords, and that
6 nothing in this Lease shall be deemed to be a representation or warranty of either
7 of the Ports as to the actions, decisions or approvals of either the City of
8 Los Angeles or the City of Long Beach in their respective regulatory capacities,
9 nor shall this Lease be deemed to create any duties on the part of either the City
10 of Los Angeles or the City of Long Beach in their respective regulatory capacities.

11 4. Subject to paragraph 8 below, the term of this Lease shall be for a
12 period of ten (10) years ("Initial Term") commencing on the earlier of (a) the date of
13 issuance of a Certificate of Occupancy for the Initial Improvements; or (b) one year from
14 the Lease Effective Date ("Commencement Date"). Lessee, at its option, may extend the
15 term of this Lease as set forth in paragraph 39 below.

16 5. Lessee is authorized to and shall use the Premises for an LNG
17 fueling station. Lessee shall be obligated to operate the LNG fueling station seven (7)
18 days a week and 24 hours per day, except and only to the extent of necessary
19 maintenance, repairs or construction. The Premises shall not be used for any other
20 purpose (including any kind of maintenance of any kind of vehicle) without the prior
21 consent in writing of the Executive Directors, whose consent may be withheld in their sole
22 and absolute discretion. Lessee's failure to operate seven (7) days a week, 24 hours a
23 day shall be a material breach of this Lease and shall, after notice and opportunity to cure
24 as set forth in paragraph 19 below, allow the Ports to terminate this Lease. Lessee is
25 authorized to use the Access Area and New Access Area, if any, for access to and from
26 the Premises as set forth in subparagraphs 2.1 and 2.1.1, and shall not use or suffer to
27 be used the Access Area, New Access Area, if any, or any other part of the Intermediate
28 Strip for any other purpose (including any kind of maintenance of any kind of vehicle)

1 without the prior consent in writing of the Executive Directors, whose consent may be
2 withheld in their sole and absolute discretion.

3 5.1 Lessee shall not do, bring or keep anything in or about the
4 Premises or the Intermediate Strip that will cause a cancellation of or increase the
5 rate of any insurance covering the Premises or the Intermediate Strip.

6 5.2 Lessee shall not use the Premises or the Intermediate Strip in
7 any manner that is unlawful, damages the Premises or the Intermediate Strip or
8 that will constitute waste or a nuisance.

9 5.3 The limitation on use set forth in subparagraphs 5.1 and 5.2
10 shall not prevent Lessee from bringing, keeping or using, on or about the Premises
11 such materials, supplies, equipment and machinery as are necessary or
12 customary in the operation of the permitted uses; provided however Lessee, in
13 handling hazardous substances or wastes, shall fully comply with all laws, rules,
14 regulations and orders of governmental agencies having jurisdiction.

15 6. Subject to the provisions of subparagraph 6.1, Lessee shall pay to
16 the Ports, as rental for the use of the Premises, without deduction, setoff, prior notice or
17 demand, the sum of \$0.01 per LNG gallon sold or dispensed by Lessee from the
18 Premises for the first five years of the Initial Term. This amount shall be made payable to
19 POLB, and is payable quarterly in arrears within thirty (30) days after the conclusion of
20 each calendar quarter. If the Commencement Date is other than the first day of a
21 calendar quarter, the quarterly rental for the first calendar quarter shall be prorated.
22 Additionally, if the Lease expires or earlier terminates on a day other than the last day of
23 a calendar quarter, Lessee nevertheless is obligated for and shall pay to the Ports, within
24 thirty (30) days following the expiration or earlier termination of the Lease, the prorated
25 rental which has accrued but not been paid through the date of such expiration or earlier
26 termination of the Lease. POLB agrees to remit twenty percent (20%) of the quarterly
27 rental received by it from Lessee to POLA on an annual basis.

28 6.1 The quarterly rental shall be adjusted for the second five

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1 years of the Initial Term. The parties shall negotiate a minimum quarterly rent for
2 the second five year term and review (and possibly adjust) the \$0.01 per LNG
3 gallon described in paragraph 6. The parties shall take into consideration the
4 character of the Premises, its fair rental value, the fair rental value of similar types
5 of uses, the quarterly rental paid for the first five years of the Initial Term, and any
6 other facts and data necessary for the proper determination of such rent; provided,
7 that there shall be no adjustments to the rental (whether in the Initial Term or
8 otherwise) for (a) any matters relating to or arising from any widening of I Street,
9 including without limitation, any adjustment, diminishment or elimination of the
10 Access Area; (b) any failure by Lessee to commence construction of the Initial
11 Improvements or complete construction of the Initial Improvements as set forth in
12 paragraph 8 (including without limitation, any matters precipitating or relating to
13 such failure to commence or complete construction, such as Lessee's inability to
14 obtain the necessary permits and approvals to construct the Initial Improvements);
15 (c) any termination of the Lease pursuant to paragraph 8; or (d) any termination of
16 the Lease pursuant to paragraph 11. The adjusted rent (whether negotiated or
17 arbitrated) shall be effective as of the beginning of the applicable five year
18 segment of the term (whether in the Initial Term or otherwise).

19 6.2 If the parties cannot reach agreement with respect to the rent
20 for subsequent five year segments of the term (whether in the Initial Term or
21 otherwise) at least ninety (90) days prior to the beginning of the next segment, the
22 matter shall be submitted to binding arbitration. The Ports and Lessee, at their
23 cost, shall appoint a total of two real estate appraisers who each have at least five
24 (5) years' full time commercial and/or industrial appraisal experience in the Long
25 Beach and Los Angeles harbor areas and who each are qualified as a member of
26 the American Institute of Real Estate Appraisers. The Ports shall collectively
27 agree upon one appraiser whose costs shall be shared between the Ports in
28 accordance with the percentages set forth in the first sentence of paragraph 3, and

1 Lessee shall appoint the other appraiser at its own cost. If the Ports or Lessee do
2 not appoint an appraiser within ten (10) business days after the other party has
3 given notice of the name of its appraiser, the single appraiser appointed shall be
4 the sole appraiser and shall determine the rent within forty-five (45) days after his
5 or her appointment. If two (2) appraisers are appointed, each within forty-five (45)
6 days after the selection of the second appraiser shall state his or her opinion as
7 provided in subparagraph 6.2.1 as to the compensation payable by Lessee to the
8 Ports. As used in his Lease, "business day" refers to any day other than (a)
9 Saturday, (b) Sunday, and (c) any other day which is specified or provided for as a
10 holiday in the California Government Code.

11 6.2.1 Appraisal Reports. On or before the expiration of the
12 forty-five (45) day period, the appraiser or appraisers shall prepare and furnish the
13 party or parties who appointed the appraiser with a report setting forth the rent
14 payable by Lessee with supporting data and his or her reasons supporting the
15 conclusions. In preparing their reports, both appraisers shall take into
16 consideration, among other factors, the provisions of this Lease which identify
17 events for which there shall be no rent adjustment. The parties shall promptly
18 exchange reports and shall have ten (10) business days after the exchange of the
19 reports to further negotiate the rent payable by Lessee.

20 6.2.2 Third Appraiser. If the parties cannot agree as to the
21 rent payable by Lessee, the Ports and Lessee shall promptly notify their
22 designated appraiser of that fact and the two appraisers shall promptly select a
23 third appraiser meeting the qualifications stated in subparagraph 6.2. If they are
24 unable to agree on the third appraiser, the Ports or Lessee, by giving ten (10)
25 days' notice to the other party or parties may apply to the Presiding Judge or
26 Assistant Presiding Judge of the Superior Court of the County of Los Angeles, or
27 the Presiding Judge of the South District of said Court, who shall select and
28 appoint the third appraiser. The Ports, on the one hand, and Lessee, on the other

1 hand, shall each bear one-half of the cost of appointing the third appraiser and of
2 paying the third appraiser's fee (the Ports' one-half share of the third appraiser's
3 cost shall be divided between the Ports in accordance with the percentages set
4 forth in the first sentence of paragraph 3). The third appraiser shall (i) promptly
5 meet and confer with the two appraisers appointed by the parties; (ii) review the
6 reports of the two appraisers and the supporting data and reasons supporting the
7 respective conclusions; (iii) determine the rent payable by Lessee; and (iv) notify
8 the parties of his or her determination within ten (10) business days after his or her
9 appointment; provided however that said determination shall not result in Lessee
10 paying rent in an amount lower than nor higher than the determinations of the two
11 appraisers appointed by the parties.

12 6.3 Memorandum. After the rent has been determined (whether
13 by negotiation or arbitration), the parties agree that they shall promptly execute a
14 memorandum setting forth the adjusted rent. The adjusted rent shall be effective
15 immediately and retroactive to the first day of the applicable five year segment.

16 6.4 All delinquent installments of rental and other payments due
17 the Ports shall bear interest at the rate then in effect in Long Beach Tariff No. 4 for
18 delinquent payments, and shall be subject to the penalty provisions of Long Beach
19 Tariff No. 4. Rental payments are delinquent if remaining unpaid on the day after
20 payment is due. With the exception of rental payments, all invoices issued by the
21 Ports are due and payable upon presentation, and any such invoice remaining
22 unpaid the thirtieth day after the date of issue shall be considered delinquent.

23 7. Lessee shall keep full and accurate books, records and accounts
24 relating to its operations on the Premises (collectively, "Lease Records"). The Ports shall
25 have the right and privilege, and the Ports or either of them may, through their respective
26 representatives at all reasonable times and on reasonable notice, inspect the Lease
27 Records in order to verify the accuracy of the sums due, owing and paid to the Ports
28 hereunder. Lessee agrees that the Lease Records shall be made available to the Ports

1 at Lessee's office within thirty (30) miles of the Premises. The Lease Records shall be
2 retained during the term of this Lease so that the Lease Records for the then current year
3 and the three (3) most recent years preceding the current year are available. After this
4 Lease expires or earlier terminates, Lessee shall maintain the Lease Records for the last
5 three (3) years of the Lease for at least three (3) years. The Ports shall protect, to the
6 extent permitted by law, the confidentiality of any Lease Records so inspected.

7 7.1 Annual Report. As soon as reasonably available, but no later
8 than one hundred eighty (180) days after the close of each year during the term
9 hereof, Lessee shall prepare and deliver or cause to be prepared and delivered to
10 each of the Ports a complete set of annual financial statements prepared in
11 accordance with generally accepted accounting principles, including a
12 consolidated balance sheet, a statement of operations showing profit and loss,
13 and a statement of cash flows. All financial statements shall be certified by an
14 independent certified public accountant.

15 7.2 Accident Reports. Lessee shall report in writing to the
16 Executive Directors within fifteen (15) days following any accident or occurrence
17 involving death of or injury to any person or persons or damage to property in
18 excess of \$50,000, occurring on or about the Premises or the Intermediate Strip.
19 Nothing in this subparagraph 7.2 shall limit Lessee's obligations set forth in
20 paragraph 11, and nothing in paragraph 11 shall limit Lessee's obligations set forth
21 in this subparagraph 7.2.

22 8. Lessee shall use its commercially reasonable efforts to expeditiously
23 obtain all necessary permits and approvals to construct, at Lessee's sole cost and
24 expense, the following improvements ("Initial Improvements") on the Premises and
25 Intermediate Strip:

26 (i) One or more vertical LNG storage tanks with a total storage
27 capacity of 30,000 gallons.

28 (ii) Two LNG ACD model TC-34KA pump skids featuring a

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1 submerged, centrifugal pump.

2 (iii) Four Weights & Measure Certified, single-hose LNG
3 Dispensers.

4 (iv) One pump skid for rapid offload of LNG to storage tank.

5 (v) Site improvements including excavation, foundations, paving,
6 grading, curb cuts and containment walls, including without limitation, site
7 improvements for the construction of the Access Area described in subparagraph
8 2.1.

9 Lessee acknowledges that it has received a copy of Parcel Map L.A.
10 No. 2004-2141, a letter from the City of Los Angeles Department of City Planning
11 with a decision date of February 10, 2005 ("Conditions Letter") setting forth parcel
12 map conditions and covenants and agreements relating to such parcel map, and
13 the documents referenced in such Conditions Letter, all as listed in Exhibit "B"
14 attached hereto. Lessee further acknowledges that Parcel Map L.A. No. 2004-
15 2141 in its current form is not final and is subject to change. Each condition listed
16 in the Conditions Letter and its corresponding covenant and agreement, shall be
17 referred to herein as a "Parcel Map Condition," with reference to the same
18 numbering used in the Conditions Letter. In addition, and without limiting any of
19 the foregoing provisions of paragraph 8, Lessee agrees that it shall pay all costs to
20 construct and install, or cause the construction and installation of, and to otherwise
21 comply with the following Parcel Map Conditions as regards the Premises: Parcel
22 Map Conditions Nos. 7 and 21 (parking area and driveway plan), 16 (grading and
23 construction requirements), 17 (drainage plans and facilities), 18 (street trees), 19
24 (grading requirements), 22 (plot plans and Fire Department access), 23 (sprinkler
25 systems), 25 and 26 (fire lanes), 27 (building set-back), 28 (use, parking, plans),
26 29 (environmental mitigation measures) and 31 (construction impacts).

27 8.1 The Initial Improvements reflect Lessee's reasonable
28 professional estimation, relied upon by the Ports, of the improvements needed to

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1 construct and operate an LNG fueling station in accordance with this Lease.
2 However, the parties acknowledge that Lessee may, if it reasonably believes it
3 necessary or desirable for the proper fulfillment of its obligations under this Lease,
4 propose substantially similar improvements of similar magnitude in addition to, or
5 in lieu of, the Initial Improvements, subject to the requirements of subparagraph
6 8.7. Lessee estimates that construction of the Initial Improvements will take
7 approximately four months after receiving the necessary permits and approvals.
8 Lessee agrees to use its commercially reasonable efforts to commence
9 construction as soon as possible and to thereafter diligently construct the Initial
10 Improvements until they are completed.

11 8.2 If despite the exercise of Lessee's commercially reasonable
12 efforts, Lessee has not commenced construction of the Initial Improvements within
13 six (6) months of the Lease Effective Date ("Construction Commencement
14 Deadline"), Lessee may at any time during the ninety (90) days immediately
15 following the Construction Commencement Deadline, terminate this Lease by
16 written notice to the Ports; provided, that except as otherwise expressly provided
17 in this Lease, Lessee shall have no right to terminate this Lease upon the
18 commencement of any construction of the Initial Improvements. The parties agree
19 that for purposes of this subparagraph 8.2, the Construction Commencement
20 Deadline shall be extended by the number of "excess days," if any, if and only if
21 applicable pursuant to subparagraph 8.7.1.

22 8.3 If for any reason whatsoever, Lessee has not completed
23 construction of the Initial Improvements within twelve (12) months of the Lease
24 Effective Date ("Construction Completion Deadline") and this Lease has not been
25 earlier terminated by Lessee pursuant to subparagraph 8.2, the Ports, in their sole
26 and absolute discretion, may at any time during the one hundred eighty (180) days
27 immediately following the Construction Completion Deadline, terminate this Lease
28 by written notice to Lessee. The parties agree that for purposes of this

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1 subparagraph 8.3, the Construction Completion Deadline shall be extended by the
2 number of "excess days," if any, if and only if applicable pursuant to subparagraph
3 8.7.1.

4 8.4 The termination rights set forth in this paragraph 8 shall in no
5 way limit or modify the parties' rights to terminate this Lease set forth elsewhere in
6 this Lease, including without limitation pursuant to paragraphs 19, 20 and 21,
7 however, the parties agree that the notice and opportunity to cure provisions of
8 paragraph 19 and the force majeure provisions of paragraph 20 shall not be
9 applicable to Lessee's failure to commence construction of the Initial
10 Improvements by the Construction Commencement Deadline or Lessee's failure to
11 complete construction of the Initial Improvements by the Construction Completion
12 Deadline (in each case, whether or not such deadline is extended by the addition
13 of excess days as set forth in subparagraph 8.7.1).

14 8.5 Upon any termination of this Lease pursuant to this paragraph
15 8, this Lease shall be of no further force or effect (with the exception of those
16 provisions which recite that they survive the expiration or earlier termination of this
17 Lease). Neither Lessee nor any third party shall be entitled to any monies,
18 damages or rent adjustment as a result of any termination of this Lease pursuant
19 to this paragraph 8. In addition, Lessee understands and agrees that its right to
20 terminate this Lease pursuant to subparagraph 8.2 shall be its sole and exclusive
21 remedy in the event that it is unable to commence construction of the Initial
22 Improvements by the Construction Commencement Deadline (whether or not such
23 deadline is extended by the addition of excess days as set forth in subparagraph
24 8.7.1) despite the exercise of its commercially reasonable efforts, and
25 notwithstanding any expenditure it may have made in preparation for its use of the
26 Premises or Intermediate Strip, including without limitation expenses in connection
27 with obtaining permits, approvals and equipment, Lessee's inability to commence
28 construction of the Initial Improvements shall not entitle Lessee or any third parties

1 to any monies, damages or rent adjustment.

2 8.6 Upon any termination of the Lease pursuant to this paragraph
3 8, all improvements or portions of improvements, if any, which are then in
4 existence on the Premises or Intermediate Strip shall be dealt with as set forth in
5 subparagraph 22.1.2.

6 8.7 Lessee shall not construct, make or rebuild any improvements
7 or alterations to the Premises or Intermediate Strip, including without limitation the
8 Initial Improvements, without the prior consent of the Ports. In addition, any
9 improvement or alteration, including without limitation the Initial Improvements,
10 shall be constructed, erected and installed in accordance with plans and
11 specifications approved in writing by the Executive Directors or their respective
12 designees.

13 8.7.1 The Executive Directors shall have twenty (20)
14 business days following receipt of any plans and specifications submitted by
15 Lessee pursuant to subparagraph 8.7, including without limitation, Lessee's plans
16 and specifications for the Initial Improvements, in which to provide written notice to
17 Lessee of their approval or disapproval. In the event that the Executive Directors
18 do not provide Lessee with written notice of their approval or disapproval of the
19 plans and specifications within twenty (20) business days following receipt thereof,
20 the Construction Commencement Deadline and the Construction Completion
21 Deadline shall each be extended by that number of days in excess of the twenty
22 (20) business days ("excess days") which elapses until the Executive Directors
23 provide written notice to Lessee of their approval or disapproval of the subject
24 plans and specifications; provided, that for purposes of the foregoing, the tolling of
25 excess days shall commence upon written notice by Lessee given promptly to the
26 Executive Directors notifying the Ports of the expiration of the twenty (20) business
27 days for approval or disapproval of the plans and specifications, the date of such
28 expiration, and the commencement of the tolling of the excess days. In the event

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1 that the Executive Directors disapprove the plans and specifications (whether
2 within the twenty (20) business day period or otherwise), Lessee may request, and
3 each of the parties hereto agrees to attend, a meeting at a place mutually
4 agreeable to the parties located within the City of Long Beach, to discuss the
5 disapproved plans and specifications. No excess days shall toll during any such
6 meeting period. Such meeting may be conducted in person within the City of Long
7 Beach or telephonically as long as all of the participating parties can hear one
8 another. During such meeting, the parties shall discuss the reasons for the
9 disapproval and suggested modifications, if any, and based on such discussion,
10 Lessee shall, if applicable, promptly modify the plans and specifications and re-
11 submit the modified plans and specifications ("modified plans and specifications")
12 to both Executive Directors for their review. The Executive Directors shall have
13 twenty (20) business days following receipt of the modified plans and
14 specifications in which to provide written notice to Lessee of their approval or
15 disapproval. In the event that the Executive Directors do not provide Lessee with
16 written notice of their approval or disapproval of the modified plans and
17 specifications within twenty (20) business days following receipt thereof, the
18 Construction Commencement Deadline and the Construction Completion Deadline
19 shall each be extended (or further extended, as the case may be, if excess days
20 already have been added to such deadlines in accordance with the second
21 sentence of this subparagraph) by the number of excess days, as set forth in the
22 second sentence of this subparagraph, after notice has been provided by Lessee.
23 Lessee understands and acknowledges that the approval of the Executive
24 Directors of plans and specifications and/or modified plans and specifications
25 submitted by Lessee pursuant to this Lease does not include any approvals which
26 Lessee may be required to obtain from the City of Los Angeles and/or the City of
27 Long Beach in their respective regulatory capacities.

28 9. Lessee, at its cost, shall keep and maintain the Premises and

1 Intermediate Strip, including without limitation all buildings, structures, other
2 improvements and surface paving, in good and substantial repair and condition and shall
3 perform all necessary maintenance.

4 9.1 Should Lessee fail to make any repairs or perform required
5 maintenance within thirty (30) days after receipt of notice from the Ports to do so
6 (or such lesser time as may be appropriate in the event of an emergency), the
7 Ports may, but shall not be obligated to, make such repairs or perform such
8 maintenance. Lessee agrees to reimburse the Ports for the cost of the Ports'
9 repairs or maintenance within thirty (30) days after receipt of the Ports' invoice
10 therefor. The Ports' cost shall include, but not be limited to, the cost of
11 maintenance or repair or replacement of property neglected, damaged or
12 destroyed, including direct and allocated costs for labor, materials, supervision,
13 supplies, tools, taxes, transportation, administrative and general expense and
14 other indirect or overhead expenses. In the event Lessee shall commence to
15 prosecute and diligently make such repairs or shall begin to perform the required
16 maintenance within the thirty (30) day period (except in the event of an
17 emergency), the Ports shall refrain from making such repairs or performing
18 required maintenance and from making demand for such payment until the work
19 has been completed by Lessee, and then only for such portion thereof as shall
20 have been made or performed by the Ports. The making of any repair or the
21 performance or maintenance by the Ports, which repair or maintenance is the
22 responsibility of Lessee, shall in no event be construed as a waiver of Lessee's
23 duty or obligation to make future repairs or perform required maintenance as
24 provided in this Lease.

25 9.1.1 In addition, Lessee shall have a maintenance
26 technician on-call seven days a week, 24-hours a day, who shall use commercially
27 reasonable efforts to respond within two hours following the time of the initial page
28 or call for unscheduled maintenance or repairs, but shall in no event take longer

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1 than four (4) hours from the time of the initial page or call for unscheduled
2 maintenance or repairs to respond.

3 9.2 Lessee, at its cost, shall provide proper containers for trash
4 and keep the Premises and Intermediate Strip free and clear of rubbish, debris
5 and litter at all times. Lessee, at its cost, further agrees to keep and maintain all of
6 the Premises and Intermediate Strip in a safe, clean and sanitary condition under
7 all applicable federal, state, local and other laws, rules, regulations and orders. No
8 offensive refuse, matter, nor any substance constituting any unnecessary,
9 unreasonable or unlawful fire hazard, nor material detrimental to the public health
10 shall be permitted to be or remain on the Premises or Intermediate Strip and
11 Lessee shall prevent such material or matter from being or accumulating upon the
12 Premises and Intermediate Strip.

13 9.3 All fire protection sprinkler systems, standpipe systems, fire
14 alarm systems, portable fire extinguishers and other fire-protective or extinguishing
15 systems or appliances which may be installed on the Premises or Intermediate
16 Strip shall be maintained by Lessee, at its cost, in an operative condition at all
17 times. All repairs and servicing shall be made in accordance with the provisions of
18 the Los Angeles Municipal Code, Chapter 5, Article 7 and all revisions thereto.

19 9.4 Lessee shall promptly notify POLB's Security Division at (562)
20 590-4185, POLA's Port Police at (310) 732-3500 and the Executive Directors of
21 both Ports of the release or threatened release of any hazardous materials onto or
22 from the Premises or Intermediate Strip. Except as otherwise set forth in
23 paragraph 10, Lessee, at its cost, shall promptly remove and/or treat and dispose
24 of all hazardous materials arising from, related to, incidental to, or connected with
25 (i) Lessee's construction of improvements (including without limitation the Initial
26 Improvements), or (ii) Lessee's operations, use, management, repair,
27 maintenance or control of the Premises or Intermediate Strip or any portion
28 thereof, in accordance with regulations and orders of governmental agencies

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1 having jurisdiction and restore the Premises and Intermediate Strip to the condition
2 they were in prior to the release of the hazardous materials. Lessee shall furnish
3 the Executive Directors with copies of all waste manifests. As used herein, the
4 term "hazardous materials" shall also include "hazardous wastes" and "extremely
5 hazardous wastes" as those terms have been defined by the Administrator of the
6 U.S. Environmental Protection Agency, the California Department of Toxic
7 Substances Control, or any other person or agency having jurisdiction of the
8 management of hazardous materials.

9 9.5 Lessee shall provide personnel to accompany the Ports'
10 representatives on periodic inspections of the Premises and Intermediate Strip to
11 determine Lessee's compliance with the provisions of this Lease.

12 10. Without limiting any obligations of Lessee contained in paragraph 9,
13 the Ports, at their sole cost and discretion, shall conduct any removal, treatment and/or
14 disposal of hazardous materials at the Premises or Intermediate Strip ordered by a
15 governmental agency having jurisdiction. The obligation of the Ports set forth in the
16 immediately preceding sentence shall extend only to any hazardous materials that was at
17 the Premises or Intermediate Strip prior to the Lease Effective Date. Without limiting any
18 other right of the Ports under this Lease, Lessee agrees that the Ports and their
19 respective agents, contractors and subcontractors, shall have access to and across the
20 Premises and Intermediate Strip to perform any such removal, treatment and/or disposal
21 work.

22 11. Without limiting any reporting obligations of Lessee pursuant to
23 subparagraph 7.2 or obligations of Lessee pursuant to paragraph 9, and notwithstanding
24 any statutory rights which Lessee may have which are contrary to or inconsistent with this
25 paragraph 11, which Lessee hereby expressly waives, the Ports and Lessee agree that in
26 the event that any of the improvements (including without limitation the Initial
27 Improvements) are damaged or destroyed by reason of fire, explosion or any other
28 cause, the provisions of this paragraph 11 shall govern as follows:

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1 11.1 Lessee shall promptly notify Port Security of both Ports and
2 the Executive Directors of both Ports of any damage or destruction of
3 improvements which may constitute a Casualty (as defined below).

4 11.2 In addition, if the damage or destruction of any improvements
5 is such that Lessee's operation of the LNG fueling station on the Premises is
6 substantially impaired or ceases (any such instance of damage or destruction, a
7 "Casualty"), Lessee agrees that it shall, at its sole cost, commence the repair and
8 rebuilding of the damaged or destroyed improvements within six (6) months of
9 such damage or destruction and shall thereafter diligently complete the repair and
10 rebuilding of the improvements at its sole cost until such improvements are
11 restored to substantially the same character, magnitude and function as existed
12 immediately prior to such damage or destruction. If for any reason whatsoever,
13 Lessee has not commenced the repair and rebuilding of the damaged or
14 destroyed improvements within six (6) months of such damage or destruction, or
15 Lessee fails to diligently complete the repair and rebuilding of the improvements
16 following timely commencement, the Ports, in their sole and absolute discretion,
17 may at any time terminate this Lease by written notice to Lessee. Lessee shall not
18 be entitled to any rent adjustment (in the event a minimum quarterly rent is then in
19 effect), damages or monies as a result of any damage or destruction of the
20 improvements or any termination of this Lease pursuant to this subparagraph 11.2.

21 11.3 Any improvements which remain at the expiration or earlier
22 termination of the Lease (including without limitation, any damaged or destroyed
23 improvements) shall, at the election of the Ports, be removed by Lessee pursuant
24 to subparagraph 22.2.

25 11.4 Lessee's repair and rebuilding of all damaged or destroyed
26 improvements in accordance with subparagraph 11.2 shall be a condition
27 precedent to Lessee's exercise of its Extension Options, as further described in
28 paragraph 39.

1 11.5 The notice and opportunity to cure provisions of paragraph 19
2 and the force majeure provisions of paragraph 20 shall not be applicable to any
3 failure by Lessee to commence the repair and rebuilding of damaged or destroyed
4 improvements which constitute a Casualty within six (6) months of such damage
5 or destruction or to Lessee's failure to diligently complete the repair and rebuilding
6 of such improvements.

7 11.6 Upon any termination of this Lease pursuant to subparagraph
8 11.2, this Lease shall be of no further force or effect (with the exception of those
9 provisions which recite that they survive the expiration or earlier termination of this
10 Lease).

11 11.7 Lessee's obligations pursuant to this paragraph 11 shall be
12 independent of, and shall in no way be conditioned upon, or limited by, Lessee's
13 procurement or maintenance of insurance (Property Insurance or otherwise) with
14 respect to the improvements or any damage or destruction thereto.

15 11.8 Lessee's obligations with regard to any damage or destruction
16 of improvements which is not a Casualty, shall be governed by paragraph 9 of this
17 Lease.

18 12. At all times in its use and occupancy of the Premises, its use of the
19 Intermediate Strip and in the conduct of its operations on the Premises and Intermediate
20 Strip, Lessee, at its cost, shall comply with all applicable federal, state, regional and
21 municipal laws, ordinances and regulations (including but not limited to the Long Beach
22 City Charter, the Los Angeles City Charter, the Long Beach Municipal Code, the
23 Los Angeles Municipal Code and Long Beach Tariff No. 4) and obtain all requisite
24 permits for the construction of improvements on the Premises and Intermediate Strip and
25 for the conduct of its operations thereon and its use thereof.

26 12.1 Without limiting the foregoing, Lessee shall comply with
27 applicable provisions of the Americans with Disabilities Act (42 USCS Sections
28 12101, et seq.) ("Act") and regulations promulgated pursuant thereto and any

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1 similar state or local law in Lessee's use of the Premises and Intermediate Strip
2 and operations conducted thereon. Additionally, as between the Ports, on the one
3 hand, and Lessee, on the other hand, Lessee shall be solely responsible for
4 assuring that the Premises and Intermediate Strip are in compliance with
5 applicable provisions of said Act and related regulations and any similar state or
6 local law and shall hold the Ports harmless from and against any claims of failure
7 of the Premises or Intermediate Strip to comply with the Act and/or related
8 regulations and/or and any similar state or local law.

9 13. Lessee, at its cost, shall make arrangements for and pay for all utility
10 installations and services furnished to or used by it, including without limitation gas,
11 electricity, water, telephone service and trash collection and for all connection charges.
12 Without limiting the generality of the foregoing sentence, Lessee further agrees as
13 follows:

14 13.1 Sewer Facilities. Lessee agrees that it shall pay all costs to
15 construct, or to cause the construction of, such sanitary sewer facilities as are
16 necessary to bring sanitary sewer facilities to the Premises and to otherwise
17 comply with Parcel Map Condition No. 6 as regards the Premises.

18 13.2 Fire Hydrants. Lessee agrees that it shall pay all costs to
19 acquire and install, or to cause the acquisition and installation of, such fire
20 hydrants and their related components as are necessary to bring functioning fire
21 hydrants to the Premises and to otherwise comply with Parcel Map Condition No.
22 24 as regards the Premises.

23 14. Except where contested in good faith in a court of appropriate
24 jurisdiction, Lessee shall pay, prior to delinquency, all lawful taxes, assessments and
25 other governmental or district charges that may be levied upon its property and
26 improvements of any kind located on the Premises or Intermediate Strip and upon the
27 interest granted under this Lease. Lessee recognizes and understands that this Lease
28 may create a possessory interest subject to property taxation and that Lessee may be

1 subject to the payment of property taxes and assessments levied on such interest.
2 Payment of any such possessory interest tax or assessment shall not reduce any
3 compensation due the Ports hereunder.

4 15. At all times Lessee shall pay all costs for construction done by it or
5 caused by it to be done on the Premises or Intermediate Strip. Lessee shall keep the
6 Premises and Intermediate Strip free and clear of all mechanics' liens resulting from
7 construction done by or for Lessee. Lessee shall have the right to contest the
8 correctness or the validity of any such lien if, immediately on demand by the Ports or
9 either of them, Lessee procures and records a lien release bond issued by a corporation
10 authorized to issue surety bonds in California in an amount equal to one and one-half
11 times the amount of the claim of lien. The bond shall meet the requirements of Civil
12 Code Section 3143 and shall provide for the payment of any sum that the claimant may
13 recover on the claim (together with costs of suit, if claimant recovers in the action).
14 Lessee agrees that it will at all times save the Ports free and harmless and indemnify the
15 Ports against all claims for labor or materials in connection with the construction, erection
16 or installation of Lessee's improvements made upon the Premises or Intermediate Strip,
17 or from additions or alterations made thereto, or the repair or rebuilding of the same, by
18 or for Lessee, and the costs of defending against any such claim, including reasonable
19 attorneys' fees.

20 16. Lessee shall defend, indemnify, hold, protect and save harmless the
21 City of Long Beach, the City of Los Angeles, their respective Boards of Harbor
22 Commissioners and their respective officials, commissioners, employees, and agents
23 ("Indemnified Parties") from and against any and all actions, suits, proceedings, claims,
24 demands, damages, losses, liens, costs, expenses or liabilities of any kind or nature
25 whatsoever ("Claims"), which may be brought, made, filed against, imposed upon or
26 sustained by the Indemnified Parties, or any of them, alleging injury to or death of
27 persons or damage to property, including property owned by or under the care and
28 custody of the Ports or either of them, or economic losses, and that such injury, death,

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1 damage or economic loss arises from or is attributable to or caused, directly or indirectly:

2 (i) by the use of the Premises or Intermediate Strip or any portion
3 thereof or any equipment or materials located thereon, or from operations
4 conducted thereon by Lessee, its agents, employees or invitees, or by any person
5 or persons acting on behalf of Lessee and with Lessee's knowledge and consent,
6 express or implied of Lessee;

7 (ii) by the condition or state of repair and maintenance of the
8 Premises, Access Area, New Access Area, if any, or any portion thereof;

9 (iii) by the construction, improvement, repair or rebuilding of the
10 improvements and facilities on the Premises or Intermediate Strip or any portion
11 thereof by Lessee, its officers, employees, contractors, agents or invitees, or by
12 any person or persons acting on behalf of Lessee and with Lessee's knowledge
13 and consent, express or implied; or

14 (iv) by Lessee's failure or refusal to comply with the provisions of
15 Section 6300 et seq. of the California Labor Code or any federal, state or local
16 regulations or laws pertaining to the safety of the Premises, Access Area, New
17 Access Area, if any, or any portion thereof or of equipment located upon the
18 Premises, Access Area, New Access Area, if any, or any portion thereof. The
19 Ports shall notify Lessee of any Claim, shall tender their defense to Lessee, and
20 shall assist Lessee as may reasonably be requested in the defense thereof. Upon
21 such notification and tender, Lessee shall have independent duties to defend such
22 Claim, and to indemnify the Indemnified Parties against all costs, including costs
23 incurred prior to the date of tender. If a court of competent jurisdiction determines
24 that the Claim was caused by the active negligence or intentional act of the
25 Indemnified Parties, Lessee's duty of indemnity shall be reduced by the
26 percentage the court attributes to the active negligence or the intentional act of the
27 Indemnified Parties. Payment of a Claim by an Indemnified Party shall not be a
28 condition precedent to recovery under this indemnity.

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1 16.1 The obligations contained in this paragraph 16 shall survive
2 the expiration or earlier termination of this Lease.

3 17. Lessee, at its cost and as a condition precedent to the effectiveness
4 of this Lease, shall procure and maintain in full force and effect during the term of the
5 Lease for the Premises and the Intermediate Strip, the following policies of insurance:

6 (a) Commercial General Liability Insurance which affords
7 coverage at least as broad as Insurance Services Office "occurrence" form CG 00
8 01 with minimum limits of \$10,000,000 per occurrence, and if written with an
9 aggregate, the aggregate shall be double the per occurrence limit. The policy
10 shall contain no provisions or endorsements limiting coverage for (1) premises and
11 operations; (2) products - completed operations; (3) contractual liability; (4)
12 independent contractors; (5) third party action over claims; (6) explosion, collapse
13 or underground hazard (XCU), if there is exposure; and (7) defense costs shall be
14 excess of limits.

15 (b) Automobile Liability Insurance with coverage at least as broad
16 as Insurance Services Office Form CA 0001 covering "Any Auto" (Symbol 1) with
17 minimum limits of \$1,000,000 each accident.

18 (c) Environmental Impairment Liability Insurance to include onsite
19 and offsite coverage for bodily injury (including death and mental anguish),
20 property damage, defense costs and cleanup costs with minimum limits of
21 \$5,000,000 per loss and \$5,000,000 total all losses. Non-owned disposal site
22 coverage shall be provided if handling, storing or generating hazardous materials
23 or any material/substance otherwise regulated under environmental
24 laws/regulations.

25 (d) Workers' Compensation Insurance, as required by the State
26 of California and Employer's Liability Insurance with a limit of not less than
27 \$1,000,000 per accident for bodily injury and disease.

28 Insurance policies will not be in compliance with the Lease if they include

1 any limiting endorsement that has not been approved in writing by the Ports.

2 The policy or policies of insurance for Commercial General Liability,
3 Automobile Liability, and Environmental Impairment Liability Insurance shall contain the
4 following provisions or be endorsed to provide the following:

5 (1) The Indemnified Parties shall be additional insureds with
6 regard to liability and defense of suits or claims arising out of the Lease.

7 Additional insured endorsements shall not:

- 8 i. Be limited to ongoing operations;
9 ii. Exclude contractual liability;
10 iii. Restrict coverage to the sole liability of Lessee;
11 iv. Contain any other exclusion contrary to the Lease.

12 (2) This insurance shall be primary and any other insurance,
13 deductible, or self-insurance maintained by the Indemnified Parties shall not
14 contribute with this primary insurance.

15 (3) The policy shall not be canceled or the coverage reduced until
16 a thirty (30) day written notice of cancellation has been served upon the
17 Executive Directors except notice of ten (10) days shall be allowed for non-
18 payment of premium.

19 The policy or policies of insurance for Workers' Compensation shall be
20 endorsed, as follows:

21 (1) A waiver of subrogation stating that the insurer waives all
22 rights of subrogation against the Indemnified Parties.

23 (2) The policy or policies shall not be canceled or the coverage
24 reduced until a thirty (30) day written notice of cancellation has been served
25 upon the Executive Directors except notice of ten (10) days shall be allowed
26 for non-payment of premium.

27 Any deductible or self-insured retention above \$50,000 must be approved in
28 writing by the Executive Directors or their designees and shall protect the Indemnified

1 Parties in the same manner and to the same extent as they would have been protected
2 had the policy or policies not contained a deductible or self-insured retention.

3 17.1 Without limiting the foregoing, the following are general
4 requirements applicable to all policies of insurance:

5 (a) The insurance required by this Lease shall be issued
6 by an insurance company or companies with an AM Best rating of A:VII or better
7 and may contain deductibles in amounts approved by the Executive Directors or
8 their designees.

9 (b) The policy or policies shall either contain a blanket form
10 of contractual liability coverage, including contracts and agreements, or there shall
11 be attached to the policy or policies an endorsement or extension, providing that
12 such insurance as is provided therein shall apply to the obligations assumed by
13 Lessee under paragraph 16 of this Lease.

14 (c) The procuring of such policy or policies of insurance
15 shall not be construed to be a limitation in any respect upon Lessee's obligations
16 and liabilities under this Lease, including without limitation, the indemnity
17 obligations assumed by Lessee under paragraph 16 of this Lease. Additionally,
18 the indemnity obligations in no way limit the insurance obligations of this
19 paragraph 17.

20 (d) Upon request by either of the Ports, Lessee shall
21 furnish the Ports with an endorsement issued by the insurance company waiving
22 the insurance company's right to demand and receive payment of insurance
23 premiums and assessments from either of the Ports.

24 (e) All insurance shall be on an occurrence basis, not a
25 claims made basis, unless otherwise agreed to by the Ports. Should any portion
26 of the required insurance be on a "Claims Made" policy, Lessee shall, at the policy
27 expiration date, whether such date occurs during or after the term of this Lease,
28 provide evidence that the "Claims Made" policy has been renewed or replaced

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1 with the same limits, terms and conditions of the expiring policy, or that an
2 extended discovery period has been purchased on the expiring policy for at least
3 three years after the term of this Lease.

4 (f) Lessee shall deliver two (2) certified copies of the
5 policy or Certificates of Insurance and insurance carrier authorized endorsements
6 as required ("Evidence of Insurance") to the Executive Directors or their designees
7 for approval as to sufficiency and to the City Attorneys or their designees of each
8 of the Ports for approval as to form, and upon request by either of the Ports,
9 Lessee shall deliver a certified copy of any policy. Within ten (10) days after the
10 renewal of any such policy, Evidence of Insurance showing that such coverage
11 has been renewed or extended without lapse shall be filed with each Executive
12 Director. If such coverage is cancelled or reduced, Lessee shall, within ten (10)
13 days after receipt of notice of such cancellation or reduction of coverage, file with
14 each Executive Director Evidence of Insurance showing that the required
15 insurance has been reinstated without lapse or has been provided without a lapse
16 in coverage through another insurance company or companies and the policy shall
17 be submitted for approval as herein provided. Upon failure of Lessee to provide
18 Evidence of Insurance as required herein, the Ports have the right, but not the
19 obligation, to purchase any such insurance and Lessee agrees to pay for such
20 insurance. Lessee agrees, at its own expense, to suspend and cease all activities
21 on the Premises and Intermediate Strip during such periods of time as Evidence of
22 Insurance has not been provided as set forth herein. The Ports shall have the
23 right to withhold any payment due Lessee until Lessee has fully complied with the
24 insurance provisions of this Lease.

25 (g) Lessee shall be responsible for causing all sublessees
26 to purchase the appropriate insurance in compliance with the terms of the Lease.
27 If Lessee does not obtain evidence of the required insurance, Lessee's required
28 limits of liability shall be increased by 50%.

1 17.2 The obligations contained in this paragraph 17 shall survive
2 the expiration or earlier termination of this Lease.

3 18. No signs or placards of any type or design, except safety or
4 regulatory signs prescribed by law, shall be painted, inscribed or placed in or on the
5 Premises or Intermediate Strip without the prior written consent of the Executive
6 Directors, which consents shall not be unreasonably withheld. Upon the expiration or
7 earlier termination of this Lease, Lessee, at its cost, shall remove promptly and to the
8 satisfaction of the Executive Directors any and all signs and placards placed by it upon
9 the Premises or Intermediate Strip.

10 19. The occurrence of any of the following shall constitute a default:

11 (i) Failure by Lessee to pay rent when due, if the failure
12 continues for ten (10) days after notice has been given by the Ports to Lessee.

13 (ii) Except as otherwise provided in paragraphs 8 and 11 above,
14 failure by any party to perform any other provision of this Lease if the failure to
15 perform is not cured within thirty (30) days after notice has been given by the other
16 party(ies); provided, if the default cannot reasonably be cured within thirty (30)
17 days, the party obligated to perform shall not be in default if such party
18 commences to cure the default within the thirty (30) day period and diligently and
19 in good faith continues to cure the default.

20 19.1 Notices given under this paragraph shall specify the alleged
21 default and the applicable Lease provisions and shall demand that the defaulting
22 party perform the provisions of this Lease or pay the rent that is in arrears, as the
23 case may be, within the applicable period of time or, in the case of a default by
24 Lessee, that Lessee quit the Premises and cease the use of the Intermediate
25 Strip. No such notice shall be deemed a forfeiture or a termination of this Lease
26 unless the Ports so elect in their notice to Lessee.

27 19.2 Upon any such termination by the Ports, all improvements of
28 whatsoever character constructed, erected or installed upon the Premises or

1 Intermediate Strip by Lessee shall, at the option of the Ports and at no cost to the
2 Ports, and upon the declaring of a forfeiture by the Ports, immediately become the
3 property of the Ports as provided in Subsection 1207(i) of the Long Beach City
4 Charter.

5 19.3 The remedies of each party shall be cumulative and in
6 addition to any other remedies available.

7 19.4 For the purpose of this paragraph, each of the covenants,
8 conditions and agreements imposed upon or to be performed by one party shall, at
9 the option of the other party, be deemed to be either covenants or conditions,
10 regardless of how designated in this Lease.

11 20. No party to this Lease shall be deemed to be in default in the
12 performance of the terms, covenants or conditions of this Lease, if such party is
13 prevented from performing said terms, covenants or conditions hereunder by causes
14 beyond its control, including, without limitation, earthquake, flood, fire, explosion or
15 similar catastrophe, war, insurrection, riot or other civil disturbance, failure or delay in
16 performance by suppliers or contractors, or any other cause reasonably beyond the
17 control of the defaulting party, but excluding: strikes, other labor disputes, lockouts, work
18 stoppages and any matters relating to or arising from subparagraph 2.1.1, paragraph 8,
19 paragraph 11 or permits or approvals for the Initial Improvements. In the event of the
20 happening of any of such contingencies, the party delayed from performance shall
21 immediately give the other party or parties written notice of such contingency, specifying
22 the cause for delay or failure. The party so delayed shall use commercially reasonable
23 efforts to remove the cause of delay, and if and when the occurrence or condition which
24 delayed or prevented the performance shall cease or be removed, the party delayed shall
25 notify the other party or parties promptly, and the delayed party shall recommence its
26 performance of the terms, covenants and conditions of this Lease.

27 20.1 If the Premises are not reasonably useable in whole or in part
28 for the uses delineated in paragraph 5 by reason of any cause contemplated by

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1 this paragraph, for a period of six (6) months or longer, Lessee shall have the
2 option of terminating this Lease in its entirety by giving each of the Ports written
3 notice.

4 20.2 During any period in which the Premises are not reasonably
5 useable in whole or in part for the uses delineated in paragraph 5 by reason of any
6 cause contemplated by this paragraph, Lessee shall not be relieved of its
7 obligation to pay any sum already due to the Ports at the time of the occurrence.

8 20.3 Notwithstanding the foregoing, the occurrence of any cause
9 contemplated by this paragraph shall not excuse or otherwise delay performance
10 by Lessee of its obligation to obtain all required permits, licenses, approvals and
11 consents from governmental agencies having jurisdiction for the operation and
12 conduct of permitted activities.

13 21. In the event the United States of America, the State of California, or
14 any agency or instrumentality of said governments (other than the City of Long Beach or
15 the City of Los Angeles in their respective regulatory capacities) shall, by condemnation
16 or otherwise, take title, possession or the right to possession of the Premises, or any part
17 thereof, or deny Lessee the right to use the Premises as contemplated by this Lease, or if
18 any court shall render a decision which has become final and which will prevent the
19 performance by the Ports of any of their obligations under this Lease, and if such taking,
20 denial or decision substantially impairs the utility of the Premises to Lessee, then the
21 Ports or Lessee may, at their option, terminate this Lease as of the date of such taking,
22 denial or decision, and all further obligations of the parties shall end, except as to:

23 (i) any award to which Lessee may be entitled from the
24 condemning authority for loss or damage suffered by Lessee, including but not
25 limited to relocation benefits and Lessee's interest in its building, improvements,
26 trade fixtures and removable personal property;

27 (ii) obligations of indemnity which arise under the provisions of
28 paragraph 16; or

1 (iii) any obligations or liabilities which shall have accrued prior to
2 the date of taking.

3 21.1 In the event the City of Long Beach or the City of Los Angeles
4 in their respective regulatory capacities condemns the Premises or any part
5 thereof, the respective rights and remedies of the parties shall be determined in
6 accordance with applicable statutes and charter provisions.

7 21.2 This paragraph 21 shall not be applicable to the Intermediate
8 Strip or any matters relating to or arising from subparagraph 2.1.1.

9 22. Upon the expiration or earlier termination of this Lease, Lessee, at its
10 cost, shall restore the Premises and Intermediate Strip to as good a state and condition
11 as the same were upon the date Lessee originally took possession thereof, damage by
12 the elements and reasonable wear and tear excepted, and shall thereafter peaceably
13 surrender possession and cease its use thereof.

14 22.1 All improvements of any kind constructed, erected or installed
15 upon the Premises or Intermediate Strip by Lessee shall be and remain the
16 property of Lessee during the term of this Lease. At the expiration or earlier
17 termination of this Lease, the Ports may choose to take title to some or all of the
18 improvements as further described in subparagraphs 22.1.1 and 22.1.2, and/or
19 require Lessee to remove some or all of the improvements as further described in
20 subparagraph 22.2.

21 22.1.1 Upon any expiration of the Lease term which is not an
22 earlier termination of this Lease, the Ports shall have the option, exercised in their
23 sole and absolute discretion, to purchase some or all of the then-existing
24 improvements (including without limitation, some or all of the then-existing Initial
25 Improvements), in lieu of requiring Lessee to remove such improvements pursuant
26 to subparagraph 22.2. The Ports' purchase price ("Ports' Purchase Price") for
27 each improvement, if any, selected for purchase by the Ports shall be established
28 as follows:

1 (i) At least ninety (90) days prior to the expiration of
2 the Lease, Lessee shall provide the Ports with an itemized statement ("Itemized
3 Statement") which includes the information, calculations and supporting
4 documents set forth below. The parties agree that if Lessee fails to timely provide
5 the Ports with the Itemized Statement, all of the improvements shall be deemed to
6 have a value of zero and may be acquired by the Ports at no cost.

7 (ii) The Itemized Statement shall set forth the
8 original purchase date and original purchase price for each improvement. The
9 original purchase price ("Original Purchase Price") for each improvement shall
10 include the direct, out-of-pocket expense for that improvement; third party, out-of-
11 pocket delivery and installation expenses for that improvement; and sales and use
12 taxes for that improvement, each to the extent actually incurred by Lessee for that
13 improvement. In no event, however, shall the Original Purchase Price for any
14 improvement include any general administrative or overhead charges (including
15 without limitation, for staffing, design or legal services). Lessee shall separately
16 list each component of each Original Purchase Price on the Itemized Statement,
17 and attach as part of the Itemized Statement copies of all third-party invoices,
18 receipts and other documentation supporting its calculations. Lessee also agrees
19 to provide any additional information or documentation reasonably requested by
20 the Ports.

21 (iii) Lessee shall apply the straight line method of
22 depreciation to each improvement's Original Purchase Price, and the resulting
23 value, if any, shall comprise the Ports' Purchase Price for that improvement,
24 subject to clause (iv) of this subparagraph. Lessee shall include its calculations
25 and the results of its calculations pursuant to this clause (iii) for each improvement
26 in its Itemized Statement. In addition, for purposes of this clause (iii), the parties
27 agree that each improvement will be deemed to have a useful life of fifteen (15)
28 years.

1 (iv) For each improvement, Lessee shall have the
2 burden of establishing the Original Purchase Price and the accuracy of its
3 calculations of the Ports' Purchase Price to the reasonable satisfaction of the
4 Ports.

5 (v) Following timely receipt of the Itemized
6 Statement and all of the information required by this subparagraph, the Ports shall
7 provide, on or prior to the expiration of the Lease, written notice to Lessee which, if
8 any, improvements the Ports have elected to purchase, and upon tender of the
9 Ports' Purchase Price to Lessee, those improvements shall immediately become
10 the property of the Ports. The improvements which the Ports have not elected to
11 purchase shall be removed by Lessee at Lessee's cost pursuant to subparagraph
12 22.2.

13 22.1.2 If this Lease is terminated prior to its expiration, all of
14 the then-existing improvements (or portions of improvements) of any character
15 constructed, erected or installed upon the Premises or the Intermediate Strip,
16 shall, at the option of the Ports and at no cost to the Ports, immediately become
17 the property of the Ports. Any improvements which the Ports elect not to keep
18 (including without limitation, any damaged or destroyed improvements) shall be
19 removed by Lessee as directed by the Ports pursuant to subparagraph 22.2.

20 22.2 Notwithstanding subparagraphs 22.1.1 and 22.1.2, the Ports
21 may determine in their sole and absolute discretion that some or all of the
22 improvements (including without limitation, any damaged or destroyed
23 improvements) shall be removed by Lessee upon the expiration or earlier
24 termination of this Lease. Lessee shall consult with the Ports about which
25 improvements, if any, the Ports have elected to have removed by Lessee, and
26 Lessee shall promptly and at its cost remove all such improvements to the
27 satisfaction of the Ports. Lessee shall also repair at its cost any damage caused
28 by the removal of the improvements. The obligations contained in this paragraph

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1 22 shall remain in full force and effect, notwithstanding the expiration or earlier
2 termination of this Lease.

3 22.3 Except as to property owned by the Ports, or property in which
4 the Ports may have an interest, upon the expiration or earlier termination of this
5 Lease, Lessee shall cause all other property upon the Premises and Intermediate
6 Strip, whether or not such property be owned by Lessee or by third parties, to be
7 removed from the Premises and Intermediate Strip prior to the expiration or earlier
8 termination date and shall cause to be repaired any damage occasioned by such
9 removal; provided, however, that if any of such property is not with due diligence
10 susceptible of removal prior to the expiration or earlier termination date, Lessee's
11 obligation hereunder shall be to remove it in the most expeditious manner and as
12 rapidly as possible following the expiration or earlier termination date. If the
13 property is not so removed from the Premises and Intermediate Strip, the Ports
14 shall have the right to remove and/or sell and/or destroy the same (subject to the
15 interest of any person other than Lessee therein) at Lessee's expense, and
16 Lessee agrees to pay the reasonable cost of any such removal, sale, or
17 destruction.

18 23. Lessee understands and agrees that nothing contained in this Lease
19 shall create any right in Lessee for relocation assistance or payment from the Ports upon
20 the expiration or earlier termination of this Lease or upon the termination of any holdover
21 period. Lessee acknowledges and agrees that it shall not be entitled to any relocation
22 assistance or payment pursuant to the provisions of Title 1, Division 7, Chapter 16, of the
23 Government Code of the State of California (Sections 7260 et seq.) with respect to any
24 relocation of its business or activities upon the expiration or termination of this Lease as a
25 result of the lapse of time or Lessee's default or upon the termination of any holdover
26 period.

27 24. The qualifications and identity of Lessee are of particular concern to
28 the Ports. It is because of those qualifications and identity that the Ports have entered

1 into this Lease with Lessee. No voluntary or involuntary successor in interest shall
2 acquire any rights or powers under this Lease except pursuant to an assignment or
3 sublease made with the consent of the Ports.

4 24.1 The consent of the Ports to any assignment or sublease shall
5 be subject to the following conditions:

6 24.1.1. If Lessee receives any consideration in any
7 transaction related to the assignment or sublease in excess of the rent
8 payable under this Lease, the consent of the Ports shall be subject to
9 payment of such excess rent by Lessee to the Ports at such times and in
10 such amounts as such amounts are receivable by Lessee. The Ports shall
11 be entitled to obtain an independent appraisal of the value of this Lease in
12 the context of the transaction, notwithstanding recitals or agreements in the
13 transaction regarding such value. If the Ports and Lessee cannot agree on
14 the amount of consideration, if any, in excess of the rent payable under this
15 Lease, the Ports shall determine this amount.

16 24.1.2. The Ports shall have no obligation to consent to
17 the proposed assignment or sublease unless Lessee establishes to the
18 reasonable satisfaction of the Ports that the proposed assignee or
19 sublessee is at least as well qualified as Lessee from the perspective of
20 operations, finances and future business prospects.

21 24.2 To obtain the consent of the Ports to a proposed assignment
22 or sublease of all or part of the Premises, Lessee shall deliver to each of the Ports
23 a written notice which shall contain the following:

24 (i) The name and address of the proposed assignee or
25 sublessee;

26 (ii) A statement whether the proposed assignee or
27 sublessee is a partnership or corporation, and if the proposed assignee or
28 sublessee is a corporation, the names and addresses of such corporation's

1 principal officers and directors and the place of incorporation, and if the proposed
2 assignee or sublessee is a partnership, the names and addresses of the general
3 partners of such partnership;

4 (iii) A copy of the most recent current financial statement
5 of the proposed assignee or sublessee audited by an independent certified public
6 accountant, which financial statement discloses a credit standing and financial
7 responsibility comparable to Lessee's;

8 (iv) A statement setting forth in reasonable detail the
9 business experience of the proposed assignee or sublessee and, if applicable, its
10 officers, directors and managing employees;

11 (v) The proposed form of a guarantee or guarantees
12 satisfactory in form and substance to the Ports;

13 (vi) A business plan for the proposed assignee;

14 (vii) A detailed statement of the business relationship or
15 transaction between Lessee and the proposed assignee or sublessee, including
16 the proposed financial arrangements regarding this Lease.

17 Upon Lessee's satisfaction of the conditions specified in
18 subparagraph 24.1, the Ports shall notify Lessee of its consent to the assignment
19 or sublease, or, if the Ports' consent is not to be given, the reasons therefor.

20 24.3 Simultaneously with an assignment or sublease, the assignee
21 or sublessee shall execute an agreement assuming Lessee's obligations under
22 this Lease (including without limitation with regard to all of Lessee's obligations
23 and duties with regard to the Intermediate Strip) after the date of such assignment
24 or sublease. Lessee shall remain fully obligated under this Lease notwithstanding
25 any assignment or sublease.

26 25. If Lessee shall hold over after the expiration of this Lease for any
27 cause, such holding over shall be deemed a tenancy from month to month only, upon the
28 same terms, conditions and provisions of this Lease, except as set forth below, unless

1 other terms, conditions and provisions be agreed upon in writing by the Ports and
2 Lessee. The Executive Directors shall establish the compensation to be paid by Lessee
3 during such holdover period, taking into account the character of the subject Premises,
4 the terms and conditions affecting their use, and the fair rental value of similar premises.
5 In addition, the Executive Directors may, by written notice given at any time during the
6 holdover period, modify any other provision under which Lessee occupies the Premises
7 and uses the Intermediate Strip, in order that such provision will conform to the then-
8 current leasing practices and requirements of the Ports.

9 26. This paragraph constitutes written notice pursuant to Section
10 25359.7 of Health & Safety Code that releases of hazardous substances have come to
11 be located on or beneath the Premises and Intermediate Strip. The releases are further
12 described in the reports and documents listed in Exhibit "C" attached hereto and
13 incorporated by this reference. Lessee acknowledges that it has received a copy of each
14 of the reports and documents listed on Exhibit "C" and has had an opportunity to review
15 the same. Lessee acknowledges that it has been afforded access to the Premises and
16 Intermediate Strip pursuant to a Right of Entry Agreement entered by Lessee and the
17 Ports concurrently with this Lease, in order to make an on-site inspection thereof.

18 27. Any notice, demand, request, consent, approval or communication
19 that any party desires or is required to give to the other party or to any other person shall
20 be in writing and either served personally or sent by certified mail, postage prepaid,
21 return receipt requested. The address of Lessee is that shown on the first page of the
22 Lease, the address of POLB is: Executive Director, Long Beach Harbor Department, P.O.
23 Box 570, Long Beach, California 90801, and the address of POLA is: Executive Director,
24 Los Angeles Harbor Department, P.O. Box 151, San Pedro, California 90733-0151. Any
25 party may change its address by notifying the other parties in writing of such change.
26 Notice shall be deemed communicated within forty-eight (48) hours from the time of
27 mailing if mailed as provided in this paragraph and as of the time of receipt if personally
28 served.

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1 28. Lessee agrees, subject to applicable laws, rules and regulations, that
2 no person shall be subject to discrimination in the performance of this Lease on the basis
3 of race, color, religion, national origin, sex, sexual orientation, AIDS, HIV status, age,
4 disability, handicap, or veteran status. Lessee shall take affirmative action to ensure that
5 applicants are employed and that employees are treated during employment without
6 regard to any of these bases, including but not limited to employment, upgrading,
7 demotion, transfer, recruitment, recruitment advertising, layoff, termination, rates of pay
8 or other forms of compensation, and selection for training, including apprenticeship.
9 Lessee agrees to post in conspicuous places available to employees and applicants for
10 employment notices to be provided by the Ports setting out the provisions of this
11 nondiscrimination clause. Lessee shall in all solicitations or advertisements for
12 employees state that all qualified applicants will receive consideration for employment
13 without regard to these bases.

14 29. The parties hereby waive all claims against the other for damage or
15 loss caused by any suit or proceeding commenced by a third party, directly or indirectly
16 attacking the validity of this Lease, or any part thereof, or by any judgment or award in
17 any suit or proceeding declaring this Lease null, void or voidable, or delaying the same,
18 or any part thereof, from being carried out, provided that Lessee shall not be liable for
19 payment of compensation hereunder to the extent that, during any period, it is so
20 prevented from exercising its rights hereunder.

21 30. The use of paragraph headings or captions in this Lease is solely for
22 the purpose of convenience, and the same shall be entirely disregarded in construing any
23 part or portion of this Lease.

24 31. This Lease shall be governed by the laws of the State of California,
25 both as to interpretation and performance.

26 32. No waiver by any party at any time of any of the terms, conditions,
27 covenants or agreements of this Lease shall be deemed or taken as a waiver at any time
28 thereafter of the same or any other term, condition, covenant or agreement herein

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1 contained nor of the strict and prompt performance thereof by the party or parties
2 obligated to perform. No delay, failure or omission of any party to exercise any right,
3 power, privilege or option arising from any default nor subsequent acceptance of
4 compensation then or thereafter accrued shall impair any such right, power, privilege or
5 option or be construed to be a waiver of any such default or relinquishment thereof or
6 acquiescence therein. No option, right, power, remedy or privilege of any party hereto
7 shall be construed as being exhausted or discharged by the exercise thereof in one or
8 more instances. It is agreed that each and all of the rights, powers, options or remedies
9 given to the parties by this Lease are cumulative, and no one of them shall be exclusive
10 of the other or exclusive of any remedies provided by law, and that the exercise of one
11 right, power, option, or remedy by a party shall not impair its rights to any other right,
12 power, option or remedy.

13 33. This Lease shall be binding upon and shall inure to the benefit of the
14 successors and assigns of the Ports and shall be binding upon and inure to the benefit of
15 the permitted successors and assigns of Lessee.

16 34. Should any of the covenants, conditions or agreements of this Lease
17 be held by a court of competent jurisdiction to be illegal or in conflict with any applicable
18 law, or with any provision of the Charter of the City of Long Beach or the Charter of the
19 City of Los Angeles, the validity of the remaining portions or provisions shall not be
20 affected thereby.

21 35. If any party commences an action against the other party or parties
22 arising out of or in connection with this Lease, the prevailing party or parties shall be
23 entitled to have and recover from the losing party or parties reasonable attorneys' fees
24 and costs of suit.

25 36. This Lease may be amended or terminated at any time by the written
26 mutual agreement of the parties.

27 37. All provisions, whether covenants or conditions on the part of
28 Lessee, shall be deemed to be both covenants and conditions.

1 38. This document constitutes the whole agreement between the Ports
2 and Lessee. There are no terms, obligations or conditions other than those contained
3 herein. No modification or amendment of this Lease shall be valid and effective, unless
4 evidenced by a written agreement signed by the parties which makes specific reference
5 to this Lease.

6 39. Lessee shall have two (2) five-year options to extend the term of this
7 Lease (individually, an "Extension Option" and collectively, the "Extension Options");
8 provided, that it shall be a condition precedent to the exercise of the first five-year
9 Extension Option that Lessee timely repairs and rebuilds any damaged or destroyed
10 improvements which constitute a Casualty pursuant to paragraph 11, and provided,
11 further, that it shall be a condition precedent to the exercise of the second five-year
12 Extension Option that Lessee timely exercises the first five-year Extension Option in
13 accordance with the provisions of this paragraph 39 (and timely repairs and rebuilds any
14 damaged or destroyed improvements, if any, which constitute a Casualty pursuant to
15 paragraph 11). If Lessee elects not to exercise its first five-year Extension Option or
16 otherwise fails to timely exercise its first five-year Extension Option or satisfy any
17 condition precedent to exercise of its first five-year Extension Option, all Extension
18 Options shall immediately be deemed null and void and of no further force or effect.
19 Subject to the foregoing and to the second paragraph of this paragraph 39, for each
20 Extension Option that is available to be exercised by Lessee pursuant to this paragraph
21 39, Lessee shall be required to give the Ports written notice of its election to exercise
22 such Extension Option at least nine (9) months (but not earlier than one year) prior to the
23 commencement of the Extension Option in question. In the event Lessee timely
24 exercises an Extension Option that is available to be exercised pursuant to this
25 paragraph 39, the rent shall be determined in accordance with the procedures set forth in
26 paragraphs 6.1, 6.2 and 6.3 above.

27 Notwithstanding the foregoing paragraph, no Extension Options shall be
28 available to be exercised during any period in which Lessee is in default under any

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1 provision of this Lease until said default has been cured. Time is of the essence. If
2 Lessee fails to timely exercise an Extension Option in any instance where such Extension
3 Option is available to be exercised by Lessee pursuant to this paragraph 39, in writing,
4 prior to the expiration of the applicable time period for such Extension Option, or timely
5 exercises an Extension Option but fails to satisfy a condition precedent to exercise of
6 such Extension Option, Lessee's rights in the instance in question (and, in the event
7 Lessee's failure to timely exercise or to satisfy a condition precedent was with respect to
8 the first five-year Extension Option, Lessee's rights in all Extension Options), shall
9 thereafter be deemed null and void and of no further force or effect.

10 The Extension Options shall be personal to Lessee and may not be
11 exercised or assigned, voluntarily or involuntarily, by or to any person or entity other than
12 Lessee, nor shall the Extension Options be assignable separate and apart from this
13 Lease.

14 40. Throughout the term of the Lease, Lessee agrees to coordinate and
15 cooperate with the Ports, at no cost to the Ports, in the Ports' identification of a suitable
16 site to be used to perform maintenance on LNG trucks ("Site"). During the same period
17 and until otherwise directed by the Ports, Lessee also agrees to continually use its
18 commercially reasonable efforts, at no cost to the Ports, to find one or more prospective
19 tenants or subtenants who would perform such maintenance work. The Ports shall be
20 under no obligation of any kind to find a Site, or, if a Site is found, to keep the Site
21 available for LNG truck maintenance or any other purpose or to enter into a lease with
22 any prospective tenant or to expand the Premises to include the Site (which in turn might
23 facilitate a sublease with the prospective tenants). On July 1 of every year of this Lease,
24 Lessee shall provide the Ports with a written report assessing the demand for an LNG
25 truck maintenance facility and a description of Lessee's efforts to find a prospective
26 tenant or subtenant for the Site. This paragraph 40 is solely for the benefit of the Ports.

27 41. The parties hereby acknowledge that POLA may sell its interest in
28 the Premises to POLB, and POLB may purchase such interest. If such sale and

1 purchase occurs during the term of this Lease, and is a sale and purchase of all of
2 POLA's interest in the Premises to POLB, the parties agree that effective upon the
3 "closing" or consummation of the sale and purchase (howsoever defined pursuant to the
4 sale and purchase agreement or similar such agreement between the Ports) (the date of
5 such closing or consummation of the sale and purchase, the "Withdrawal Date"), POLA
6 shall no longer be a party to this Lease. As of such Withdrawal Date, POLA shall have
7 no further rights under the Lease (including, without limitation, any right to rental
8 payments under the Lease) and shall be released from all liabilities and obligations
9 incurred or attributable to the period on and after the Withdrawal Date; provided, in no
10 event shall POLA be released from any liability or losses arising out of or attributable to
11 the period prior to the Withdrawal Date.

12 42. Lessee represents that it has obtained and presently holds the
13 Business Tax Registration Certificates required by the City of Los Angeles and/or the City
14 of Long Beach (in their respective regulatory capacities), as applicable. Lessee will
15 provide each of the Ports evidence that such certificates have been obtained. Lessee
16 shall maintain all such certificates required of it by the City of Los Angeles and/or the City
17 of Long Beach in their respective regulatory capacities and shall not allow any such
18 certificates to be revoked or suspended.

19 43. It is hereby understood and agreed that the parties to this Lease
20 have read and are aware of the provisions of Section 1090 et seq. and Section 87100 et
21 seq. of the California Government Code relating to conflict of interest of public officers
22 and employees, as well as the Los Angeles Municipal Code (LAMC) Municipal Ethics and
23 Conflict of Interest provisions of Section 49.5.1 et seq. and the Conflict of Interest Codes
24 of the City of Los Angeles and its Harbor Department. All parties hereto agree that they
25 are unaware of any financial or economic interest of any public officer or employee of the
26 City of Los Angeles relating to this Lease. Notwithstanding any other provision of this
27 Lease, it is further understood and agreed that if such financial interest does exist at the
28 inception of this Lease, POLA may immediately terminate this Lease by giving written

1 notice thereof.

2 44. Lessee is obligated to fully comply with all applicable state and
3 federal employment reporting requirements for Lessee and/or its employees. Lessee
4 shall certify that the principal owner(s) are in compliance with any Wage and Earnings
5 Assignment Orders/Notices of Assignments applicable to them personally. Lessee will
6 fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices
7 of Assignments in accordance with Cal. Family Code Section 5230 et seq. Lessee will
8 maintain such compliance throughout the term of this Lease.

9 45. The Board of Harbor Commissioners of the City of Los Angeles
10 adopted Resolution No. 6328 on January 12, 2005, agreeing to adopt the provisions of
11 Los Angeles City Ordinance No. 172,908, as amended, relating to Equal Benefits,
12 Section 10.8.2.1 et seq. of the Los Angeles Administrative Code, as a policy of the
13 Los Angeles Harbor Department. Lessee shall comply with the policy wherever
14 applicable. Violation of this policy shall entitle the City of Los Angeles to terminate any
15 agreement with Lessee and pursue any and all other legal remedies that may be
16 available.

17 46. This Lease is entered into in furtherance of and as a benefit to the
18 State Tidelands Grant and the trust created thereby. Therefore, this Lease is at all times
19 subject to the limitations, conditions, restrictions and reservations contained in and
20 prescribed by the Act of the Legislature of the State of California entitled "An Act Granting
21 to the City of Los Angeles the Tidelands and Submerged Lands of the State Within the
22 Boundaries of Said City," approved June 3, 1929 (Stats. 1929, Ch. 651), as amended,
23 and provisions of Article VI of the Charter of the City of Los Angeles relating to such
24 lands. In addition, this Lease is at all times subject to the limitations, conditions,
25 restrictions and reservations contained in and prescribed by Chapter 676, Statutes of
26 1911, Chapter 102, Statutes of 1925, Chapter 158, Statutes of 1935, Chapter 29,
27 Statutes of 1956, First Extraordinary Session, Chapter 138, Statutes of 1964, First
28 Extraordinary Session, the Charter of the City of Long Beach and the federal navigational

1 servitude. Lessee agrees that any interpretation of this Lease and the terms contained
2 herein must be consistent with such limitations, conditions, restrictions and reservations.

3 47. This Lease may be entered into in any number of counterparts and
4 by different parties hereto in separate counterparts each of which when so executed shall
5 be deemed to be an original and all of which taken together shall constitute one and the
6 same agreement.

7
8 **LESSEE:**

CLEAN ENERGY, a California corporation

9 April 25, 2008

By: [Signature]
Name: Andrew J. Littlefair
Title: President & CEO

11 APRIL 25, 2008

By: [Signature]
Name: MITCHELL W. PRATT
Title: SR. VP & CORP. SECRETARY

14 **POLB:**

CITY OF LONG BEACH, a municipal corporation, acting by and through its Board of Harbor Commissioners

16 _____, 2008

By: _____
Richard D. Steinke
Executive Director
Long Beach Harbor Department

20 Approved as to form this ____ day of _____, 2008.

21 ROBERT E. SHANNON, City Attorney

22 By: _____
23 Tiffani L. Shin, Deputy

24 [Signatures continue on next page.]

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CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Orange

On 4-25-08 before me, S. Kaats, Notary Public

Date

Here Insert Name and Title of the Officer

personally appeared Andrew J. Littlefair and Mitchell W. Pratt

Name(s) of Signer(s)

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 S. Kaats

Signature of Notary Public

Place Notary Seal Above



OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Lease

Document Date: undated

Number of Pages: 48 pages

Signer(s) Other Than Named Above: none

Capacity(ies) Claimed by Signer(s)

Signer's Name: Andrew J. Littlefair

Individual

Corporate Officer — Title(s): President + CEO

Partner — Limited General

Attorney in Fact

Trustee

Guardian or Conservator

Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

Signer's Name: Mitchell W. Pratt

Individual

Corporate Officer — Title(s): SR VP + Corp Secretary

Partner — Limited General

Attorney in Fact

Trustee

Guardian or Conservator

Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT OF SIGNER

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POLA:

CITY OF LOS ANGELES, a municipal corporation, acting by and through its Board of Harbor Commissioners

_____, 2008

By: _____
Geraldine Knatz
Executive Director
Los Angeles Harbor Department

Attest: _____
Board Secretary

Approved as to form this 2 day of May, 2008.

ROCKARD J. DELGADILLO,
City Attorney

By: *Christina McCluskey*

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ROBERT E. SHANNON, City Attorney
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Long Beach, CA 90802-4664

TLS:arh rev. 04/16/08 A08-00994

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POLA:

CITY OF LOS ANGELES, a municipal corporation, acting by and through its Board of Harbor Commissioners

_____, 2008

By: _____

Geraldine Knatz
Executive Director
Los Angeles Harbor Department

Attest: _____

Board Secretary

Approved as to form this 2 day of May, 2008.

ROCKARD J. DELGADILLO,
City Attorney

By: *Rockard J. Delgadillo*

TLS:arh rev. 04/16/08 A08-00994

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POLA:

CITY OF LOS ANGELES, a municipal corporation, acting by and through its Board of Harbor Commissioners

_____, 2008

By: _____
Geraldine Knatz
Executive Director
Los Angeles Harbor Department

Attest: _____
Board Secretary

Approved as to form this 2 day of May, 2008.

ROCKARD J. DELGADILLO,
City Attorney

By: _____
[Signature]

TLS:arh rev. 04/16/08 A08-00994

EXHIBITS/LIST OF DOCUMENTS

1
2
3 **Exhibit "A"**: Map of Premises and Intermediate Strip (Not to Scale) (Attached)

4 **Exhibit "B"**: (These documents previously provided to Lessee)

5 (1) Parcel Map LA No. 2004-2141.

6 (2) (a) Letter from the City of Los Angeles Department of City Planning, with decision
7 date of February 10, 2005 regarding Case No. AA-2004-2141-PMLA; 3431, 3437 & 3447
8 E. Anaheim St.; Wilmington-Harbor City Plan ("Conditions Letter"); and (b) Extension of
9 Time Letter from City of Los Angeles Department of City Planning, with decision date of
10 February 10, 2005 regarding AA-2004-2141-PMLA.

11 (3) Covenant and Agreement regarding construction of a sanitary sewer facility.

12 (4) Covenant and Agreement regarding parking area and driveway plans (Harbor District
13 Office of the Bureau of Engineering).

14 (5) Master Covenant and Agreement regarding street trees.

15 (6) Covenant and Agreement Regarding Seismic-Induced Settlement.

16 (7) Covenants and Agreements regarding parking area and driveway plans (Department
17 of Transportation).

18 (8) Covenant and Agreement Regarding Fire Sprinkler Protection.

19 (9) Covenant and Agreement Regarding Plot Plan.

20 (10) Master Covenant and Agreement regarding Condition No. 28 of Conditions Letter.

21 (11) Master Covenant and Agreement regarding Condition No. 29 of Conditions Letter.

22 (12) Master Covenant and Agreement regarding Condition No. 30 of Conditions Letter.

23 (13) Master Covenant and Agreement regarding Condition No. 31 of Conditions Letter.

24 (14) Proposed Mitigated Negative Declaration under the California Environmental Quality
25 Act, dated 05/19/04, regarding Project Title ENV-2004-2142-MND, Case No. AA-2004-
26 2141-PMLA, Project Location 3447 E. Anaheim Street; Wilmington-Harbor City, Lead City
27 Agency: Los Angeles City Planning Department, Council District 15, together with Initial
28 Study and Checklist dated May 14, 2004.

(15) Exemption from Fish and Game Fee (AB 3158), and Certificate of Fee Exemption
from the California Department of Fish and Game regarding MND No. ENV-2004-2142-
MND.

[Exhibits/List of Documents continue on next page.]

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1 (16) GeoBase, Inc.'s Geotechnical Report, dated May 22, 2003, by the consulting
2 engineer geologist C.M. Payne (CEG 397) and geotechnical engineer J.M. Chevallier
(GE 2056) (referenced in Condition No. 16d).

3 (17) Inter-Departmental Letter dated July 6, 2004, Log No. 44009 (referenced in
4 Condition No. 19).

5 (18) Inter-Departmental Correspondence regarding clearance of Condition No. 19, dated
6 November 8, 2007.

7 (19) Inter-Departmental Correspondence regarding clearance of Condition No. 20, dated
8 July 12, 2005.

9 (20) Wilmington-Harbor City Community Plan, Chapter V (referenced in Condition No.
28).

10 **Exhibit "C":** (These documents previously provided to Lessee)

11 (1) Provisional Remedial Investigation and Feasibility Study, Mernstein Estate Property,
12 East Anaheim and I Streets in Wilmington, California (ESE Project #6-92-4875), dated
13 September 9, 1992, prepared by Environmental Science & Engineering, Inc. for the Port
of Long Beach.

14 (2) Report of Results of Phase II Site Investigation, Anaheim Street Grade Separation
15 Project, Mernstein Estate Property in Long Beach, California, dated January 14, 1994,
prepared by Engineering-Science, Inc. for the Port of Long Beach.

16 (3) Phase II Environmental Assessment Report, Mernstein Estate Property in
17 Wilmington, California, dated November 8, 1994, prepared by Targhee, Incorporated.

18 (4) Soil Excavation Report, Mernstein Estate Property, dated December 5, 1996,
19 prepared by Targhee, Incorporated.

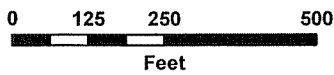
20 (5) Phase II Environmental Assessment Report Addendum, dated December 8, 1994,
21 prepared by Targhee, Incorporated.

22 (6) Soil Remediation Proposal addressed to Tim Cameron, Esq., dated December 22,
23 1995, prepared by Targhee, Inc.

Pier B - Clean Energy Lease



Notes: HD 2-982



Harbor Department, Planning & Research
Map Produced 5/2008



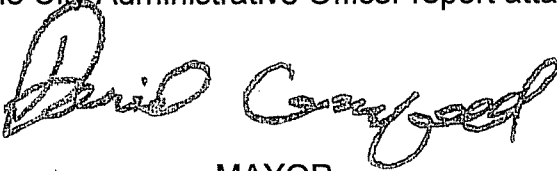
0150-08614-0000

TRANSMITTAL

TO Geraldine Knatz, Ph.D., Executive Director Harbor Department	DATE JUL 16 2008	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT 15	

**PROPOSED LEASE AGREEMENT BETWEEN THE PORT OF LOS ANGELES (POLA),
PORT OF LONG BEACH (POLB) AND CLEAN ENERGY CORPORATION**

Transmitted for further processing, including Council consideration.
See the City Administrative Officer report attached.



MAYOR

RPC:ABN:10080185t

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: June 30, 2008

CAO File No. 0150-08614-0000

Council File No.

Council District: 15

To: The Mayor

From: Raymond P. Ciranna, Acting City Administrative Officer *RC*

Reference: Transmittal from the Harbor Department dated June 9, 2008; referred for report by the Mayor dated June 11, 2008

Subject: **PROPOSED LEASE AGREEMENT BETWEEN THE PORT OF LOS ANGELES (POLB), PORT OF LONG BEACH (POLB) AND CLEAN ENERGY CORPORATION**

SUMMARY

The Harbor Department (Port) Board of Harbor Commissioners (Board) requests approval of Order No. 08-6962 and the draft Ordinance to execute a proposed Lease Agreement (Agreement) between the Port of Los Angeles (POLA), Port of Long Beach (POLB) and the Clean Energy Corporation (Clean Energy). Clean Energy will be responsible for constructing and maintaining a new Liquefied Natural Gas (LNG) fueling station facility on property jointly owned by the Ports. Fuel from the LNG fueling station will be made available to firms and trucks that are part of the LNG Truck Program. One of the primary objectives of programs under the Port Clean Air Action Plan (CAAP) is to replace older, heavily polluting heavy-duty trucks with emission compliant model year 2007 or newer LNG fueled trucks. The heavy-duty trucks and equipment serving the Ports are sources of diesel pollution in the South Coast Air Basin regions.

In February 2008, the Mayor and Council approved the LNG Truck Program under the CAAP to reduce Port-related truck emissions by providing financial incentives to assist in the purchase and operation of LNG-powered trucks for firms servicing the POLA and POLB (C.F. 08-0380). The proposed Lease Agreement will be for a period of ten years, with two additional five year options, for a proposed Agreement up to 20 years. In accordance with Charter Section 606, the proposed Agreement requires Council approval because the lease extends beyond five years. The proposed Order and draft Ordinance have been approved by the City Attorney as to form.

Clean Energy was selected through a competitive bid process administered by POLB with the participation of POLA. Clean Energy was selected because of its experience and expertise in providing LNG fueling stations. The Port states that Clean Energy operates over 170 natural gas fueling stations throughout the United States and Canada. The proposed lease includes a Right of Entry Agreement to permit Clean Energy to perform pre-development activities from the execution of the Agreement to the effective date of the Lease Agreement. According to the Port, it is anticipated that the LNG fueling station is expected to open in the latter part of 2008.

The proposed site for the new LNG fueling station is on a 2.8 acre parcel which includes

approximately a 1.7 acre combined parcel owned by POLB and an adjacent 1.1 acre parcel located in the City of Los Angeles (City). POLA and POLB are joint owners, as tenants in common, of the 1.1 acre parcel (0.55 acres or 50 percent each). In accordance with the Agreement, Clean Energy will pay \$ 0.01 per gallon of LNG fuel sold to POLA and POLB. The Port states that the \$0.01 per gallon amount is consistent with the rate commonly charged for fueling stations. According to the Port, these provisions apply only to the 1.1 acre parcel jointly owned by the Ports, which is 40 percent of the total square footage of the proposed site. As a result, POLA will receive 20 percent of the total revenue from the LNG fueling station. The cost per gallon of LNG fuel will be re-negotiated after the first 5-year period of the proposed 10-year Agreement and every subsequent 5-year period. The lease adjustment will be based upon the fair rental value of the land and other elements contained in the proposed Agreement. Clean Energy will be required to provide safety measures, insurance, maintenance, repair and construction work on the property as needed or contained in the Agreement. Upon the early termination of the lease, the Ports will have the option to acquire part or all of the improvements made to the property.

The Port Director of Environmental Management has determined that the proposed Lease Agreement to construct and maintain a new LNG fueling station to reduce emission pollution at the POLA is exempt from the California Environmental Quality Act (CEQA) in accordance with Article III, Section 1(32) and 4(7) of the Los Angeles City of CEQA Guidelines. The proposed Agreement with Clean Energy is in compliance with all the applicable City Ordinances.

RECOMMENDATION

That the Mayor approve Order No. 08-6962 and the draft Ordinance No. 08-6962 to execute the proposed Lease Agreement (Agreement) between the Port of Los Angeles, Port of Long Beach and the Clean Energy Corporation (Clean Energy) to construct and maintain a new Liquefied Natural Gas (LNG) fueling station facility and return the document to the Board of Harbor Commissioners for further processing, including Council consideration.

FISCAL IMPACT STATEMENT

In the proposed Agreement between the Port of Los Angeles (POLA) and Clean Energy Corporation, the POLA will receive 20 percent of the total \$0.01 per gallon of Liquefied Natural Gas (LNG) fuel revenue generated by the project. POLA states that the specific amount of revenue is indeterminable at this time, because it will be based on the number of gallons purchased by participants in the LNG Truck Program. Since POLA is only bound by the City Debt Management Policies, the City Financial Policies are not applicable. There is no impact on the City General Fund and any funding collected will be deposited in the Harbor Revenue Fund.

TIME LIMIT FOR COUNCIL ACTION

Pursuant to Charter Section 606, "Process for Granting Franchises, Permits, Licenses and Entering into Leases", Council has to take action within 30 days after submission of a lease to Council or it will be deemed approved.