

LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease") is entered into as of January 1, 1993, by and between MARINE SPILL RESPONSE CORPORATION, a Tennessee not-for-profit, nonmembership corporation (the "Tenant"), and SURPLUS PROPERTY AUTHORITY OF THE CITY OF RICHMOND, a surplus property authority created pursuant to the Municipal Federal Surplus Property law of the State of California (the "Landlord").

WITNESSETH:

WHEREAS, the Landlord desires to lease the subject finger pier and improvements thereon to the Tenant pursuant to the provisions set forth in this Lease; and

WHEREAS, the Tenant desires to lease the finger pier covered by this Lease, together with certain improvements existing and located thereon, from the Landlord for the use and occupancy of the Tenant in connection with certain marine oil spill containment and clean up operations to be conducted by the Tenant for its client companies or the United States Coast Guard under contract with the Tenant, all in accordance with the Tenant's charter and bylaws, as the same may be amended from time to time by the Tenant; and

WHEREAS, the Tenant has executed this Lease and offers fair value to the Landlord as consideration for this Lease,

NOW, THEREFORE, in consideration of the above recitals and the mutual covenants hereinafter contained, the parties herein covenant and agree as follows:

1. Definitions. As used in this Lease, the terms "Landlord", "Lease" and "Tenant" shall have the meanings indicated above, and the following terms shall have the respective meanings indicated below:

"Additional Improvements" means the additional improvements, if any, to be constructed and located on the Project Site, as more particularly described in Exhibit 4 to this Lease.

"Applicable Laws" means all present and future laws, ordinances, orders, rules and regulations of all federal, state, county, and municipal governments, departments, commissions, agencies or offices, in each case having applicable jurisdiction over the Project Site, the Landlord or the Tenant.

"County" means Contra Costa County in the State.

"Environmental Condition" means any occurrence, fact or other condition at any location in, on, about or beneath the Project Site (and any underwater or tidal real property) resulting from, relating to or arising out of the presence, emission, exposure, migration,

disposal, dispersal, discharge, release or threatened release, spill, leak, escape into the environment, manufacturing, generation, processing, distribution, use, treatment, storage, disposal, transport or handling of any Material of Environmental Concern.

"Environmental Laws" mean all federal, state, local or foreign statutes, ordinances, regulations, rules, judgments, orders, notice requirements, court decisions, agency guidelines or principles of law as they may be hereinafter amended from time to time, that (i) regulate or relate to the protection, investigation, remediation or clean-up of the environment, the use, generation, treatment, storage, transportation, disposal, or other handling of any Material of Environmental Concern, the preservation or protection of waterways, groundwater, drinking water, air, wildlife, plants or other natural resource, or the health and safety of persons or property (including, without limitation, occupational safety and health), or (ii) impose or create liability or responsibility with respect to any of the foregoing.

"Event of Default of Landlord" has the meaning set forth in Section 16.1 hereof.

"Event of Default of Tenant" has the meaning set forth in Section 15.1 hereof.

"Extended Term" means any of the four (4) successive 5-year extensions of the term of this Lease, as provided in Section 3.1 hereof.

"Impositions" means (i) all real or personal property taxes and assessments on the Project Site and the Improvements (but not any income, transfer, gift, inheritance, estate, intangible personal property, corporation or similar taxes imposed on the Landlord by reason of its interest in the Project Site or imposed on the Landlord by virtue of its interest in this Lease), the personal property located on the Project Site and taxes, if any, imposed on the rent or other charges paid by the Tenant hereunder or on the Tenant's interest in or under this Lease, (ii) water and sewer charges, charges for other public utilities, governmental excises, levies, license, impact and permit fees, and (iii) other governmental charges which at any time during the term of this Lease may be assessed, levied, confirmed, imposed upon or become due and payable in respect of or become a lien on the Improvements or any part thereof or any appurtenance thereto.

"Improvements" means the improvements existing and located on the Project Site described in Exhibit 3 of this Lease, together with the Additional Improvements, if any.

"Initial Term" means the first ten (10) Lease Years of the term of this Lease, as provided in Section 3.1 hereof.

"Landlord-Created Lien" means any lien, charge or encumbrance arising or resulting directly from acts or omissions of the Landlord.

"Landlord Indemnitee" has the meaning set forth in Section 9.1 hereof.

"Lease Commencement Date" means the date the Initial Term commences and shall be the earlier of (i) the date work commences on the Task labelled "Fender Repairs" (as defined in Exhibit 4), or (ii) thirty (30) days after the Tenant receives written notice from the Landlord that all Permits (as defined in Exhibit 4) required to perform the Additional

Improvements have been obtained.

"Lease Year" means a period of twelve (12) consecutive full calendar months, except that the first Lease Year shall begin on the Lease Commencement Date and shall end on June 30, 1994. Each succeeding Lease Year during the Initial Term of this Lease after the first Lease Year shall commence upon the first day of Landlord's fiscal year, July 1, and shall end on June 30 of the following year.

"Material of Environmental Concern" means any chemical, substance or waste that is a threat to the health or safety of persons, property or the environment, any pollutant, contaminant, toxic substance, petroleum or petroleum product and any substance which is a "hazardous substance," "hazardous material," or "hazardous waste" as defined from time to time in any Environmental Law.

"Person" means and includes natural persons, corporations, general partnerships, limited partnerships, joint stock companies, joint ventures, associations, companies, trusts, banks, trust companies, land trusts, business trusts or other organizations, whether or not legal entities, and governments and agencies and political subdivisions thereof.

"Project" means the operation of a vessel berth for the Tenant's marine spill response vessel and/or barge and associated facilities, for uses which include, without limitation, warehousing, receiving, storing, delivering and expediting supplies, equipment and materials related to the Tenant's spill response activities; providing training to spill response personnel; parking of vehicles on the Project Site; performing demonstrations of oil spill response techniques and equipment, research, development and testing of supplies, equipment and materials; and the rapid deployment of spill response personnel, supplies, equipment and materials and such other activities incident thereto on a twenty-four (24) hours per day, seven (7) days per week, basis, with unlimited unrestricted access to the Project Site and the Improvements. No separate cargo handling permit shall be imposed by the Landlord in connection with the Project.

"Project Site" means the real property, excluding any underwater or tidal real property, described specifically by the survey and legal description in Exhibit 1 to this Lease, comprising approximately 26,400 square feet of a finger pier upon which the Improvements are currently located and the Project will be located, which real property is owned by the Landlord and leased to the Tenant pursuant to this Lease.

"State" means the State of California.

"Tenant Indemnitee" has the meaning set forth in Section 9.2 hereof.

"Tenant's Property" means all machinery, equipment, furniture and other personal property of any kind and nature at any time made, installed, fixed, or placed on, in or to the Project Site, but shall not include docks, wharfs, warehouses, buildings or other structures or things deemed to be immovable, nor shall it include the Additional Improvements.

"Termination Amount" has the meaning set forth in Section 3.3 hereof.

2. Leased Premises.

2.1. Landlord's Agreement to Lease. Upon the terms and conditions hereinafter set forth, and in consideration of the payment of the rents and the prompt performance by the Tenant of the covenants and agreements to be kept and performed by the Tenant under this Lease, the Landlord does lease to the Tenant, and the Tenant hereby leases from the Landlord, the Project Site, together with the Improvements.

2.2. Access. The Landlord hereby covenants that the Project Site abuts to a public roadway and that free and uninterrupted access to and from the Project Site and access to such public roadway shall be maintained during the term of this Lease. Reasonable watercraft and vehicular egress and ingress from and to the Project Site sufficient to permit the Tenant to accomplish its purposes in connection with the Project shall be made available by the Landlord to the Tenant.

2.3. Berthing Privileges. The Tenant shall have the right, as part of its enjoyment of the Project Site and the Improvements, and with no requirement for additional payment to the Landlord, to berth at the pier located at the Project Site any vessels, barges and other watercraft of the Tenant, its agents, subcontractors and invitees, provided that (a) Tenant and its agents, subcontractors and invitees shall use the pier only in connection with the operations of the Project; (b) Tenant and its agents, subcontractors and invitees shall comply with all reasonable rules and regulations of the Landlord relating to safety and security; and (c) that neither Tenant nor its agents, subcontractors or invitees shall berth any vessel or barge alongside the Project Site that extends into the navigable channel or extends into maneuvering areas required for safe access to adjacent piers or neighboring areas.

2.4. Pre-Commencement Access. The Landlord shall permit the Tenant and its contractors reasonable access to the Project Site prior to the Lease Commencement Date for purposes of conducting environmental and other testing and inspections, planning construction of improvements and other reasonable purposes provided that (i) the Tenant shall not commence normal occupancy of the Project Site prior to the Lease Commencement Date, and (ii) the Tenant shall indemnify and hold the Landlord harmless from and against any claims resulting from any personal injury and property damage that occurs as a result of such pre-commencement access by the Tenant to the Project Site.

3. Term.

3.1. Initial Term and Extensions. The Initial Term of this Lease shall be ten (10) Lease Years, commencing at 12:01 a.m. on the Lease Commencement Date and, unless sooner terminated as hereinafter provided, ending at 11:59 p.m. on June 30, 2003. The Tenant shall have an option to extend this Lease for up to a maximum of four (4) successive 5-year Extended Terms commencing on the date immediately succeeding the expiration date of the Initial Term or the previous Extended Term, upon the terms and conditions hereof, including the rent specified for such Extended Term, provided that at the time of exercise of the

applicable option, the Tenant shall not be in default hereunder beyond the expiration of any applicable cure period. The option shall be exercised by the Tenant giving written notice to the Landlord at least twelve (12) months prior to the expiration of the Initial Term or the previous Extended Term. The word "term" shall mean the Initial Term and any Extended Term as to which the Tenant exercises its option.

3.2. Conditions Precedent. The Tenant shall have the right to terminate this Lease by written notice to the Landlord if (1) the Landlord shall fail to substantially complete any Task of the Additional Improvements required to be completed by Landlord by the Final Completion Date specified in Exhibit 4 of this Lease for such Task; or (2) the Landlord is unable to obtain all Permits as defined in Exhibit 4 to this Lease on or before April 1, 1993; or (3) prior to occupancy of the Project Site, the Tenant discovers that the Project Site is contaminated with Material of Environmental Concern and the Landlord has not caused all of such substances to be properly treated, encapsulated and/or removed in accordance with all applicable Environmental Laws on or before January 15, 1993; or (4) on or before January 15, 1993, the Tenant discovers that the physical condition of the Project Site, the title thereto, any statute, law or ordinance, any damage by casualty, any proposed condemnation or other factor relating to the Project Site would materially impair the Tenant's ability to use the Project Site or the Improvements for the uses stated in this Lease.

3.3. Tenant's Early Termination. Upon not less than six (6) months' written notice to the Landlord, the Tenant may terminate this Lease when all of the following conditions precedent have been satisfied: (i) the Tenant has vacated the Project Site and the Improvements and has surrendered possession thereof to the Landlord in the condition required by this Lease, (ii) the Tenant has paid the Landlord a termination amount which shall equal the ensuing twelve (12) months' rent if termination occurs during the first five (5) Lease Years of the Initial Term or the ensuing six (6) months' rent if the termination occurs after completion of the fifth (5th) Lease Year of the Initial Term, at the rate in effect at the time of termination (the "Termination Amount"), and (iii) the Improvements are free and clear of any encumbrances created by, through or under the Tenant. This Lease shall terminate when the conditions precedent have been satisfied on the date of termination specified in the Tenant's notice, or six (6) months after service of the notice, whichever is later.

3.4. Holdover. If the Tenant shall, with the consent of the Landlord, hold over after the expiration or sooner termination of the term of this Lease, the resulting tenancy shall, unless otherwise mutually agreed, be a periodic tenancy for an indefinite period of time on a month-to-month basis. For each month during such month-to-month tenancy, the Tenant shall pay to the Landlord the rate of rental as set forth herein for the immediately preceding month and shall be bound by all of the additional provisions of this Lease insofar as they may be pertinent.

3.5. Relocation. Landlord shall have the right to relocate the Project Site upon not less than sixty (60) days' written notice to Tenant when all of the following conditions precedent have been satisfied: (i) Landlord in good faith determines that it would be to the overall benefit of the Port of Richmond to utilize the Project Site for another purpose; (ii) Landlord, at Landlord's sole cost and expense, relocates Tenant to another site of Landlord in

the Port of Richmond that provides Tenant with substantially similar operating efficiencies to those provided to Tenant by the Project Site; and (iii) Tenant is able to conduct the Project in a substantially similar manner from such alternate site. In the event of such relocation, the alternate site shall become the Project Site and this Lease shall continue in full force and effect with respect thereto.

3.6. Landlord's Early Termination. At any time after the expiration of the first five-year Extended Term, upon not less than twelve (12) months' prior written notice to the Tenant, the Landlord may terminate this Lease when all of the following conditions precedent have been satisfied: (i) Landlord in good faith determines that it would be to the overall benefit of the Port of Richmond to utilize the Project Site for another purpose; and (ii) the Landlord has paid the Tenant a termination amount which shall equal the foregoing twelve (12) months' rent if termination occurs during the first thirty (30) months of the applicable Extended Term or the foregoing six (6) months' rent if the termination occurs after completion of the thirtieth (30th) of the applicable Extended Term, at the rate in effect at the time of termination. This Lease shall terminate when the conditions precedent have been satisfied on the date of termination specified in the Landlord's notice, or twelve (12) months after service of the notice, whichever is later. This right of termination is in addition to any other rights or remedies that the Landlord may have hereunder, including the Landlord's right to relocate the Project Site pursuant to Section 3.5 above.

4. Rent.

4.1. Amount of Rent. During each Lease Year of the Initial Term of this Lease, Tenant shall pay rent to the Landlord for the Project Site and the Improvements in the amount designated for that Lease Year in Exhibit 2 of this Lease ("Lease Year Rent Schedule"), which is incorporated herein by this reference. Said rent shall be payable in equal monthly installments equal to one-twelfth (1/12th) of the total amount designated for each Lease year, except that during the first Lease Year (which may consist of more or less than 12 months) said rent shall be payable in equal monthly installments equal to the monthly installment amount designated in Exhibit 2 for the first Lease Year multiplied by the number of calendar months in the first Lease Year (pro-rated for any partial months). The amount of rent for the first five-year Extended Term shall be in the amount designated for the applicable Lease Year in Exhibit 2-A of this Lease. The amount of rent for any subsequent Extended Term of this Lease shall be determined by mutual agreement of the Landlord and the Tenant prior to the commencement of such Extended Term. The Landlord and the Tenant shall commence negotiations on the amount of rental at least six (6) months prior to the commencement of such Extended Term. In the event the parties fail to agree on the amount of rent for any Extended Term prior to the commencement thereof, then (i) the matter shall be submitted to non-binding mediation in accordance with such procedure as the Landlord and the Tenant may mutually agree (or, failing such agreement, in accordance with generally accepted mediation rules for commercial disputes), and (ii) the Tenant shall continue to pay rent during such Extended Term at the rate in effect prior to the commencement of such Extended Term, provided that the final rental rate determined by the parties shall be adjusted retroactively to the commencement of such Extended Term and any underpayment (or overpayment) shall be paid by (or paid to) the Tenant promptly after determination of such rental rate. In the event

that six (6) months after the commencement of such Extended Term the parties cannot, after good faith negotiations, agree on a mutually acceptable rental rate, then either party may terminate this Lease (without fault or payment of any Termination Amount) by giving sixty (60) days prior written notice to the other party.

4.2. Due Date. All rental payments shall be made in advance and on the first day of each month during the entire term of this Lease.

4.3. Place of Payment. Rent shall be payable at such place as the Landlord may specify, by written notice to the Tenant, as hereinafter provided, from time to time.

5. Triple Net Lease: Taxes and Utility Expenses.

5.1. Triple Net Lease. This Lease is a triple net lease, and it is agreed and intended that the Tenant shall pay or cause to be paid all operating costs, utilities, insurance, maintenance and repair costs and Impositions of every kind and nature whatsoever relating to the Project Site and the Improvements, except as expressly provided in this Lease. The Tenant shall pay to the Landlord absolutely net throughout the term of this Lease the rent and other payments hereunder, free of any charge, assessments, Impositions, expenses or deductions of any kind, and without abatement, deduction or setoff, except as expressly otherwise provided in this Lease.

5.2. Taxes and Utility Expenses.

(a) Subject to subsection 5.2(b) hereof, the Tenant shall pay or cause to be paid, before any fine, penalty, interest or cost may be added thereto for the nonpayment thereof, all Impositions.

(b) The Tenant shall bear the burden of and shall make timely remittances of all Impositions and shall file timely, with appropriate governmental units, all returns, statements and reports legally required with respect thereto. The Tenant shall promptly remit to any governmental unit any such Imposition, unless the Tenant shall in good faith, with due diligence, and by appropriate judicial or administrative proceedings, contest the validity, applicability, or amount thereof. The Tenant shall give the Landlord ten (10) days' prior written notice of the Tenant's intent to contest such Imposition. Any such contest shall be at the Tenant's sole cost and expense.

(c) The Tenant, upon the request of the Landlord, shall furnish to the Landlord, within thirty (30) days after the date when an Imposition becomes delinquent if not paid, official receipts of the appropriate taxing authority or other evidence satisfactory to the Landlord evidencing the payment thereof. The certificate, advice or bill of nonpayment of such Imposition issued by the proper official designated by law to make or issue the same or to receive payment of an Imposition shall be prima facie evidence that such Imposition is due and unpaid at the time of the making of such certificate, advice or bill.

(d) Except as expressly otherwise provided herein, nothing contained herein shall

modify, amend or constitute a waiver of, expressly or by implication, any applicable taxes or Impositions with respect to all or any portion of the Project or the operation thereof. Tenant recognizes and understands that this Lease may create a possessory interest subject to property taxation and that Tenant may be subject to the payment of property taxes levied on such interest.

(e) Tenant shall pay or cause to be paid all utilities and services used by Tenant on the Project Site or in connection with the Project, including without limitation water, telephone, electricity, sanitation and trash collection services. Landlord shall have no responsibility to provide or to pay for any such utilities or services used by Tenant, provided that Landlord shall cooperate with Tenant and use reasonable good faith efforts to assist Tenant, at Tenant's expense, in connection with Tenant's efforts to obtain or restore any appropriate utility service to the Project Site.

(f) The Landlord shall have no liability for any loss of or damage to the goods, property and equipment of Tenant or third persons, upon or used in connection with the Project Site or the project, irrespective of the source of such loss or damage. Tenant shall provide at its own expense such security guards or alarm system as it may deem necessary, in its sole discretion, for the security and protection of goods and Tenant's operations.

Tenant agrees, at its own cost and expense, to maintain upon the Project Site at all times such fire equipment as may be prescribed from time to time by Applicable Laws, including pursuant to any periodic inspection and certification as may be required by the City of Richmond, the Fire Marshal of the City of Richmond, or other competent authority. Tenant shall cause all goods, material and equipment to be stored in such a manner that any fire equipment and controls on the Project Site are readily accessible at all times.

6. Improvements, Maintenance and Alterations.

6.1. Additional Improvements. Except as otherwise specified in this Lease or in Exhibit 4 hereto, the Additional Improvements shall be installed by Tenant at the expense of Tenant only in accordance with plans and specifications which have been previously submitted by the Tenant to the Landlord and approved in writing by the Landlord, which approval shall not be unreasonably withheld. The Additional Improvements and any additional alterations or improvements made to the Project Site or the Improvements, either by the Landlord or the Tenant, shall be the Landlord's property at the expiration of the Initial Term or any Extended Term and, unless otherwise provided in the Lease, shall remain on the Project Site without compensation to the Tenant.

6.2. Tenant's Property. All Tenant's Property shall at all times be and remain the sole property of the Tenant. The Tenant shall be entitled to remove Tenant's Property from the Project Site at any time during or within sixty (60) days after the expiration of the term provided the Tenant repairs any damage caused by such removal.

6.3. Maintenance. Tenant shall, throughout the term of this Lease and so long as Tenant shall remain in possession of the Project Site, maintain in good, safe and sanitary

condition and keep in good repair (ordinary wear and tear excepted) the Project Site and all improvements, fixtures, equipment and personal property thereon, except for any items which are Landlord's responsibility for maintenance as set forth in this Section 6.3. Landlord shall not have any responsibility to maintain or repair the Project Site or any improvements, fixtures, equipment or personal property thereon, except that Landlord shall maintain, at its sole cost and expense, the structural elements of the pier located on the Project Site (including the structural integrity of the concrete piling systems and excluding any wooden piling systems) and any other structural components of any improvements or fixtures on the Project Site; provided that Landlord shall not be responsible for structural repairs required due to damage caused by the negligence or intentional misconduct of Tenant, its agents, contractors or invitees.

6.4. Signs. With the prior written consent of Landlord, the Tenant shall be permitted to place reasonable signs and other means of identification of its business on the Project Site so long as the same comply with all applicable statutes, laws and ordinances and the Landlord's reasonable rules and regulations.

6.5. Alterations. Tenant shall not make any material alterations to the Project Site without the prior written consent of Landlord.

7. Landlord's Interest in and Tenant's Surrender of Project Site.

7.1. Surrender at End of Lease. The Tenant shall and will on the last day of the Initial Term hereof or, if extended, on the last day of any Extended Term hereof, or upon any early termination of this Lease, surrender and deliver the Project Site and the Improvements then occupied by the Tenant to the Landlord and, except as provided in Section 13, in good condition and repair (in light of the age, construction, and nature thereof), less normal wear and tear, free and clear of any liens or encumbrances, except for Landlord-Created Liens. Upon such expiration or termination of the Initial Term or any Extended Term, the Tenant shall remove the Tenant's Property and shall repair any damage caused by such removal.

Any alterations made by the Tenant hereunder, including the Additional Improvements, shall remain on and be surrendered with the Project Site upon expiration or earlier termination of the term of this Lease, except that, upon such expiration or termination, provided Landlord advised Tenant at the time such alterations were approved that it would require their removal at the end of the term, the Tenant shall remove any such alterations which Tenant has made to the Project Site including any infrastructure placed on the finger pier, and restore the Project Site to its condition prior to construction of such alterations (if any).

7.2. Landlord Not Liable. The Landlord shall not be responsible for any loss or damage occurring to any real or personal property owned, leased or operated by the Tenant, its agents or employees whether or not caused by the act or actions or failure to act of the Landlord, its agents or employees, prior to or subsequent to the termination of this Lease, other than, to the extent permitted by law, for such loss or damage occurring solely as a result of the negligent acts or willful misconduct of the Landlord, its officers, representatives,

agents or employees.

8. Use.

8.1. No Unlawful Activities. The Tenant agrees not to make any unlawful use of the Project Site and the Improvements, including without limitation, any use constituting a public or private nuisance.

8.2. Permitted Uses. The Tenant covenants not to use or permit the Project Site or Improvements to be used for any purpose other than the operation of the Project as provided herein and consistent with Tenant's use in connection with and in support of Tenant rendering certain oil spill containment and cleanup services in the coastal zone or tidal waters of the United States, including without limitation, the coastal waters of the State, and other related purposes for its clients and the United States Coast Guard, under contract with the Tenant, all as provided and authorized in the Tenant's charter and bylaws, as the same may be amended from time to time. Such services shall be rendered in accordance with and in support of the provisions of the United States Oil Pollution Act of 1990 and regulations promulgated thereunder and any oil spill prevention or response act of the State and regulations promulgated thereunder, as the same may be in effect during the term of this Lease.

8.3. Compliance With Laws and Ordinances. Throughout the term of this Lease, the Tenant, at its sole cost and expense, shall comply with all Applicable Laws. The Tenant shall have the right to contest the validity of any Applicable Laws, or the application thereof to the Project Site, provided that such noncompliance shall not subject the Project Site to lien or sale. The Tenant shall promptly and diligently prosecute any such contest and keep the Landlord advised at all times as to the status of such contest. The Landlord shall cooperate with the Tenant and execute appropriate documents or pleadings required for such purpose, provided that the Landlord shall be reasonably satisfied that the facts set forth in any such documents or pleadings are accurate in all material respects.

8.4. Waste. The Tenant shall not do, cause, allow or suffer to exist any waste of the Project Site or the Improvements occupied by the Tenant.

9. Indemnification.

9.1. Tenant's General Agreement to Indemnify. The Tenant hereby releases the Landlord, its officers, representatives, employees, agents, successors and assigns (individually and collectively, "Landlord Indemnitee") from, assumes any and all liability for and agrees to defend and indemnify the Landlord Indemnitee against, all claims, liabilities, obligations, damages, penalties, litigation, costs, charges and expenses (including, without limitation, reasonable attorneys, accounting, consulting, engineering, and other fees and expenses), imposed on, incurred by or asserted against the Landlord Indemnitee or its interest in real property in the Project Site arising out of (i) the use or occupancy of the Project Site by the Tenant, its officers, representatives, agents and employees, (ii) the operation of the Project by the Tenant, its officers, representatives, agents and employees,

(iii) any claim arising out of the use, occupancy, or operation of the Project Site by the Tenant, its officers, representatives, agents and employees, and (iv) activities on or about the Project Site by the Tenant, its officers, representatives, agents and employees, of any nature, whether foreseen or unforeseen, ordinary or extraordinary, in connection with the use, occupancy, operation, maintenance or repair of the Improvements or the Project Site by the Tenant, its officers, representatives, agents and employees; provided, however, that any such claim, liability, obligation, damage or penalty to the extent arising as a result of the affirmative negligent acts or willful misconduct of the Landlord Indemnitee shall be excluded from this indemnity. The indemnity provided in this Section shall include within its scope, without limitation, any vicarious liability imposed upon the Landlord and any liability imposed by law on the Landlord on a strict liability theory as landowner for physical defects in the Project Site, it being the intention of the parties for Tenant to assume liability for such defects in the Project Site during the term of this Lease. This section shall include within its scope but not be limited to any and all claims or actions for wrongful death, but any and all claims brought under the authority of or with respect to any local, state, or federal environmental statute or regulation shall be covered by Section 9.2 and not this Section

9.2. Landlord's General Agreement to Indemnify. The Landlord hereby releases the Tenant, its officers, representatives, employees, agents, successors and assigns (individually and collectively, "Tenant Indemnitee") from, assumes any and all liability for and agrees to indemnify the Tenant Indemnitee against, all claims, liabilities, obligations, damages, penalties, litigation, costs, charges and expenses (including, without limitation, reasonable attorneys, accounting, consulting, engineering, and other fees and expenses), imposed on, incurred by or asserted against the Tenant Indemnitee or its interest in real property in the Project Site and to the extent arising out of the affirmative negligent acts or the willful misconduct of the Landlord, its officers, representatives, agents, or employees, of any nature, whether foreseen or unforeseen, ordinary or extraordinary, in connection with the fulfillment of this Lease or in the conduct of activities on or near the Project Site by the Landlord, its officers, representatives, agents and employees; provided, however, that any such claim, liability, obligation, damage or penalty arising as a result of the negligence or willful misconduct of the Tenant Indemnitee shall be excluded from this indemnity. This section shall include within its scope but not be limited to any and all claims or actions for wrongful death, but any and all claims brought under the authority of or with respect to any Environmental Laws shall be covered by Section 9.3 and not this Section.

9.3. Landlord's Indemnification for Pre-existing Conditions. Without having investigated and without any obligation to do so, Landlord represents to Tenant that, to the best of Landlord's knowledge at the time of the execution of this Lease, the Project Site and any underwater or tidal real property does not have any Environmental Condition that could give rise to liability of Tenant for remediation, cleanup, damages, penalties, or similar costs except for the potential conditions disclosed in Section 9.6 hereof. Landlord agrees to indemnify and hold harmless each of the Tenant Indemnitee against and in respect of any and all damages, claims, losses, liabilities, penalties, and expenses (including, without limitation, reasonable attorneys, accounting, consulting, engineering, and other fees and expenses), which may be imposed upon, incurred by, or assessed against any of the Tenant Indemnitee by any other party or parties (including, without limitation, a governmental entity), arising out

of, in connection with, or relating to the subject matter of: (a) Landlord's breach of any of the representations set forth above in this Section; (b) any Environmental Condition existing in, on, about, or beneath the Project Site and any underwater or tidal real property as of the Lease Commencement Date, even if not discovered until after the date thereof, including without limitation those potential conditions disclosed in Section 9.6 hereof; (c) any violation of any Environmental Laws with respect to the Project Site and any underwater or tidal real property existing as of or prior to the date hereof, even if not discovered until after the date hereof; or (d) any Environmental Condition occurring on the Project Site and any underwater or tidal real property or any violation of any Environmental Laws with respect to the Project Site and any underwater or tidal real property, after the date hereof, not caused by Tenant's operations or facilities.

9.4. Tenant's Environmental Indemnification. Tenant agrees that it will comply with all Environmental Laws applicable to Tenant, including without limitation those applicable to the use, storage and handling of any Material of Environmental Concern in, on, about, or beneath the Project Site and any underwater or tidal real property. Tenant agrees to indemnify and hold harmless each of the Landlord Indemnitee against and in respect of any and all damages, claims, losses, liabilities, penalties, and expenses (including, without limitation, reasonable attorneys, accounting, consulting, engineering, and other fees and expenses), which may be imposed upon, incurred by, or assessed against any of the Landlord Indemnitee by any other party or parties (including, without limitation, a governmental entity), arising out of, in connection with, or relating to the subject matter of: (a) Tenant's breach of the covenant set forth above in this Section; or (b) any Environmental Condition in, on, about or beneath the Project Site and any underwater or tidal real property or any violation of any Environmental Laws with respect to the Project Site and any underwater or tidal real property caused by Tenant's operations or facilities.

9.5. Survival of Indemnities. The foregoing indemnities shall survive the term and shall be in addition to any of the Landlord's or the Tenant's obligations for breach of a representation or warranty.

9.6. Disclosure by Landlord. Pursuant to California Health & Safety Code Sec. 25359.7, Landlord hereby notifies Tenant that manufacturing and industrial activities, including scrap metal shipping activities, have occurred on and near the Project Site in the past and that by reason of such prior activities the Landlord knows or has reasonable cause to believe that releases of any Material of Environmental Concern may have come to be located on, in, about or beneath the Project Site. Landlord will furnish any information in Landlord's possession regarding the present condition and past condition of the Project Site as Tenant may reasonably request in order to comply with Applicable Laws.

9.7. Landlord's Option to Relocate. In the event any condition of contamination covered by Landlord's indemnification agreement under Section 9.3 occurs during the term of this Lease, and Landlord can avoid liability for clean-up or remediation if the Project Site is vacant, then (i) Landlord shall have the option to relocate Tenant pursuant to Section 3.5 hereof, and (ii) if Landlord is unable in good faith to find a suitable alternate site for Tenant and if the liability for clean-up or remediation at the Project Site would be in excess of

\$100,000, then Landlord may elect to cancel this Lease upon payment to Tenant of the unamortized cost of any non-removable improvements to the Project Site installed at Tenant's expense (amortized over the life of said improvements in accordance with generally accepted accounting principles).

10. Insurance.

10.1. Public Liability. The Tenant agrees to carry or cause to be carried public liability insurance with respect to the Project Site and the uses and activities of the Tenant thereon in the minimum combined single limit amount of Two Million Dollars (\$2,000,000) for the death of or personal injury to one or more Persons and for property damage for each occurrence in connection with the Project Site and the use thereof or activities of the Tenant thereon, and same shall include the Landlord as an additional insured with respect to any public liability exposure of the Landlord by virtue of its interest as owner of the Project Site, or of any activities of the Landlord in the Project Site which are required or permitted hereunder. Such insurance policy shall contain a provision or be accompanied by a certificate or endorsement to the effect that the insurance company shall endeavor to give Landlord at least thirty (30) days prior notice before cancelling or materially modifying such policy. At the time of execution of this Lease, the Tenant shall promptly provide to the Landlord certificates evidencing such insurance and shall furnish copies of such policies to the Landlord. The Landlord may change by reasonable amounts, consistent with prevailing commercial practices of similar properties in the County, the limits of insurance coverage required by this Section upon ninety (90) days written notice to the Tenant stating such changed limits of coverage and the reasons for the change.

10.2. Workers' Compensation; Harbor Workers/Longshoremen. The Tenant further covenants and agrees, at its expense, to take out and maintain at all times, all necessary workers' compensation and harbor workers/longshoremen insurance covering all Persons employed by the Tenant in and about the Project Site to the extent required by Applicable Laws.

10.3. Protection and Indemnity. All watercraft owned by Tenant for use on the Project Site or in connection with the Project shall be covered under a policy of protection and indemnity with a limit of not less than Five Hundred Thousand Dollars (\$500,000) at all times during the term of this Lease.

10.4. Insurer Subject to Landlord's Approval. All insurance to be carried by Tenant under this Lease, including casualty insurance in accordance with Section 10 hereof, shall be carried with an insurance carrier satisfactory to Landlord. The insurer under each of such policies shall endeavor to notify Landlord at least thirty (30) days prior to the date any cancellation, material change in coverage or expiration shall become effective. Any failure by Tenant to maintain the insurance required hereunder will constitute a breach of this Lease and, in addition to any other remedies available to Landlord under this Lease, be sufficient cause for Landlord to immediately purchase such insurance and Tenant shall reimburse Landlord for the cost thereof on demand.

10.5. Waiver of Subrogation. As part of the consideration of this Lease, each of the parties hereby releases the other from all liability for damage due to any act or neglect of the other party which is the result of fire or other casualty to the extent covered by any insurance policy maintained or required to be maintained hereunder; provided, however, the releases herein contained shall not affect the rights of either party under this Lease to be paid insurance proceeds received by the other or apply to loss or damage resulting from the willful or premeditated acts of either of the parties hereto, their agents or employees; and provided further, nothing in this paragraph shall be interpreted as or have the effect of relieving or modifying any obligation of any insurance company and shall be void if and to the extent it would have such effect.

10.6. Property Insurance. Tenant shall insure the Improvements with insurance against fire or other casualty on an "all risk" basis in the amount of \$1,000,000, and such policy shall insure each of the parties in accordance with their respective interests in such Improvements, and shall contain an appropriate waiver of subrogation clause in favor of the other parties hereto. At the time of execution of this Lease, Tenant shall deliver to the Landlord certificates evidencing the insurance required hereunder.

11. Liens and Mortgages.

11.1. Prohibition of Liens and Mortgages. The Tenant shall not create or permit to be created or to remain in connection with the Project Site or the Improvements, or the Tenant's activities thereon, any liens or mortgages against any property interest of the Landlord, and the Tenant shall discharge any lien, encumbrance or charge (including, without limitation, any mechanics', laborers', or materialmen's lien or security agreement) which might be or become a lien, encumbrance or charge upon the Landlord's interest in the Project Site or any part thereof in accordance with Section 11.2 hereof.

11.2. Discharge of Liens. If any lien or encumbrance (other than a Landlord-Created Lien) shall at any time be recorded or filed against the Landlord's interest in the Project Site, the Improvements, or any part thereof in connection with the Tenant's operations on the Project, the Tenant, within thirty (30) days after notice of the filing thereof, shall elect to contest the same or cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise. If the Tenant does not contest such lien and shall fail to cause such lien to be discharged within the period aforesaid, then in addition to any other right or remedy of the Landlord hereunder, the Landlord may, but shall not be obligated to, discharge the same either by paying the amount claimed to be due or by procuring the discharge of such lien by deposit or by bonding proceedings, and in any such event the Landlord shall be entitled, if the Landlord so elects, to compel the prosecution of an action for the foreclosure of such lien by the lienor with interest, attorneys' fees, costs and allowances. Any amount so paid by the Landlord and all costs and expenses incurred by the Landlord in connection therewith, including reasonable attorneys' fees together with interest thereon at one percent (1%) per annum above the prime rate of interest quoted from time to time by Bank of America, San Francisco, California, as Bank of America's Prime Rate, from the respective dates of the Landlord's making of the payment or incurring the cost and expense, shall constitute additional rent payable by the Tenant under this Lease and shall be

paid by the Tenant to the Landlord within fifteen (15) days of written demand therefor.

11.3. Landlord Not Liable For Mechanics' Liens. Nothing herein contained shall be deemed or construed in any way to constitute the consent of or request by the Landlord, express or implied, to a contractor, subcontractor, laborer or materialman for the performance of any labor or the furnishing of any materials for any specific improvement, alteration to or repair of the Project Site, the Improvements or any part thereof which has been authorized by the Tenant. NOTICE IS HEREBY GIVEN THAT THE LANDLORD SHALL NOT BE LIABLE FOR ANY LABOR OR MATERIALS FURNISHED OR TO BE FURNISHED TO THE TENANT UPON CREDIT AND THAT NO MECHANIC'S OR OTHER LIEN FOR ANY SUCH LABOR OR MATERIALS SHALL ATTACH TO OR AFFECT THE FEE, REVERSIONARY OR OTHER INTEREST OF THE LANDLORD IN AND TO THE PROJECT SITE AND THE IMPROVEMENTS THEREON.

12. Entry on Premises by Landlord, Etc. The Tenant shall permit the Landlord and its authorized representatives to enter the Project Site during normal business hours upon reasonable notice, which shall be no less than twenty-four (24) hours in advance, for the purposes of inspecting the Project Site, verifying compliance by the Tenant with the terms of this Lease, or for any other purpose incidental to the right of Landlord.

13. Destruction or Damage by Fire or Other Casualty.

13.1. Tenant's Duty to Repair - Damage Covered by Insurance. If the Project Site or any portion of the Project Site or any building or improvement on the Project Site is damaged or destroyed by any cause for which Tenant is required under this Lease to carry insurance, Tenant shall promptly, at Tenant's own cost and expense, repair the damage and restore the Project Site to at least the same condition that existed before that damage or destruction to the extent insurance proceeds paid for the damage or destruction are (or if such insurance was not maintained as required hereunder, would have been) sufficient to cover the cost of such repair or restoration. During repair and restoration this Lease shall remain in full force and effect and the rent payable under this Lease shall not be abated in any way or to any extent. The proceeds of any insurance covering the damage or destruction shall be made available to Tenant for the repair or restoration required under this section.

13.2. Tenant's Duty to Repair - Damage Not Covered by Insurance. If the Project Site or any portion of the Project Site, or any building or improvement on the Project Site, is damaged or destroyed by any cause whatsoever which is not fully covered by the insurance which Tenant is required to carry under this Lease, Tenant may, at its sole option, (i) terminate this Lease by giving written notice of termination to Landlord not later than thirty (30) days after the event causing the damage or destruction, such termination being effective on the date specified in Tenant's notice or on the date Tenant completes vacating the Project Site, whichever is later; or (ii) at Tenant's own cost and expense, repair the damage and restore the Project Site to at least the same condition that existed before such damage or destruction, provided that during such repair and restoration this Lease shall remain in full force and effect but the rent payable under this Lease shall be equitably abated until the Project Site is so restored. The foregoing shall be Tenant's sole options and the Tenant shall

not have the right under such circumstances to require the Landlord to repair such damage. If Tenant elects to repair the damage as provided in this Section, any proceeds of insurance covering the damage or destruction shall be made available to Tenant for the repair or restoration required under this section. If Tenant elects to terminate this Lease pursuant to this Section, such insurance proceeds shall be paid to and be the property of Landlord.

13.3. Tenant's Option to Terminate Lease. Notwithstanding any other provision of this Lease, Tenant may terminate this Lease if the Project Site or the Improvements thereon are damaged or destroyed by any cause during the last year of the term of this Lease to such an extent that it will cost more than twenty-five (25) percent of the replacement value of the Project Site immediately before the damage or destruction to restore the Project Site to the condition in existence immediately before the damage or destruction. Tenant may terminate this Lease by giving written notice of termination to Landlord not later than thirty (30) days after the event causing the damage or destruction. The termination shall be effective on the date specified in the Tenant's notice or on the date Tenant completes vacating the Project Site, whichever is later. Tenant shall pay rent through the termination date provided for in this section with no deduction or abatement. If Tenant terminates this Lease pursuant to this section, all insurance proceeds payable because of the damage or destruction shall be paid to and be the property of Landlord.

13.4. Tenant's Waiver. Tenant hereby waives the provisions of California Civil Code Sec. 1932(2) and Sec. 1933(4) with respect to any destruction of the Project Site or any Improvements thereon. The Landlord hereby waives the provisions of California Civil Code Sec. 1933(4) with respect to any destruction of the Project Site or any Improvements thereon.

13.5. Effect of Termination Under this Section. If this Lease is terminated for any reason set forth in this Section 13 or, unless expressly provided to the contrary therein, is terminated for any reason set forth in any other section or paragraph of this Lease, Landlord shall have no obligation to provide Tenant a new lease area or relocation benefits (except to the extent a termination amount is payable due to a termination pursuant to Section 3.6 hereof); nor shall termination or the right to terminate under this Section 13 be deemed a waiver by Landlord of any of Landlord's rights to indemnification or damages from Tenant pursuant to any provision of this Lease or at law.

14. Sublease and Assignment.

14.1. Prohibition Against Voluntary Assignment, Subletting or Encumbrance. Tenant shall not voluntarily assign or encumber its interest in this Lease or in the Project Site, or sublease all or any part of the Project Site, or, except in connection with Tenant's operation of the Project, allow any other Person to occupy or use all or any part of the Project Site. Any assignment, encumbrance or sublease shall be void and shall constitute a default by Tenant under this Lease.

If Tenant is a corporation, any dissolution, merger, consolidation, or other reorganization of Tenant, or the sale or other transfer of a controlling percentage of the capital stock of Tenant, or the sale of fifty-one (51) percent of the value of the assets of Tenant,

which results in a change in the controlling percentage of Tenant or otherwise results in a change in the control of Tenant, shall be deemed a voluntary assignment. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing at least fifty-one (51) percent of the total combined voting power of all classes of Tenant's capital stock, issued, outstanding, and entitled to vote for the election of directors.

14.2. Involuntary Assignment. No interest of Tenant in this Lease shall be assignable by operation of law. Each of the following acts shall be considered an involuntary assignment:

(1) If Tenant is or becomes bankrupt or insolvent, makes an assignment for the benefit of creditors, or institutes a proceeding under the Bankruptcy Act in which Tenant is the bankrupt; or, if Tenant is a partnership or consists of more than one Person, if another partner of the partnership or other Person is or becomes bankrupt or insolvent, or makes an assignment for the benefit of creditors;

(2) If a writ of attachment or execution is levied on this Lease;

(3) If, in any proceeding or action to which Tenant is a party, a receiver is appointed with authority to take possession of the Project Site or any portion thereof.

An involuntary assignment shall constitute a default by Tenant.

If a writ of attachment or execution is levied on this Lease, Tenant shall have ten (10) days in which to cause the attachment or execution to be removed. If any involuntary proceeding in bankruptcy is brought against Tenant, or if a receiver is appointed, Tenant shall have sixty (60) days in which to have the involuntary proceeding dismissed or the receiver removed.

15. Events of Default of Tenant.

15.1. Breach of Covenant. Subject to the provisions of Section 23, an Event of Default of Tenant shall be deemed to have occurred if the Tenant shall fail to comply with any covenant or provision herein with reference to the payment of rent or other payment of money, provided such default continues for ten (10) days after the Landlord gives written notice thereof, or if the Tenant shall fail to comply with any of its other obligations under this Lease, provided such failure continues for thirty (30) days after the Landlord gives the Tenant written notice thereof and the acts required to cure the same, or, in the case of a default which cannot with due diligence be cured within such period of thirty (30) days, the Tenant fails to proceed with all due diligence within such period of thirty (30) days to commence cure of the same and thereafter to prosecute the curing of such default with all due diligence (it being intended that in connection with a default not susceptible of being cured with due diligence within thirty (30) days that the time of the Tenant within which to cure same shall be extended for such period as may be necessary to complete the same with all due diligence).

15.2. Landlord's Remedies, Cure.

(a) Right to Terminate. Upon the occurrence of an Event of Default of Tenant, the Landlord may give written notice to the Tenant stating that this Lease and the term hereby demised shall expire and terminate on the date specified by such notice, and this Lease, the term hereby demised, and the rights of the Tenant under this Lease shall expire and terminate unless such default is fully remedied in a timely manner and all arrears of rent, and all other amounts payable by the Tenant under this Lease, together with interest thereon at the rate of twelve percent (12%) per annum from the time when the same became due and payable, and all costs and expenses reasonably incurred by or on behalf of the Landlord as a result of the Event of Default of Tenant, including reasonable attorneys' fees, shall have been fully and promptly paid by the Tenant to the Landlord and all other defaults shall have been fully cured and made good or cured to the reasonable satisfaction of the Landlord, in either of which events the consequences of such Event of Default of Tenant shall be deemed to be annulled.

(b) Right to Cure. Upon the occurrence of an Event of Default of Tenant, the Landlord may take whatever actions are reasonably necessary to cure such Event of Default of Tenant, including the hiring of attorneys, contractors, consultants, architects, engineers, laborers or others, purchasing the required goods or services and procuring necessary insurance or performance bonds. The Tenant shall be responsible for all costs, including attorneys' fees and the fees of other professionals, reasonably incurred by the Landlord pursuant to this Section and such costs shall be billed to the Tenant in addition to any and all rent due hereunder. The Tenant shall pay all such additional costs and charges within fifteen (15) days after billing by the Landlord.

(c) Injunctions and Damages. Upon the occurrence of any Event of Default of Tenant hereunder, the Landlord at any time thereafter shall have the right to enjoin such breach and to invoke any right and remedy allowed herein, by law or in equity or by statute or otherwise including, without limitation, remedies at law for damages and for reimbursement of expenses to the Landlord in connection with any such action, including reasonable attorney's fees, costs, and appellate expenses.

15.3. Taking of Possession; Acceleration of Rent. Upon any expiration or termination of this Lease or any termination by summary proceedings or otherwise due to any Event of Default of Tenant, (a) the Tenant shall quit and peacefully surrender the Project Site to the Landlord, without any payment therefor by the Landlord, and the Landlord, upon or at any time after any such expiration or termination, may without further notice, enter upon and re-enter the Project Site, by summary proceedings, ejectment or otherwise, and may dispossess the Tenant and remove the Tenant and all other Persons and property from the Project Site and may have, hold and enjoy the Project Site and the right to receive all rental income of and from the same; and (b) the Landlord shall be entitled to collect forthwith upon such termination as damages, and not as a penalty, the lesser of (A) the Termination Amount, and (B) an amount equal to the then present value of the aggregate rent provided for in this Lease for the residue of the Initial Term or then current Extended Term, as applicable, or five (5) years, whichever is less, and reduced by the amount of rent, proceeds or income

the Landlord is likely to be able to recover from other Persons who may lease or use the Project Site or any portions thereof during such period; and (c) all obligations of the Tenant hereunder for additional rent, or Impositions or any portion thereof arising or accruing with respect to any period prior to such termination and any obligations of the Tenant under the indemnification provisions hereof arising or accruing with respect to any period prior to such termination hereof, in each case without regard to whether such matter is first noticed to the Landlord prior to or subsequent to such termination, shall survive the termination hereof.

15.4. Agent for Service. The Tenant shall maintain a registered agent of the Tenant for service of process within the State. The Tenant shall promptly provide the name and address of such agent or any successor agent to the Landlord in writing. If the Tenant fails to maintain such a registered agent within the State, service of process may be accomplished by public posting on the Project Site in the same manner and for the same period as provided in the statutes of the State, with written notice becoming effective at the time of posting.

16. Events of Default of Landlord.

16.1. Breach of Covenants. Subject to the provisions of Section 23, an Event of Default of Landlord shall be deemed to have occurred if the Landlord shall fail to comply with any of its obligations under this Lease, provided such failure continues for thirty (30) days after the Tenant gives the Landlord written notice thereof and the acts required to cure the same or, in the case of a default or a contingency which cannot with due diligence be cured within such period of thirty (30) days, the Landlord fails to proceed with all due diligence within such period of thirty (30) days to commence cure of the same and thereafter to prosecute the curing of such default with all due diligence (it being intended that in connection with a default not susceptible of being cured with due diligence within thirty (30) days that the time of the Landlord within which to cure same shall be extended for such period as may be necessary to complete the same with all due diligence).

16.2. Termination of Lease. In the event of an Event of Default of Landlord under this Lease, the Tenant may cancel this Lease by written notice to the Landlord. Except to the extent the Tenant is otherwise indebted to the Landlord, all deposits, unearned rent and other unearned payments by the Tenant under this Lease shall be returned to the Tenant immediately upon such cancellation.

16.3. Tenant's Right to Damages. Except to the extent specifically waived in this Lease, the Tenant shall have the right, with or without canceling this Lease, to recover any damages caused by a Event of Default of Landlord.

17. Mutual Obligations.

17.1. Late Charges; Interest. If any rent or other sum is not paid when due under this Lease, and if such delinquency continues for a period of ten (10) days thereafter, such sum shall bear a late charge equal to five percent (5%) of the amount thereof, the parties recognizing and agreeing that such charge represents a reasonable approximation of the additional administrative costs and expenses which are likely to be incurred by the non-

defaulting party. Additionally, and except where otherwise provided herein, any sum not paid within twenty (20) days after its due date and any judgment rendered therefor shall bear interest after said twentieth (20th) day to the date of collection at the rate of two percent (2%) per annum above the prime rate of interest quoted from time to time by Bank of America, San Francisco, as its "Prime Rate".

17.2. Obligations to Mitigate Damages. Both the Landlord and the Tenant shall have the obligation to take reasonable steps to mitigate their damages caused by any default under this Lease.

17.3. Failure to Enforce Not a Waiver. No failure by either party to insist upon the strict performance of any covenant, agreement, term or condition of this Lease or to exercise any right or remedy arising upon the breach thereof, and no acceptance by the Landlord of full or partial rent during the continuance of any such breach, shall constitute a waiver of any such breach of such covenant, agreement, term or condition. No covenant, agreement, term or condition of this Lease to be performed or complied with by either party and no breach thereof shall be waived, altered or modified except by a written instrument executed by both parties. No waiver of any breach shall affect or alter this Lease, but each and every covenant, agreement, term and condition of this Lease shall continue in full force and effect with respect to any other then existing or subsequent breach hereof.

17.4. Rights Cumulative. Each right and remedy of the parties provided for in this Lease shall be cumulative and shall be in addition to every other right or remedy provided for in this Lease or now or thereafter existing at law or in equity or by statute or otherwise and the exercise or beginning of the exercise by the parties of any one or more of such rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by the parties of any or all other such rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise.

18. Notices.

18.1. Addresses. All notices, demands and requests which may or are required to be given hereunder, unless otherwise expressly provided herein, shall be in writing, delivered by personal service, or shall be sent by facsimile, United States certified mail, return receipt requested, postage prepaid, to the parties at the following numbers and addresses:

To the Tenant: Marine Spill Response Corporation
1350 I Street N.W.,
Suite 300
Washington, D.C. 20005
Attn: Director, Contracts and Procurement
Facsimile No. (202) 371-0401

with a copy to:
Marine Spill Response Corporation

333 Ponomo Street
Port Hueneme, CA 93044-0757
Attn: Operations Manager
Facsimile No. (805)986-8388

To the Landlord: City of Richmond
1411 Harbour Way South, Third Floor
Richmond, California 94804
Attn: Port Director
Facsimile No. (510) 233-3105

with a copy to:
Richmond City Attorney
2600 Barrett Ave., 3rd Floor
Richmond, CA 94804
Facsimile No. (510) 620-6518

or to such other numbers or addresses as either party may from time to time designate by written notice to the other party hereto at least fifteen (15) days in advance of an effective date stated therein.

18.2. When Deemed Delivered. Notices, demands and requests which may or shall be served in accordance with Section 18.1 hereof shall be deemed sufficiently served or given for all purposes hereunder at the earlier of (i) the time such notice, demand or request shall be received by the addressee, or (ii) ten (10) days after posting via United States certified mail, return receipt requested, postage prepaid.

19. Quiet Enjoyment. Subject to the terms and conditions of this Lease, the Tenant, upon paying the rent and all additional rent, Impositions and other charges herein provided for and observing and keeping all covenants, agreements and conditions of this Lease on its part to be kept and performed in all material respects, shall quietly have and enjoy the Project Site and the Improvements during the term of this Lease, without hindrance or molestation by the Landlord or anyone claiming under or through the Landlord. This Lease shall be construed as a covenant running with the land. Nothing in this Section or any other section herein shall constitute a waiver of the Landlord's exercise of its general police powers under the law.

20. Landlord's Title. Landlord represents and warrants as a condition of this Lease that Landlord is the record holder of title to the Project Site, free and clear of any encumbrances except those which could not materially affect the use and enjoyment of the Project Site by the Tenant; that Landlord is authorized to make this Lease for the term hereof; that the provisions of this Lease do not and will not conflict with or violate any of the provisions of existing agreements between Landlord and any third party; and that Landlord will deliver the Project Site free of all tenants and occupants.

21. Relocation Benefits. If this Lease is terminated for any reason in accordance with this Lease, Landlord shall have no obligation to provide Tenant a new lease area or relocation benefits, except as set forth in Section 3.5 of this Lease. As further and additional consideration for this Lease, the Tenant does hereby voluntarily and knowingly release and forever discharge Landlord, its successors and assigns, from any and all claims or demands for relocation assistance benefits which may arise by reason of Article 9 or Chapter 4 of Division 24 of the California Health & Safety Code or by reason of Chapter 16 of Division 7 of Title I of the California Government Code or by reason of the federal act entitled "Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970" (Public Law 91-646), as amended, or by reason of any other law or regulation of federal, State or local governmental authorities.

22. RESERVED.

23. Force Majeure. Either party hereto shall be excused from performing any of its respective obligations or undertakings provided in this Lease, except for any of its respective obligations or undertakings to pay any sums of money under the applicable provisions hereof, for so long as the performance of such obligations are prevented or significantly delayed, retarded or hindered by act of God, fire, flood, hurricane, acts of war (declared or undeclared), invasion, or insurrection, or other similar cause beyond the reasonable control of such party.

24. Miscellaneous.

24.1. Time is of the Essence. Time is of the essence of each and all of the terms and provisions of this Lease.

24.2. Access to Premises. The Landlord agrees to provide the Tenant, its agents, employees and invitees with reasonable access to the Project Site and the Improvements 24 hours a day, 365 (or 366, as the case may be) days a year during the term of this Lease; provided, however, that the Tenant agrees to comply with any and all reasonable rules and regulations of the Landlord regarding access to secured areas of the Landlord's property and regarding the proper identification of all visitors to the Project Site.

24.3. Other Obligations of the Landlord. The Tenant assumes no obligation to make payment for the Landlord of any debts incurred by the Landlord before or after the commencement of the Tenant's possession of the Project Site and the Improvements.

24.4. Successors. The covenants, agreements, terms, provisions and conditions contained in this Lease shall apply to and inure to the benefit of and be binding upon the Landlord and the Tenant and their respective successors and assigns, except as expressly otherwise herein provided, and shall be deemed covenants running with the respective interests of the parties hereto.

24.5. Surviving Covenants. Each provision of this Lease which may require performance in any respect by or on behalf of either the Tenant or the Landlord after the expiration of the term hereof or its earlier termination shall survive such expiration or earlier

termination.

24.6. Provisions Deemed Conditions and Covenants. All of the provisions of this Lease shall be deemed and construed to be "conditions" and "covenants" as though the words specifically expressing or importing covenants and conditions were used in each separate provision hereof.

24.7. Headings. The headings and section captions in this Lease are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope or intent of this Lease or in any way affect this Lease as to matters of interpretation or otherwise.

24.8. No Oral Change or Termination. This Lease and the exhibits appended hereto and incorporated herein by reference contain the entire agreement between the parties hereto with respect to the subject matter hereof, supersede any prior agreements or understandings between the parties with respect to the subject matter hereof, and no change, modification or discharge hereof in whole or in part shall be effective unless such change, modification or discharge is in writing and signed by the party against whom enforcement of the change, modification or discharge is sought. This Lease cannot be changed or terminated orally.

24.9. Governing Law; Severability. This Lease shall be governed by and construed in accordance with the laws of the State. To the extent permitted by law, the parties hereto shall be deemed to have waived to the maximum extent possible all legal provisions to the end that this Lease shall be enforceable in accordance with its terms. If any term or provision of this Lease or the application thereof to any Person or circumstance shall, to any extent, be invalid or unenforceable, the remaining provisions of this Lease or the application of such term or provision to Persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

24.10. Counterparts. This Lease may be executed in one or more counterparts, each of which so executed shall be deemed to be an original and all of which together shall constitute but a single document.

24.11. Litigation. In case of any litigation between the parties hereto regarding the subject matter hereof, the losing party shall pay all reasonable costs and expenses (including reasonable attorneys' fees at all tribunal levels) of the prevailing party.

24.12. Gender of Words. Words of any gender in this Lease shall be held to include masculine or feminine and words denoting a singular number shall be held to include the plural, and the plural shall include the singular, whenever the sense requires.

24.13. Sovereign Immunity; Statutory Authority. The Landlord represents and warrants that it has the statutory authority to enter into this Lease such that, when executed, this Lease shall be binding and enforceable in accordance with its terms, and that Landlord is not immune from suit or judgment resulting from any claim or action brought against it by the

Tenant pursuant to the express terms of this Lease.

24.14. No Brokers. Neither party to this Lease shall be liable for any real estate brokers' or leasing agents' commissions in the absence of a written agreement which expressly provides therefor and which is executed by the party to be charged therewith.

24.15. Legal Relationships. This Lease shall not be interpreted or construed as establishing a partnership or joint venture between the Landlord and the Tenant and neither party shall have the right to make any representations nor be liable for the debts or obligations of the other. Neither party is executing this Lease as an agent for an undisclosed principal. No third party is intended to be benefitted by this contract.

24.16. Nondiscrimination. The Tenant hereby covenants that there shall be no discrimination against or unlawful segregation of any person or group of persons on account of race, color, sex, creed, national origin, sexual orientation or ancestry, in the leasing, subleasing, contracting, subcontracting, transferring, use, occupancy, tenure or enjoyment of the Project Site by Tenant.

24.17. Cooperation During Emergency Response. If, during an emergency oil spill response situation, the Tenant requests assistance from the Landlord in the form of use of landside staging areas, supplemental berthing or use of similar supporting infrastructure not available on the Project Site, the Landlord agrees to make a good faith effort to cooperate with the Tenant by accommodating such emergency requirements.

24.18. Consents by Landlord. Any approvals or consents required or permitted to be given by the Landlord under this Lease may be given in a writing executed by a staff official of the Landlord acting on behalf of the Landlord.

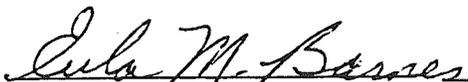
24.19. Cooperation. The Landlord agrees to cooperate in good faith with the Tenant in connection with Tenant's efforts to obtain any permits which the Tenant may require in connection with the operation of the Project.

IN WITNESS WHEREOF, the undersigned parties have executed this Lease as of the date first above written.

LANDLORD:

ATTEST:

SURPLUS PROPERTY AUTHORITY
OF THE CITY OF RICHMOND



Name: Eula M. Barnes
Title: Clerk

By: 

Name: George L. Livingston
Title: President

(SEAL)

TENANT:

ATTEST:

MARINE SPILL RESPONSE CORPORATION



Name: PATRICIA E. LEE
Title: ASSISTANT SECRETARY

By: 

Name: SCOTT M. MORRIS
Title: Director, CONTRACTS AND PROCUREMENT

LIST OF EXHIBITS:

- Exhibit 1: Project Site Legal Description
- Exhibit 2: Lease Year Rent Schedule
- Exhibit 2-A: First Extension Term Rent Schedule
- Exhibit 3: Description of Improvements
- Exhibit 4: Description of Additional Improvements

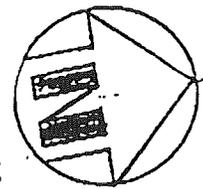
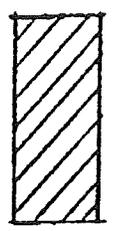
Exhibit 1
Project Site Legal Description

That certain finger pier known as Finger Pier No. One located in San Francisco Bay at the west side of Harbor Channel at Shipyard No. 3, Richmond Inner Harbor, in the City of Richmond, County of Contra Costa, State of California, and more particularly described as "Pier No. 1" on Exhibit A to this Exhibit 1.

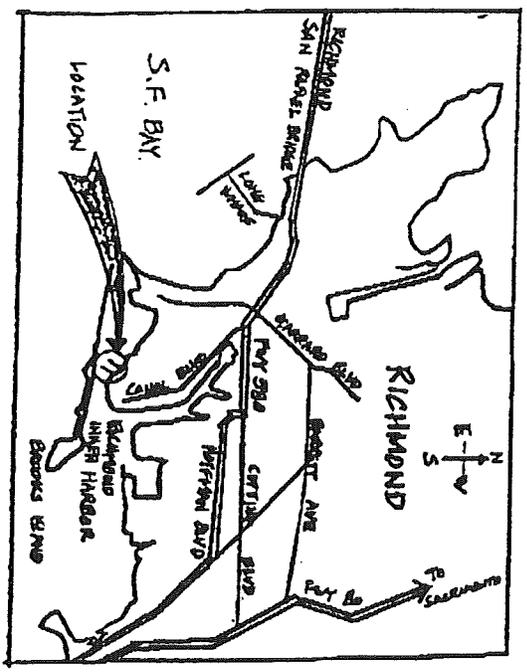
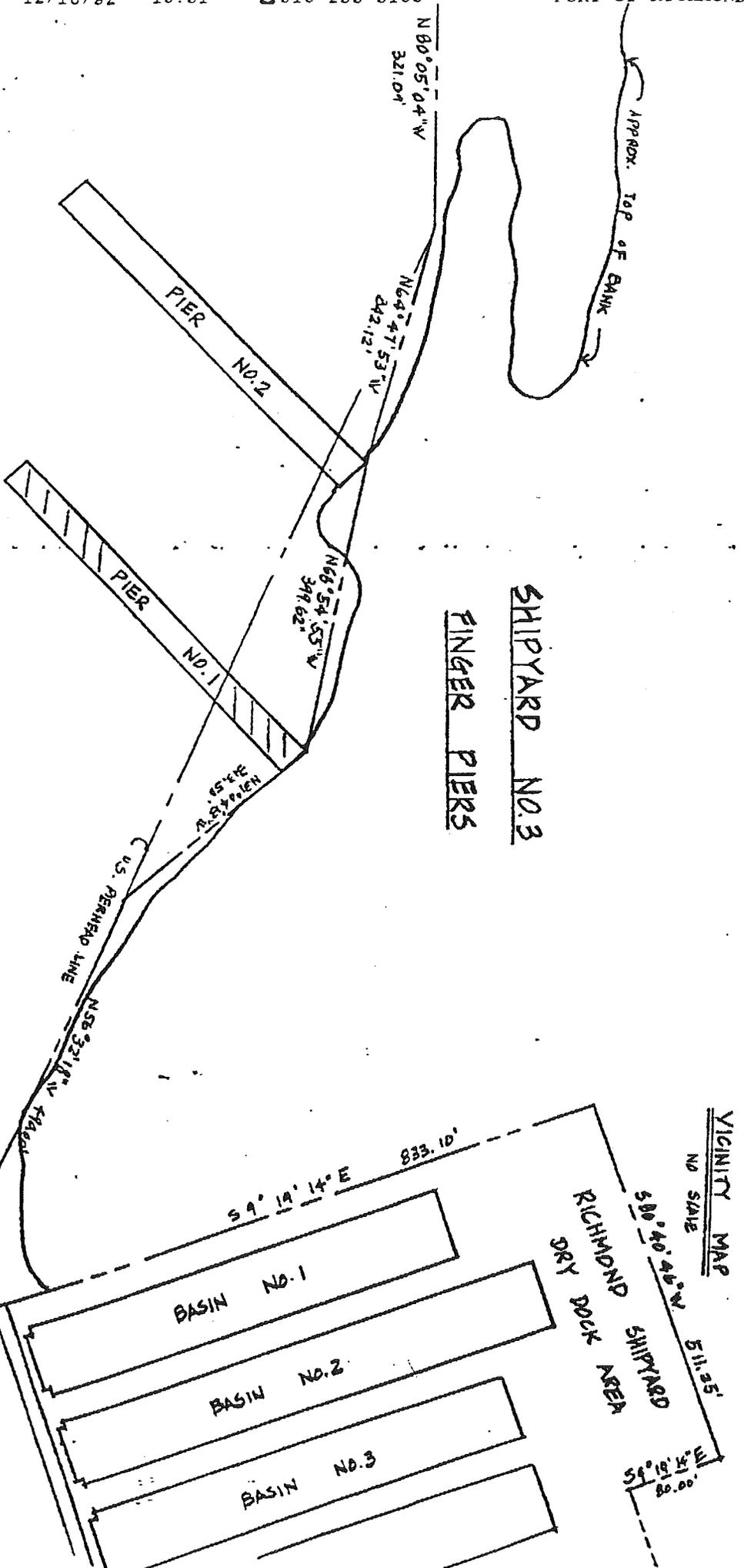
EXHIBIT A

LEGEND:

LEASE AREA



SCALE: 1"=200'-0"



U.S. BULKHEAD LINE

Exhibit 2
Lease Year Rent Schedule

<u>LEASE YEAR</u>	<u>DATES</u>	<u>TOTAL RENTAL PER LEASE YEAR MONTHLY RENTAL</u>	
1	LCD* -- 06/30/94	\$144,000	\$12,000.00
2	07/01/94 -- 06/30/95	149,760	12,480.00
3	07/01/95 -- 06/30/96	155,750	12,979.17
4	07/01/96 -- 06/30/97	161,980	13,498.33
5	07/01/97 -- 06/30/98	168,459	14,038.25
6	07/01/98 -- 06/30/99	175,197	14,599.75
7	07/01/99 -- 06/30/00	182,205	15,183.75
8	07/01/00 -- 06/30/01	189,493	15,791.08
9	07/01/01 -- 06/30/02	197,073	16,422.75
10	07/01/02 -- 06/30/03	204,956	17,079.67

*LCD=Lease Commencement Date (First Lease Year annual rate based on a 12-month Lease Year; if first Lease Year is longer or shorter, rental will be based on \$12,000 per month rate).

Exhibit 2-A
First Extension Term Rent Schedule

<u>LEASE YEAR</u>	<u>DATES</u>	<u>TOTAL RENTAL PER LEASE YEAR</u>	<u>MONTHLY RENTAL</u>
11	07/01/03 – 06/30/04	\$213,154	\$17,762.85
12	07/01/04 – 06/30/05	221,680	18,473.35
13	07/01/05 – 06/30/06	230,547	19,212.27
14	07/01/06 – 06/30/07	239,769	19,980.77
15	07/01/07 – 06/30/08	249,360	20,780.00

Exhibit 3

Description of Improvements

"Improvements" shall include and are described as the following: Concrete finger pier known as Finger Pier No. One, in San Francisco Bay, at the west side of Harbor Channel at Shipyard No. 3, Richmond Inner Harbor, in the City of Richmond, County of Contra Costa and State of California, and the cast iron bollards attached thereto.

Exhibit 4
Description of Additional Improvements

General. The Landlord hereby authorizes the Tenant to perform or cause to be performed the tasks named below and defined in this Exhibit 4 (individually, a "Task" and collectively, the "Work"), in accordance with the terms and conditions of this Exhibit 4:

<u>Task</u>	<u>Target</u> <u>Completion Date</u>	<u>Final</u> <u>Completion Date</u>
Water Main	March 1, 1993	April 1, 1993
Fender Repairs	March 1, 1993	April 1, 1993
Utility Connections	March 1, 1993	April 1, 1993
Security Gate	March 1, 1993	April 1, 1993

Costs. Except for the Task labelled "Water Main" above (which shall be performed by the Landlord at the Landlord's sole cost and expense), the Tenant will have the right to perform or cause to be performed, at Tenant's sole cost and expense, each of the Tasks of the Work. In the event the projected cost of performing any Task exceed the amount set forth under "Budget" for such Task, the Tenant shall have the option to modify the scope of work of such Task to bring the cost within such Budget.

Timing. The Tenant will use reasonable efforts to cause to be substantially completed each Task of the Work on or before its Target Completion Date.

Permits. The Landlord shall arrange to obtain all permits required under Applicable Laws for performance of the Work (the "Permits"). The Landlord authorizes the Tenant to perform or cause to be performed the Tasks to be performed by the Tenant under authority of the Landlord's Permits.

Description of Tasks. The Tasks are described as follows:

Water Main. The Landlord will cause to be constructed a water main to bring potable water to the Project Site, which water main shall be sized sufficient to maintain (i) fire-flow as required by applicable law, and (ii) water service to the Project Site through a 3-inch water line, ~~at a minimum pressure of 65 PSI.~~ *WJ/SJM / 1/4/93*

Fender Repairs. The Tenant will cause to be performed the following repairs to the fendering system on the Project Site (Budget: \$90,000):

- * Remove existing fender pile and assorted timber on pier
- * Furnish and install 14 three-pile fenders with 10 linear feet of 12"x12" bull rail at each fender
- * Furnish and install four fabricated double bollards with new concrete bases
- * Furnish and install additional bull rail around perimeter of pier

Utility Connections. The Tenant will install the following utility lines on the pier to appropriate terminals at points designated by the Tenant:

- * Power lines from two 200-AMP 480V 3-Phase breakered and metered circuits at head of pier to terminals at designated locations on the pier; install shorepower, lighting and security lighting stations on pier. Budget: \$15,000
- * Phone service (up to 90 pairs available) to terminals at designated locations on the pier. Budget: \$2,000
- * Water line from Water Main to terminals at designated locations on the pier. Budget: \$10,000.

Security Gate. The Tenant will install a chain-link type security gate at the head of the pier sufficient to restrict access onto the pier. Budget: \$ 2,000

Certificate of Insurance MCL-1794-66

		Certificate Number 11/92/15
Name and Address of Certificate Holder CITY OF RICHMOND 1411 HARBOUR WAY SOUTH, THIRD FLOOR RICHMOND, CA 94804 ATTN: PORT DIRECTOR		Name and Address of Insured MARINE SPILL RESPONSE CORPORATION 1351 I STREET, N.W. SUITE 300 WASHINGTON, D.C. 20005

This is to certify that the following policies have been issued to the insured named above and are in force at this time.

Insurance Company	Policy Number	Expiration	Participation
CONTINENTAL INSURANCE COMPANY	MPC-868958	11/1/93	100%

Property Insured and Location
FINGER PIER LOCATED IN THE PORT OF RICHMOND
SAN FRANCISCO, CA

Amount of Insurance
\$1,000,000

Perils Insured Against
"ALL RISKS" OF PHYSICAL LOSS OR DAMAGE

Mortgage Clause To:
 Loss Payable Clause To:
CITY OF RICHMOND
1411 HARBOUR WAY SOUTH, THIRD FLOOR
RICHMOND, CA 94804

CANCELLATION NOTICE: THESE POLICIES ARE SUBJECT TO THE PREMIUMS, FORMS AND RULES IN EFFECT FOR EACH POLICY PERIOD. SHOULD ANY OF THE DESCRIBED POLICY(IES) BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANIES WILL BE REQUIRED TO MAIL 60 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED BELOW, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON UNDERWRITERS OF THEIR REPRESENTATIVE. MARSH & McLENNAN ASSUMES NO RESPONSIBILITY TO THE CERTIFICATE HOLDER TO PROVIDE NOTICE OF SUBSEQUENT CHANGES OR CANCELLATION.
MARSH & McLENNAN MARINE & ENERGY

DATE ISSUED 1-7-93

BY



AUTHORIZED REPRESENTATIVE

ACORD CERTIFICATE OF INSURANCE

ISSUE DATE (MM/DD/YY)
1/7/93

PRODUCER

Marsh & McLennan, Inc.
66 Avenue of the Americas
New York, NY 10036

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

COMPANIES AFFORDING COVERAGE

COMPANY LETTER	A	National Union Fire Insurance Co.
COMPANY LETTER	B	Lloyds & British Companies
COMPANY LETTER	C	Travelers Insurance Company
COMPANY LETTER	D	
COMPANY LETTER	E	

INSURED

Marine Spill Response Corp.
1350 I Street, NW
Washington, D.C. 20005

COVERAGES

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN. THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO -TR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	GENERAL LIABILITY	GL542-29-78	3/1/92	3/1/93	GENERAL AGGREGATE \$1,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				PRODUCTS-COMP/OP AGG. \$
	<input checked="" type="checkbox"/> CLAIMS MADE OCCUR.				PERSONAL & ADV. INJURY \$1,000,000
	OWNER'S & CONTRACTOR'S PROT.				EACH OCCURRENCE \$1,000,000
					FIRE DAMAGE (Any one fire) \$
					MED. EXPENSE (Any one person) \$
	ANY AUTO				COMBINED SINGLE LIMIT \$
	ALL OWNED AUTOS				BODILY INJURY (Per person) \$
	SCHEDULED AUTOS				BODILY INJURY (Per accident) \$
	HIRED AUTOS				PROPERTY DAMAGE \$
	NON-OWNED AUTOS				
	GARAGE LIABILITY				
B	EXCESS LIABILITY	M&M 04-0695-92	11/1/92	11/1/93	EACH OCCURRENCE \$1,000,000
	UMBRELLA FORM				AGGREGATE \$1,000,000
	<input checked="" type="checkbox"/> OTHER THAN UMBRELLA FORM				
C	WORKER'S COMPENSATION	6K-UB-203K504792	3/1/92	3/1/93	STATUTORY LIMITS
	AND				EACH ACCIDENT \$100,000
	EMPLOYERS' LIABILITY				DISEASE-POLICY LIMIT \$100,000
					DISEASE-EACH EMPLOYEE \$100,000

OTHER

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

City of Richmond is named as an Additional Insured as their interest may appear. There is a Waiver of Subrogation in their favor.

CERTIFICATE HOLDER

City of Richmond
1411 Harbour Way South, 3rd Floor
Richmond, CA 94804

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Christine Looes *Christine Looes*

Marsh & McLennan Marine & Energy
1166 Avenue of the Americas
New York, NY 10036-2774
Telephone 212 345 6000

January 7, 1993



MARSH &
MCLENNAN

City of Richmond
1411 Harbor Way South, 3rd Floor
Richmond, CA 94804

Re: Certificate of Insurance

To Whom It May Concern:

Enclosed for your attention is a Certificate of Insurance evidencing General Liability, Excess Liability and Workers Compensation coverage for Marine Spill Response Corporation.

We trust you will find all to be in order, however, please contact us if you have any questions or concerns.

Sincerely,

Eileen B. Griffin

EBG/cl
73

cc: C. Looes

FIRST ADDENDUM TO LEASEBETWEENSURPLUS PROPERTY AUTHORITY OF THE CITY OF RICHMONDANDMARINE SPILL RESPONSE CORPORATION

THIS FIRST ADDENDUM TO LEASE ("First Addendum"), dated as of May 1, 1994, is made by and between Surplus Property Authority of the City of Richmond ("Landlord") and Marine Spill Response Corporation ("Tenant") as a first addendum to the lease between Landlord and Tenant dated January 1, 1993 ("Lease"). Capitalized terms used but not defined herein shall have the meanings given them in the Lease.

WHEREAS Tenant desires to lease from Landlord 7000 square feet on the southwest end of Wharf 6C (the "Storage Area") located at the entrance to Port of Richmond's inner harbor and shown on Exhibit A to this First Addendum, which Exhibit A is incorporated herein by this reference; and

WHEREAS Tenant has executed this First Addendum and offers fair value to Landlord as consideration for this First Addendum;

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained, the parties covenant and agree as follows:

1. Lease. Subject to the terms and conditions of this First Addendum, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Storage Area, together with the right of reasonable vehicular ingress and egress to the Storage Area.

2. Term/Termination. Tenant's lease of the Storage Area under this First Addendum shall be a periodic year-to-year tenancy, beginning as of May 1, 1994, until terminated by sixty (60) days written notice of intention to terminate by either party or by the mutual agreement of the parties or by Tenant's failure to pay the Fee as defined below when due and payable. Neither the term nor the termination of this First Addendum is subject to Article 3 of the Lease.

3. Rent.

A. Amount of Fee. Tenant shall pay an initial rental fee to Landlord in the amount of \$0.055/sq.ft. per month (\$385 per month) (the "Fee") for the Storage Area. The Fee is subject to and determined by the Terminal Tariff FMC No. 3 of the Port of Richmond (the "Tarriff") (see Exhibit B, attached hereto), which Tariff may be adjusted from time to time by the Port of Richmond. Upon any adjustment of the Tarriff by the Port of Richmond, the

Fee payable by Tenant to Landlord hereunder shall simultaneously be adjusted to reflect the new Tarriff amount. The Fee is not subject to adjustment as rent under Section 4 of the Lease; nor is Tenant obligated to pay any Impositions related to the Storage Area.

B. Payment of Fee. The Fee shall be due and payable by the Tenant to the Landlord on the 1st day of each month hereunder, beginning May 1, 1994.

4. Use. The Tenant agrees that the Storage Area shall be used by the Tenant solely for the purpose of passive storage of equipment related to the operation of Tenant's Project under the Lease. Tenant shall have no berthing privileges with respect to the Storage Area and no right to watercraft access to the Storage Area.

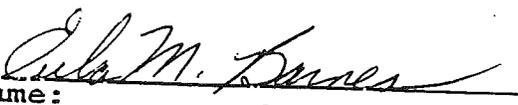
5. Applicable Lease Provisions. Except as provided expressly to the contrary in this First Addendum, the Storage Area shall be part of the Project Site and, as such, shall be subject to the terms and conditions of the Lease, including without limitation those set forth in Article 9 of the Lease.

6. Counterparts. This First Addendum may be executed in one or more counterparts, each of which shall be an original and all of which together shall constitute a single agreement.

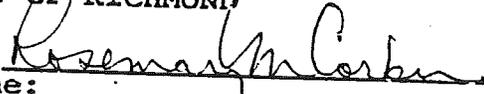
This First Addendum is executed by the parties as of the date first above written.

LANDLORD:

ATTEST:

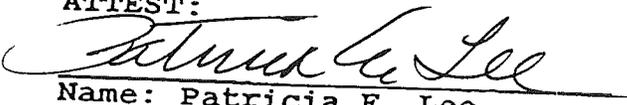

Name:
Title: City Clerk

SURPLUS PROPERTY AUTHORITY OF
THE CITY OF RICHMOND

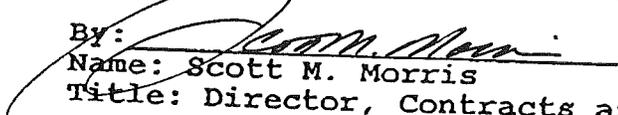
By: 
Name:
Title: Mayor

TENANT:

ATTEST:


Name: Patricia E. Lee
Title: Assistant Secretary

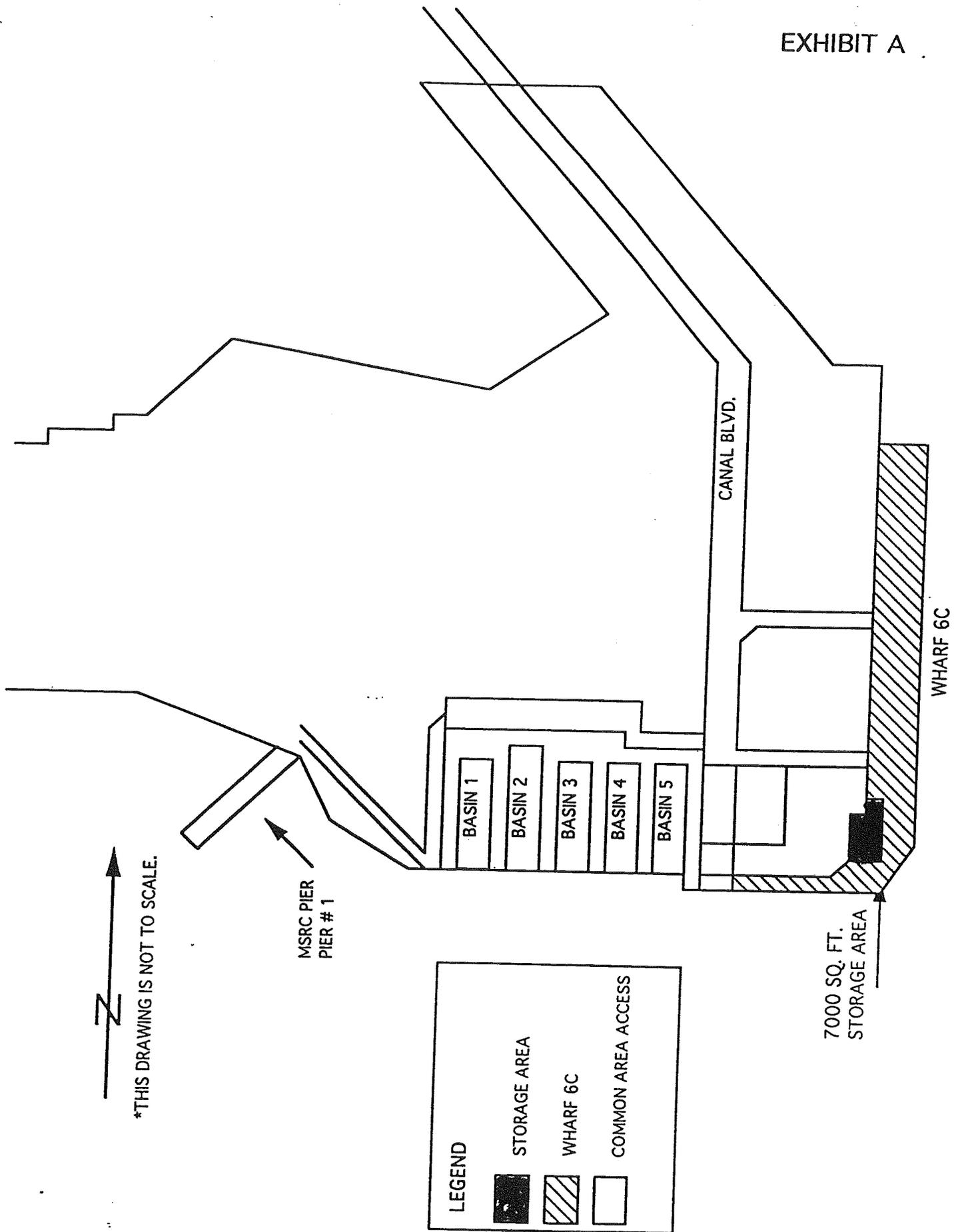
MARINE SPILL RESPONSE CORPORATION

By: 
Name: Scott M. Morris
Title: Director, Contracts and
Procurement

Exhibits:

Exhibit A: Location of Storage Area
Exhibit B: Portion of Terminal Tariff,
FMC No. 3

EXHIBIT A



N

*THIS DRAWING IS NOT TO SCALE.

MSRC PIER
PIER # 1

LEGEND

STORAGE AREA

WHARF 6C

COMMON AREA ACCESS

CANAL BLVD.

BASIN 1

BASIN 2

BASIN 3

BASIN 4

BASIN 5

7000 SQ. FT.
STORAGE AREA

WHARF 6C

EXHIBIT B

PORT OF RICHMOND TERMINAL TARIFF, FMC NO. 3	Orig./Rev.	Page
	Original	84.
	Cancel	Page
		84.
		Effective Date
		MARCH 1, 1994
		Correction No.

RULES AND REGULATIONS

RULE NO. 34. TERMINAL TARIFFS

15. SECTION 15 - ASSIGNMENT OF AREA

ITEM 15120 SPACE ASSIGNMENT RATES

Type of Area	Cents Per Square Foot Per Month (Except as Noted) (Subject to Note 1)
A) Covered	10
B) Uncovered, Paved (Subject to Note 2)	5
Unpaved (Subject to Note 2)	4
C) Underground Tank, Shipyard No. 3, 3000 gallon capacity (in cents, per gallon)	2
Minimum Charge - \$200.00 per month per assignment of covered area; \$100.00 per month per assignment of uncovered area.	
D) Office Space	
1) Office Space, NOS	0.51
2) Office Space, NOS, Air Conditioned	0.66
3) Terminal Office Building	1.09

NOTE 1: If the assignment is terminated by the Port Director, charges for the termination month will be prorated on a daily basis.

NOTE 2: In addition to the above rates, uncovered fenced areas will be assessed 1/2 cent per square foot, per month.

TO: MARK GINCHEREAU
 FROM: JIM FABER

Issued by: MICHAEL R. POWERS, Port Director