

LEASE AGREEMENT

THIS LEASE AGREEMENT (hereinafter referred to as "Agreement") is made and entered into as of the 1st day of January, 2004, to be effective as herein below set forth, by and among the CITY OF RICHMOND, a California municipal corporation (hereinafter called "CITY"); and the SURPLUS PROPERTY AUTHORITY OF THE CITY OF RICHMOND, a public body corporate and politic (hereinafter called "SPA"); and AUTO WAREHOUSING COMPANY, a Washington corporation (hereinafter called "AWC").

WITNESSETH:

WHEREAS, the parties desire to promote commerce, navigation and the development of the property in the port area of Richmond by jointly marketing certain facilities; and

WHEREAS, SPA desires to lease with AWC to lease certain property located in or near the Pt. Potrero Marine Terminal as a terminal facility, and AWC desires to lease said terminal facility as set forth below;

WHEREAS the vehicle processing center ("VPC") contemplated by this Agreement may be subject to the California Environmental Quality Act, as amended (Public Resources Code, Sections 21000 – 21178), and the California Environmental Quality Act Guidelines (California Code of Regulations Title 14, Chapter 3)(collectively, "CEQA"); nothing in this Agreement obligates the CITY to approve the VPC contemplated by this Agreement and the CITY retains its discretion to approve or disapprove the VPC, after completing the environmental review of the VPC in accordance with the requirements of CEQA.

NOW, THEREFORE, in consideration of the promises hereinafter set forth, the parties hereto agree as follows:

Section 1. Effective Date and Term of Agreement.

1.1 Term: The effective date of this Agreement shall be January 1, 2004, (hereinafter called "Effective Date"). The initial term of this Agreement shall be for five (5) years commencing on the Effective Date (hereinafter called the "Initial Term"). The term of this Agreement shall be subject to one (1) successive five (5) year extension as set forth in Section 1.2 of this Agreement (such period is referred to herein as the "Extended Term"). The "Term" of this Agreement includes the Initial Term and the Extended Term.

1.2 Extended Term: At the conclusion of the Initial Term, if AWC has processed a minimum of no less than sixty thousand (60,000) vehicles per calendar year (pro rated the initial year); and agrees to increase its Minimum Annual Guaranty for the Extended Term to process a minimum of no less than seventy-five thousand (75,000) Vehicles per calendar year, the Term of this Agreement may be extended as provided herein for an additional five (5) year period, unless

otherwise mutually agreed in writing. The total Term of this Agreement shall be no more than ten (10) years. AWC must notify SPA in writing no later than six (6) months before the expiration of the Initial Term of its intention to renew this Agreement. Provided AWC gives timely notice of renewal in accordance with the preceding sentence and provided AWC meets the conditions contained in this section qualifying AWC for an extended term, this Agreement shall be extended for an additional five-year period, otherwise the Agreement shall terminate at the end of the Initial Term, unless otherwise mutually agreed.

Section 2. Premises.

2.1 Premises: For and in consideration of the agreement by AWC to faithfully perform the agreements, covenants, terms and conditions hereof, SPA does hereby lease to AWC, and AWC does hereby lease from SPA, those premises situated in or near the Pt. Potrero Marine Terminal of the City of Richmond, County of Contra Costa, State of California shown on the Map attached hereto as Exhibit 1 consisting of approximately fifty two (52) acres and the existing improvements, if any, located thereon as of the Effective Date of this Agreement (hereinafter collectively referred to herein as the "Premises"). SPA and CITY reserve the right to enter the Premises as necessary and/or required for the installation, operation, maintenance, repair, replacement and removal of any and all SPA or CITY's remediation, monitoring and/or operational equipment on the Premises as of the date hereof or installed in the future. The equipment presently on the Premises is set forth in Exhibit 4 attached hereto. Such installation, operation, maintenance, repair, replacement and removal of any and all SPA or CITY's equipment shall be scheduled in a manner not to unreasonably interfere with AWC's use and enjoyment of the Premises. SPA and CITY agree to cooperate with AWC to minimize any interference caused by such activity. Further, SPA and CITY reserve the right to install, operate, maintain, repair, replace and remove additional equipment at new locations on the Premises for remediation, monitoring, and use in SPA or CITY's operations on property adjacent to the Premises, provided that such work and/or equipment does not unreasonably interfere with AWC's use and enjoyment of the Premises.

(a) Reserved Easements. SPA reserves to itself and the right to grant to others in the future nonexclusive utility easements (including easements for construction, maintenance, repair, replacement and reconstruction) over, under, through, across or on the Property, provided that such work occurring and any easement is located such that it will not unreasonably interfere with AWC's use and enjoyment of the Premises. AWC shall not be obligated to maintain or repair easement facilities unless the need for repair is caused by AWC's negligence or other wrongful conduct. Any interference shall be temporary, and all work on the Premises shall proceed expeditiously. AWC shall be given reasonable notice before commencement of any work on the Premises. Such work shall not result in the closure of any business on the Premises. In the event the installation or maintenance of such future utility lines in such easements causes any damage to the Premises, or any portion thereof, including but not limited to pavement, curbs and sidewalks, the same shall be repaired by SPA or CITY to at least the condition in existence prior to the work referred

to in this paragraph at its expense, if not so repaired by the party installing and maintaining the line.

2.2 Survey of Premises. Within thirty (30) days after the full execution of this Agreement, CITY shall hire at its sole cost, an independent surveyor who shall perform a survey of the Premises to determine parcel size and shall promptly thereafter provide AWC with a copy of such survey at no cost to AWC. If the Premises as surveyed are less than fifty two (52) acres, then SPA shall increase the Premises in a location within the area marked on Exhibit 1 as "VPC Expansion Area" acceptable to SPA, CITY and AWC so that the total acreage of the Premises shall equal fifty two (52) acres.

2.3 Lease of Expansion Area Acreage: SPA owns the following property (collectively or any portion thereof referred to as the "Expansion Area"): (i) approximately 9.7 acres of property marked as "VPC Expansion Area" on Exhibit 1, and (ii) approximately 12.5 acres of property marked as "Port Tenant" on Exhibit 1. So long as any such Expansion Area is not legally committed or under lease to a third party, and if AWC is not in default under the terms of this Agreement, the SPA and CITY in their sole judgment shall determine that such property is available, AWC may lease from SPA all or any portion of such Expansion Area as additional acreage on a temporary basis (less than the remaining term of this Agreement), at the rate set forth in Section 6.6 or for the remaining term of this Agreement at the rate set forth in Section 6.7. SPA will also make available to AWC an additional twelve (12) Expansion Acres, the location of which shall be mutually agreed upon by SPA and AWC ("12 Expansion Acres"). Compensation for the additional 12 Expansion Acres will be set at the standard Port Tariff, less AWC's extra operational costs associated with usage of the 12 Expansion Acres. SPA and/or AWC shall have the right to terminate AWC's temporary leasing of such additional acreage upon thirty (30) days written notice to the other party

2.4 Right of First Refusal. If during the term of this Agreement the SPA or CITY receives an offer to lease all or any portion of the Expansion Area from a third party which SPA or CITY desires to accept, SPA or CITY shall present the same third party offer in writing to AWC, and AWC shall thereafter have five (5) days in which to exercise its option to lease the property subject to such offer, with terms as set forth in Section 6.6 if the offer is for the temporary lease, or Section 6.7 if longer. AWC may terminate its lease of such additional property under this Section upon the expiration of the Term of this Agreement or upon thirty (30) days, whichever is earlier; providing however, that AWC may not exclude all or any portion of such Expansion Area from the Premises before the term of the proposed lease as set forth in the third party offer has expired. In the event that AWC does not exercise its option to lease as provided herein, SPA or CITY may enter into such third party lease without further liability to AWC.

Section 3. Use of the Premises.

3.1 CITY and SPA authorize AWC to use the Premises for the purposes of operating a processing/freight transfer station; for loading, unloading, receiving, handling, processing,

storing, transporting and delivering of new and used motor vehicles and purposes related thereto. AWC may load, unload, receive, handle, process, store, transport and deliver any other cargo with the prior written consent of the Port Director of CITY (the "Port Director"). CITY'S Port Director's prior written consent shall not be unreasonably withheld provided that AWC's proposed other cargo use shall generate substantial Tariff Revenue and shall not damage or destroy the Premises or SPA's or CITY's uses and uses of adjacent landowners or lessees. AWC shall not use or permit the Premises to be used in whole or in part during the term of this Agreement for any purpose other than as hereinabove set forth.

3.2 Uses of Wharves. SPA and CITY grant to AWC's customers the right to use the berthing facilities at Berth 7 (the "Primary Wharf") and Berth 6 (the "Secondary Wharf") as shown on Exhibit 1 for vehicles not exceeding the 250 pounds per square foot limitation of said wharves on the terms set forth herein. CITY shall charge AWC's customers for dockage and wharfage at the Primary Wharf and Secondary Wharf (collectively the "Wharves" and individually a "Wharf") at the Tariff rates determined in accordance with Section 6.9 of this Agreement.

(a) Primary Wharf: AWC's customers shall have the exclusive right to use the Primary Wharf; provided that the SPA or CITY may utilize the Primary Wharf on at least 48 hours prior written notice by SPA or CITY to AWC. AWC shall not unreasonably withhold its consent to a request by SPA or CITY to use the Primary Wharf on less than 48 hours prior written notice; provided however, that AWC may withhold its consent to any use requested with less than 48 hours prior written notice if AWC determines in its sole discretion, that such use may materially interfere with AWC's or AWC's customers' use of the Primary Wharf as authorized in this Agreement.

(b) Secondary Wharf: AWC's customers shall have a preferential but non-exclusive right to use the Secondary Wharf; provided that AWC and its customers may utilize the Secondary Wharf on at least 48 hours prior written notice by AWC to the CITY. The CITY shall not unreasonably withhold its consent to a request by AWC to use or permit its customers to use the Secondary Wharf on less than 48 hours prior written notice; provided however, that the CITY may withhold its consent to any use requested with less than 48 hours prior written notice if the CITY determines in its sole discretion, that such use may materially interfere with the SPA's or CITY's use of the Secondary Wharf.

(c) Exclusivity: During the term of this Agreement, the CITY shall not permit the Primary Wharf or the Secondary Wharf to be used by anyone other than AWC or AWC's customers as contemplated by this Agreement for the discharge, storage, processing or shipping of vehicles.

3.3 Neither SPA nor CITY shall not use and neither SPA nor CITY shall lease, sublease, assign, license or in any way allow any tenant to use the Port of Richmond adjacent to the Premises and the Wharves for any use or purpose which materially interferes with AWC's or AWC's customers' use hereunder, including, without limitation, spray painting and sandblasting

which materially interferes with AWC's or AWC's customers' use. In the event SPA or CITY allows the Port of Richmond adjacent to the Premises and the Wharves to be used for any purpose which may have such impact, SPA or CITY shall require such tenant to conduct its operations in such a manner that it does not adversely impact AWC's or AWC's customers' use of the Premises or its operations hereunder.

3.4 Although the Premises is owned by the SPA and is not a part of the Port of Richmond enterprise, AWC shall nevertheless use the Premises in accordance with the rates, charges, rules and regulations of Port of Richmond Tariff No. 3 and all amendments, additions and supplements thereto (collectively called the "Tariff"), or reissued from time to time by CITY. To the extent that any such rates, charges, rules and regulations are inconsistent with the terms and provisions of this Agreement, the terms and provisions of this Agreement shall prevail. Said Tariff shall be adopted in accordance with Section 6.9.

3.5 Access to all the Premises shall be provided at all times by AWC to SPA and CITY and their lessees, assignees, subleases, licensees and authorized users in the case of an emergency. Otherwise, access to the Premises shall be provided by AWC as scheduled in advance upon reasonable notice, provided they do not materially interfere with AWC's use of the Premises. AWC shall have the right but not the obligation, to operate the security gate giving access to the Premises.

3.6. Surrender of the Property. AWC shall at the end of the Term hereof shall surrender to SPA the Premises and all alterations, additions and improvements thereto in the same condition as when received or constructed, but excepting ordinary wear and tear and, unless such damage is caused by SPA or CITY or any of their employees, agents, contractors, licensees or invitees, also excepting damage by fire, earthquake, act of God or the elements. Except as otherwise provided in Sections 4, 5 and 11.2 this Agreement, neither SPA nor CITY has any obligation and neither has made any promise to alter, improve, repair, decorate or paint the Premises. No representation respecting the condition of the Premises has been made to AWC SPA or CITY, except as specifically herein set forth.

Section 4. Capital Improvements to the Premises.

4.1 Definitions

(a) "AWC's Work" shall mean improvements to the Wharves, the rehabilitation of buildings, construction of a car wash building, vehicle fueling facility, and paving of the Premises as necessary. Such improvements are more fully set forth in the scope of work attached hereto as Exhibit 2 (the "Scope of Work"). The Scope of Work will be implemented according to plans developed by and contracts entered into by AWC and approved by SPA and CITY. AWC's Work will be accomplished according to the Schedule of Performance (the "Schedule") attached hereto as Exhibit 5 and the Scope of Work (providing that, if the Schedule is not attached hereto at the time of full execution of this Agreement, the

Schedule shall be determined in accordance with Section 4.2(a)). Plans and a budget estimate for AWC's Work shall be determined in accordance with Section 4.2(a).

(b) "Contingencies" shall mean the following contingencies described in Section 4.2 below: (i) Design Contingency, (ii) GLOVIS Contingency, (iii) BNSF Contingency, (iv) Financing Contingency, (iv) Permit Contingency, (v) Contracting Contingency and Environmental Contingency.

(c) "Delivery Date" shall mean the date that actual possession of the Premises is delivered to AWC.

(d) "Permits" shall mean all permits and approvals required to be obtained from the CITY or other governmental entities for AWC's Work.

(e) "Financing" shall mean bond or other financing to be obtained by CITY to finance the payment by CITY to AWC for AWC's Work in accordance with Section 4.4 of this Agreement.

(f) "CITY's Pre-Delivery Work" shall refer to those improvements to be performed upon the Premises and Wharves by CITY before the Delivery Date and more fully identified in the Scope of Work attached hereto as Exhibit 2.

(g) "Reimbursable Expenses" shall mean those costs and charges incurred by AWC in connection with the construction of AWC's Work for which AWC shall be reimbursed by CITY in accordance with Section 4.4 of this Agreement.

4.2 Contingencies

(a) On or before January 30, 2004, AWC shall prepare and submit to CITY, in writing, proposed plans and specifications, timetable and budget for the estimated cost of the design and construction of AWC's Work. On or before January 30, 2004, CITY shall prepare and submit to AWC proposed plans and specifications for the design and construction of CITY's Pre-Delivery Work. Each Party's submissions shall be subject to approval by the other party in writing (the "Design Contingency"), which approval shall not be unreasonably withheld. If the Design Contingency is not satisfied by February 9, 2004, then either party may terminate this Agreement upon written notice to the other party at any time thereafter unless the Design Contingency is waived by both parties in writing.

(b) AWC shall exercise commercially reasonable efforts to obtain an agreement or other commitment by Glovis America Inc. ("GLOVIS") in writing, whereby GLOVIS agrees to ship Hyundai and Kia vehicles to the Port of Richmond as Processed Vehicles and/or Pass-Through Vehicles pursuant to this Agreement. Such agreement or other commitment shall be subject to approval by AWC and the SPA and CITY (the "GLOVIS Contingency"). It is understood by and between AWC and SPA/CITY neither party will expend any amount or sum

on Capital Improvements to the Premises contemplated by this Agreement by and until such time as the GLOVIS agreement is fully executed by all the parties thereto. All costs incurred by AWC directly related to satisfying the GLOVIS Contingency are Reimbursable Expenses. If the GLOVIS Contingency is not satisfied by February 9, 2004, then either party may terminate this Agreement upon written notice to the other party at any time thereafter unless the GLOVIS Contingency is waived by both parties in writing.

(c) AWC shall exercise commercially reasonable efforts to obtain an agreement or other commitment by The Burlington Northern and Santa Fe Railway Company ("BNSF"), relating to the transportation by rail of vehicles received by AWC pursuant to this Agreement and the use by AWC of approximately 9 acres shown on Exhibit 1 as adjacent to the area labeled "Existing BNSF Operations." Such agreement or other commitment shall be subject to approval by AWC (the "BNSF Contingency"). AWC will be solely responsible for all expenses related to such BNSF Contingency. The BNSF Contingency is for the exclusive benefit of AWC and may be waived only by AWC; however, if the BNSF Contingency is not satisfied or waived by AWC on or before February 9, 2004, then either party may terminate this Agreement upon written notice to the other party any time thereafter until the BNSF Contingency is satisfied or waived by AWC in writing.

(d) CITY shall exercise commercially reasonable efforts to obtain financing sufficient to pay AWC for the entire cost of AWC's Work pursuant to this Agreement (the "Financing Contingency"). CITY will be solely responsible for all expenses related to such Financing Contingency. If CITY is unable to obtain satisfactory and/or sufficient financing, by March 1, 2004, then CITY may terminate this Agreement upon written notice to AWC at any time thereafter unless the Financing Contingency is waived by both Parties in writing. CITY warrants that it currently has in cash the sum of Two Million Six Hundred Thousand Dollars (\$2,600,000.00) from various prior bond issuances, which funds will be made available to finance progress payments pursuant to Section 4.4 below. CITY intends that at such time as it has obtained financing to pay AWC for the entire cost of AWC's Work, CITY will refund such portion of the \$2,600,000.00 it has expended from the proceeds of the financing.

(e) AWC shall exercise commercially reasonable efforts to obtain all Permits needed for the performance of AWC's Work. All costs incurred by AWC directly related to satisfying the GLOVIS Contingency are Reimbursable Expenses. If AWC has not obtained all Permits (the "Permit Contingency") on or before April 1, 2004, then AWC may terminate this Agreement upon written notice to CITY at any time thereafter unless the Permit Contingency is waived by AWC in writing.

(f) AWC shall exercise commercially reasonable efforts to negotiate and execute, in accordance with the Scope of Work and Schedule of Performance, (1) a guaranteed maximum price contract(s) between AWC and Prime Contractor(s) to carry out AWC's Work and (2) such additional contracts with the Additional Contractors as are necessary to perform AWC's Work (together, the "Contracts"), in each case on terms and conditions acceptable to CITY (the

"Contract Contingency"). If AWC is unable to negotiate a guaranteed maximum price contract(s) with Prime Contractor(s) acceptable to CITY within the time set forth for such milestone in the Schedule, then AWC shall endeavor to negotiate and execute an alternative contract mechanism (such as a cost plus contract) but which such alternative contract mechanism shall not be deemed to alter or increase the CITY's financial commitment as set forth in Section 4.4. If AWC has not entered into the Contracts on or before March 1, 2004, then either Party may terminate this Agreement upon written notice to the other Party at any time thereafter unless the Contract Contingency is waived by both Parties in writing.

(g) AWC shall make reasonable efforts to diligently complete any required environmental review of the VPC Project (including any necessary final approvals) in accordance with CEQA on or before March 1, 2004 (the "Environmental Contingency"). AWC agrees to pay the costs of the CEQA review. AWC acknowledges that approval or disapproval of the Project following completion of the environmental review process is within the sole, complete, unfettered and absolute discretion of the City of Richmond without limitation by or consideration of the terms of this Agreement; and that the City of Richmond makes no representation regarding the ability or willingness of the City of Richmond to approve development of the VPC at the conclusion of the environmental review process required by CEQA, if any such review is required, or regarding the imposition of any mitigation measures as conditions of any approval that may be imposed on the VPC, if any such mitigation measures are required. In addition, AWC acknowledges that any required approvals by any other local, state or federal agency may require additional environmental review, and that any approval by the City of Richmond shall not bind any other local, state or federal agency to approve the VPC or to impose mitigation measures which are consistent with the terms of this Agreement or with the terms of any mitigation measures required by the City of Richmond pursuant to the City's environmental review. If AWC has not satisfied the Environmental Contingency and approved any mitigation measures on or before March 1, 2004, then AWC and/or CITY may terminate this Agreement upon written notice to CITY at any time thereafter unless the Environmental Contingency is waived by AWC in writing.

4.3 Construction of CITY'S Pre-Delivery Work and AWC's Work

(a) Within ten (10) calendar days from and after the satisfaction and/or waiver of all contingencies pursuant to Section 4.2, CITY shall, at the sole cost and expense of CITY, cause the performance of CITY's Pre-Delivery Work and deliver actual possession of the entire Premises to AWC with CITY's Pre-Delivery Work substantially completed on or before March 1, 2004. CITY will make commercially reasonable efforts that upon the Delivery Date, CITY's Pre-Delivery Work shall have been substantially completed in accordance with the approved plans and specifications and in compliance with all applicable regulation and code requirements.

(b) AWC shall cause any contracts for the performance of AWC's Work exceeding the amount of \$25,000 to be protected by payment bonds (or alternatively by Prime

Contractor default insurance policy or policies), such bonds or policies to be approved by CITY in its reasonable discretion and posted by the Prime Contractor(s) or, if no "wrap" bond or policy is provided at such level, by each of the applicable Additional Contractors. AWC shall cause CITY to be named as a co-obligee on the bonds and deliver copies to CITY if requested.

(c) Within ten (10) calendar days from the Delivery Date and after the satisfaction and/or waiver of all contingencies pursuant to Section 4.2, AWC will commence the construction of AWC's Work and thereafter to diligently pursue the same to completion substantially in accordance with the Scope of Work, Schedule of Performance, approved plans and specifications and in compliance with all applicable regulation and code requirements. All costs incurred by AWC directly related to obtaining a performance and/or payment bond are Reimbursable Expenses.

(d) AWC shall accomplish AWC's Work in compliance with the terms and conditions of this Agreement, within the time periods provided by the Schedule of Performance and the Scope of Work subject to the occurrence of any Force Majeure Event, within the budgetary framework established in a budget submitted to, and approved by, CITY pursuant to Section 4.2(a) (the "Approved Budget"). If the Approved Budget is not attached hereto as of the date of execution of this Agreement, the Parties shall complete drafts thereof within five (5) business days thereof, and within five (5) business days thereafter the parties agree that they shall work diligently and in good faith to finalize and attach hereto the Schedule and the Approved Budget. In connection with accomplishing AWC's Work, AWC will do the following:

(i) AWC shall administer and perform, or cause the performance of, the Contracts. All Contracts shall be subject to and in compliance with the municipal code of the CITY.

(ii) AWC shall coordinate scheduled activities and responsibilities of the Prime Contractor(s) and the Additional Contractors to endeavor to manage AWC's Work in accordance with the Contracts, the Approved Budget, the Scope of Work and the Schedule of Performance.

(iii) AWC, or its Prime Contractor(s), shall schedule and conduct meetings as appropriate to discuss such matters as procedures, progress and scheduling. AWC shall prepare and promptly distribute minutes to the CITY, and, if the AWC deems appropriate, the Prime Contractor(s) and the Additional Contractors.

(iv) Utilizing the construction schedules provided by the Prime Contractor(s) and the Additional Contractors, AWC shall from time to time update the Schedule with CITY's consent, which shall not be unreasonably withheld. If a contractor indicates that the Schedule of Performance may not be met, AWC shall propose corrective action to CITY for its approval, and AWC and CITY shall cooperate to resolve such scheduling problems.

(v) AWC shall record the progress of AWC's Work and shall submit written progress reports monthly to CITY in detail reasonably satisfactory to CITY.

(vi) AWC shall provide for the maintenance at the Premises of one record copy of all permits, Contracts, specifications, addenda, change orders and other modifications, in good order and marked currently to record changes and selections made during construction. AWC shall make all such records available to CITY and upon completion of AWC's Work shall deliver them to CITY.

(vii) AWC shall service accounts related to, and keep books and accounting for, the Contracts and AWC's Work.

(viii) AWC shall retain a professional construction manager to act as a construction manager under this Agreement.

(ix) AWC shall not cause any workmen's or materialmen's liens to be placed upon the Premises and agrees to indemnify and hold CITY harmless against any such liens including but not limited to the payment of attorneys' fees.

(e) CITY hereby grants to AWC and its Prime Contractor(s) and the Additional Contractors, and their agents and permitted assigns a license to enter the Premises for the purpose of performing AWC's Work, provided, however, that prior to the commencement of AWC's Work, AWC shall have secured all applicable permits, licenses, and governmental approvals necessary up to that point in order to conduct AWC's Work.

(f) Representatives of CITY shall have the right to inspect and monitor AWC's Work under the Contracts at reasonable times.

4.4 Payment for AWC's Work

(a) AWC agrees to perform AWC's Work, and CITY agrees to pay for AWC's Work on the terms and conditions set forth in this Section 4.4.

(b) CITY agrees to pay AWC Reimbursable Expenses incurred in implementing and performing AWC's Work, as set forth in the Approved Budget. In no case shall CITY's total liability for AWC's Work exceed Four Million, Seven Hundred Thousand Dollars (\$4,700,000.00). Subject to Sections 2.3, 4.2(d), 4.4, 5.5 and 11.2 of this Agreement, AWC shall have liability for all other non-reimbursable expenses related to the VPC, AWC's Work and for any delays or cost overruns on the Contracts, to the extent such delays or cost overruns result from the negligence or misconduct of AWC.

(c) CITY shall pay the Contract Amounts in progress payments as follows:

(i) AWC will pay for work done under the Contracts that is approved by CITY in accordance with this Section. AWC shall prepare and submit to CITY monthly draw requests for reimbursement for costs of AWC's Work, based on invoices it receives under the Contracts, approved by AWC's responsible professional consultant and accompanied by supporting paperwork including but not limited to contractors' invoices, partial lien releases, financial and work progress tracking reports, and other documentation reasonably required by CITY (each draw request and such supporting paperwork a "Draw Request", and the date each Draw Request is received by CITY is a "Submission Date"). CITY shall promptly examine each Draw Request using its reasonable discretion, and within fifteen (15) business days of each Submission Date CITY shall either approve such Draw Request, in whole or in part, or shall provide a written explanation of the reasons for such disapproval and request specific additional information or documentation from AWC. AWC shall respond within five (5) business days, and CITY shall have five (5) business days after receipt to approve the Draw Request in its reasonable discretion. If CITY does not approve the Draw Request at that time, the parties shall meet and confer to determine a course of action. If the parties cannot agree on a course of action within three (3) business days, CITY shall approve the Draw Request for such amount, if any, for which there is agreement and the disputed portion of the Draw Request shall be referred to construction arbitration which shall be governed by the procedures set forth in Section 23 hereof.

(ii) Within fifteen (15) business days after the approval of a Draw Request, or portion thereof, CITY shall authorize payment to AWC. So long as no Payment Release Condition (as defined below) applies, a failure to approve or disapprove a Draw Request or authorize payment with respect thereto within the times set forth in this Section 4.4 (c) will allow AWC (A) stop all or any portion of AWC's Work upon written notice to CITY ("Stop Work Notice") until such payment by CITY is made, and (B) if such condition is not fully cured within sixty (60) days after the date CITY receives a Stop Work Notice, terminate this Agreement by written notice to CITY. For purposes of this Section 4.4 "Payment Release Condition" shall mean either of the following: (1) AWC is then in default under this Agreement or (2) CITY's maximum commitment to fund (as set forth in Section 4.4 (b)) has already been paid to AWC.

(iii) In the event of a (1) a default by AWC under any Contract, or (2) a claim or lien by Prime Contractor(s) or any Additional Contractor(s) against AWC, or the Premises or CITY, CITY shall have the right to audit AWC's books,

records and accounts, provided that all such information shall be kept as confidential by CITY in accordance with the provisions of this Agreement.

(d) Subject to the provisions of this Section 4.4, the final progress payment is to be made by CITY within thirty (30) business days after AWC's Construction Manager certifies in writing that AWC's work is completed.

(e) Upon receipt of the final progress payment from CITY, AWC shall assign to SPA all of its right, title and interest in and to the AWC's Work, free of any liens or encumbrances created by, through or under AWC (except this Agreement and any other exceptions mutually agreed by AWC, SPA and CITY in writing).

(f) Upon receipt of the final progress payment from CITY, AWC shall assign (without warranty and to the extent assignable) to CITY all warranties, if any, received by AWC from contractors, subcontractors, suppliers, manufacturers, and for material for construction of the AWC's Work, except to the extent of any portions thereof which are AWC's maintenance responsibility.

(g) All AWC's Work shall be part of the Premises leased to AWC and shall be subject to the rights and obligations of the parties under this Agreement.

(h) In the event this Agreement is terminated prior to completion of AWC's Work, and subject to the provisions of this Section 4.4 and the cure of any defaults by AWC, CITY shall pay all outstanding amounts due under the Contracts for work completed under such Contracts prior to such termination.

(i) AWC acknowledges that CITY intends to execute and deliver documents necessary for a bond financing of the costs payable by CITY under this Section 4. The form of the bond financing is anticipated to involve a site lease of the premises (the "Site Lease") by and between SPA (as lessor) and the Richmond Joint Powers Financing Authority (the "JPFA") (as lessee), and a facilities sublease (the "Facilities Lease") by the JPFA (as lessor) to CITY (as sublessee). Payments by CITY as sublessee under the Facilities Lease will be applied by JPFA to pay debt service on the bonds. It is presently anticipated that the maximum par amount of the bonds will be \$5,000,000 and that the maximum annual lease payments payable by the CITY under the Facilities Lease will be \$1,260,000. AWC acknowledges and agrees that, upon execution of the Site Lease and the Facilities Lease, this Agreement will become a sub-sublease, subordinate and in all respects subject to the provisions of the Site Lease and Facilities Lease, and that if for any reason CITY defaults on the Facilities Lease and JPFA (or any trustee or other assignee) election to terminate the Facilities Lease or the Facilities Lease is otherwise terminated, this Agreement will terminate and AWC will have no recourse to SPA, CITY, JPFA or any other party to the bond financing. AWC agrees to execute and deliver any and all certificates, consents, estoppels, subordinations, attornments, or other documents requested by CITY, JPFA or SPA to accomplish the bond financing as described herein and agrees to cooperate with CITY, JPFA and SPA to accomplish the bond financing; provided, that AWC shall not be obligated to

provide any form of guaranty, letter of credit or other security for bond financing beyond the obligations of AWC contained in this Agreement. AWC further acknowledges and agrees that CITY may assign all or any portion of the rights to receive payments from AWC hereunder to JPFA or a bond trustee to secure the bond financing, and AWC agrees to make payments directly to such assignee if directed to do so in writing by CITY.

Section 5. Maintenance and Repair of the Premises

5.1 Subject to the terms of Sections 4 and 5.5, and except for a material misrepresentation of fact by SPA or CITY concerning the physical condition of the Premises, SPA shall deliver and AWC shall accept possession of the Premises on the Delivery Date in their "AS-IS" condition as of the Effective Date of this Agreement " and "WITH ALL FAULTS" AND WITHOUT ANY REPRESENTATIONS OR WARRANTIES WHATSOEVER, EXPRESS OR IMPLIED ON THE PART OF LESSOR, OR ARISING BY OPERATION OF LAW INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF CONDITION, HABITABILITY, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTY and AWC agrees that its use of the Premises will be at AWC's sole risk except as otherwise provided in this Agreement. Neither SPA nor CITY shall not be liable to AWC for any theft, damage or destruction to the personal property of AWC, its guests, licensees, vendors, contractors, agents, subcontractors, employees or invitees. AWC represents that it is a sophisticated user of real property and acknowledges that its entry into this Agreement and its use of the Premises will be on the basis of AWC's own investigation of all aspects of the Premises.

5.2 The parties understand and agree that neither SPA, CITY nor AWC shall have any obligation or responsibility to make any repairs or capital improvements to the Premises except as expressly set forth in this Agreement.

5.3 Pursuant to California Health and Safety Code Section 25359.7, SPA and CITY hereby notify AWC that industrial activities have occurred on and near the Premises, including other areas in Shipyard 3, in the past and that by reason of such prior activities SPA and CITY know or have reasonable cause to believe that release of hazardous substances (as defined in California Health and Safety Code Section 25316), petroleum or petroleum products, pollutants, contaminants or waste (hereinafter collectively called "Materials of Environmental Concern") have come to be located on, in, about or beneath said Premises and other areas of Shipyard 3. SPA and CITY further notify AWC that the documents listed on Exhibit 3 (the "Disclosure Statement") attached hereto and by this reference made a part hereof, receipt of which are hereby acknowledged by AWC describe the investigations undertaken on, in, about, or beneath the Premises and other areas of Shipyard 3. There may be other release of Materials of Environmental Concern on, in, about or beneath the Premises and Shipyard 3 of which SPA and CITY may not be aware and which have not been identified in the Disclosure Statement. SPA and CITY represent and warrant to AWC that they know of no other such releases, and that they know of no inaccuracies in the Disclosure Statement.

5.4 Except as set forth in this Agreement and the Disclosure Statement, neither SPA nor CITY make any representations or warranties as to the physical condition of the Premises, or as to the impact or potential impact of Materials of Environmental Concern on the condition, value, fitness or use of the Premises which AWC has relied upon, either directly or indirectly. AWC understands and acknowledges that the Premises are a part of property which has previously been used for industrial purposes, including ship building, ship repair, ship dismantling, metals recycling, vehicle handling, vehicle processing and storage, and other industrial uses. AWC acknowledges that it has read, or been given the opportunity to read, all reports, studies and remediation plans prepared by or for SPA or CITY and relating to the condition of the Premises and other property at Shipyard 3 listed on the Disclosure Statement, and that neither SPA nor CITY make, and have made, any representations or warranties concerning the accuracy, completeness or content of such reports (except as set forth in this Agreement) or as to the result of SPA's or CITY's efforts, if any, to remove or otherwise remediate Materials of Environmental Concern located on the Premises or other areas of Shipyard 3 in accordance with any remediation plans.

5.5 Notwithstanding the provisions of Section 5.1 through 5.4:

(a) Subject to the terms of Sections 4 and 5.9, CITY agrees to patch and repair holes in the asphalt in the wharves area adjacent to the east of the Premises.

(b) Subject to the terms of Sections 4 and 5.5, and except as provided in Section 5.7, CITY further agrees to make all alterations, repairs, additions and improvements and to perform any necessary inspection and remediation of the Premises and the Wharves which may be necessary now to comply with the demands of any other governmental authorities having jurisdiction related to Materials of Environmental Concern.

(c) Subject to the limitations set forth in Section 11.2 CITY shall maintain the Wharves, including both in-board and out-board components thereof, and their substructure, fender and fire systems in good, useable, safe and sanitary condition, and in the same state of repair as exists upon the Effective Date, ordinary wear and tear excepted. CITY shall maintain the Wharves in a condition to support a live load of no less than 250 pounds per square foot.

(d) The foregoing maintenance shall be performed by CITY at its sole cost and expense and shall not be charged to AWC under this Agreement; providing, however, nothing in this Section shall require CITY to repair any damage negligently or willfully caused by AWC or its agents or employees.

5.6 In discharging its obligations to maintain and repair the Premises, CITY shall use its best efforts not to materially interfere with AWC's business operations.

5.7 During the Term of this Agreement, CITY, at its own expense, shall maintain berthing space alongside the Wharves dredged to thirty-two feet mean low water or to such other depth as the parties may agree in writing. The obligations of CITY under this Section 5.7 shall

be subject to CITY's securing all necessary permits to perform the dredging. If such permits are needed, CITY shall seek such permits with due diligence. In the event that CITY is unable to obtain permits necessary to fulfill its obligations under this Section 5.7, resulting in a material adverse effect on AWC's business, AWC shall be entitled to an equitable reduction of the Minimum Annual Guarantee based on the extent of such adverse effect.

5.8 AWC agrees to assume any and all liability related to the excavation, handling, removal, storage and transportation of any Materials of Environmental Concern which have come or may come to be located on the Premises as a result of acts, omissions or activities of AWC (including any subsidiary of AWC) and its officers, agents and representatives from and after the Effective Date. Notwithstanding anything in this Agreement to the contrary, AWC shall have no liability or obligation with respect to Materials of Environmental Concern which are present on the Effective Date or are subsequently introduced by SPA or CITY, their respective tenants, subtenants or licensees, or any employee, contractor or agent of any of the foregoing.

5.9 Without in any way limiting or minimizing CITY's obligations under Section 5.5 hereof, AWC shall keep the Wharves in a neat and clean condition and shall maintain all fire extinguishers in good and useable condition. AWC shall, at its sole cost and expense, keep and maintain the Premises and any buildings on the Premises and every part thereof free of debris and in good and presentable, including, without limitation, all equipment and facilities serving the Premises, including plumbing, heating, air conditioning, ventilating and other utility systems, electrical, lighting facilities, fixtures, interior walls, ceilings, floors, windows, doors, skylights, roof, interior and exterior painting, fire extinguishing and smoke detection systems, fencing, entries, walkways, driveways, parking areas (including paving of all such areas), and utility systems serving the Premises. AWC's obligations shall include restorations, replacements and renewals when necessary to keep the Premises and improvements thereon in good and presentable condition and repair.

5.10 The provisions of this Section 5 shall not apply in the case of damage or destruction by fire or other casualty or by eminent domain, in which event the obligations of the parties shall be controlled by Section 22 of this Agreement.

Section 6. Compensation.

6.1 Definitions

(a) "Rent Commencement Date" shall mean the date AWC receives its first shipment of motor vehicles at the Port of Richmond under this Agreement.

(b) "Tariff Revenue" shall mean all revenue generated under this Agreement from dockage, wharfage, wharf demurrage, tariff storage, storage demurrage, transfer fees and other applicable tariff charges as published from time to time in the Tariff and any other

applicable tariff charges. Tariff Revenue shall include Storage Fees charged to AWC, as described in Section 6.8 of this Agreement.

(i) Tariff Revenue does not include compensation paid by AWC to CITY under Sections 6.6 and 6.7 hereof.

(c) "Processed Vehicles" means those new and used motor vehicles (other than Pass-Through Vehicles) which under this Agreement AWC uses the Premises and Wharves to load, unload, receive, handle, process, store, transport, deliver and provide other related services.

(d) "Pass-Through Vehicles" means those new and used motor vehicles which under this Agreement AWC uses the Wharves to unload and transport elsewhere than the Premises without port of entry processing.

6.2 The "Minimum Annual Guarantee": The Minimum Annual Guarantee ("MAG") shall not be less than Sixty-Thousand (60,000) Processed and Pass-Through Vehicles for which the City is entitled to Tariff Revenue, and will be prorated for any partial calendar year under this Agreement, provided that the foresaid revenues total no less than One Million Two Hundred Sixty Thousand Dollars (\$1,260,000.00)(prorated for any partial calendar year).

The MAG is subject to adjustment as set forth in Section 6.9. The MAG shall be administered on a monthly basis during each year of the Term of this Agreement.

6.3 During the Term of this Agreement, all revenue collected and received from all layberthing and other revenues generated by the CITY at the Basins and/or Pier 1 and Pier 2 on or adjacent to the Premises shall belong solely to the CITY and shall not count toward any sum AWC is required to pay under this Agreement.

6.4 For any year during the term of this Agreement in which AWC exceeds the MAG, CITY shall pay to AWC, as revenue sharing, Twenty-Five percent (25%) of all Tariff Revenues generated from Processed Vehicles for the remainder of that year. Revenue sharing shall be determined and paid on a monthly basis in accordance with Section 6.11 below.

6.5 CITY shall pay to AWC, as revenue sharing, Twenty-Five percent (25%) of all Tariff Revenue generated with respect to Pass-Through Vehicles shipped by/to AWC at the Port of Richmond without port of entry processing by AWC. Revenue sharing shall be determined and paid on a monthly basis in accordance with Section 6.11 below.

6.6 In the event that AWC leases any additional acreage from SPA or CITY on a temporary basis pursuant to Section 2.3 of this Agreement, the compensation per acre so leased shall be an increase of the "Minimum Annual Guarantee" based upon the term of the temporary lease, the number of acres included in the temporary lease and one hundred and twenty vehicles per acre per month. By way of example, if one acre is under temporary lease for one month, the

"Minimum Annual Guarantee" would be increased by one hundred and twenty (120) vehicles (1 acre x 1 month x 120 vehicles).

(6.6.1) In the event that AWC leases any additional acreage from SPA or CITY for the remaining term of this Agreement, pursuant to Section 2.3 of this Agreement, the compensation per acres so leased shall be an increase of the "Minimum Annual Guaranty" based upon the term of the lease, the number of acres included in the lease and one thousand four hundred and forty vehicles per acre per year. By way of example, if one acre is leased for the remaining term of this Agreement, the "minimum Annual Guarantee" would be increased by one thousand four hundred and forty (1,440) vehicles (1 acre x 1 year x 1,440 vehicles).

6.7 In the event that AWC leases any additional acreage from SPA or CITY under AWC's right of first refusal pursuant to Section 2.4 of this Agreement, the compensation per acre so leased shall be as calculated under Section 6.6 or Section 6.6.1 as applicable. Amounts paid by AWC for additional acreage under Section 2.4 hereof shall not be included for purposes of determining the MAG and/or Tariff Revenue under this Agreement.

6.8 For each day in excess of ten (10) calendar days that any Processed Vehicle is stored by AWC under this Agreement, CITY shall charge to AWC and AWC's customers the sum of sixty-one cents (\$0.61) per calendar day ("Storage Fees"). No Storage Fees shall be due with respect to any Processed Vehicle during the first ten (10) calendar days such Processed Vehicle is stored. All Storage Fees shall belong to CITY, and shall be included in Tariff Revenue for purposes of this Agreement. The rate specified in this Section for Storage Fees shall be fixed at \$0.61 up to and including the third (3rd) anniversary of the Effective Date.

6.9 CITY shall from time to time establish and publish all tariff charges to be applied under this Agreement. CITY shall establish all tariff charges reasonably and in good faith and shall employ its best efforts to remain competitive with other California ports, promote and aid the commerce of the Port of Richmond and will from time to time review and amend said tariff charges as appropriate. CITY hereby agrees that at least thirty (30) days prior to establishing or amending any tariff charges applicable to the Premises after the date the parties entered into this Agreement, CITY shall consult with AWC and permit AWC a reasonable opportunity to provide to CITY information regarding the competitiveness of such proposed charges with other California ports and other relevant information which CITY may consider. CITY shall establish and enforce all tariff charges in a nondiscriminatory manner in the Port of Richmond. Notwithstanding the foregoing, the tariff charges generated under this Agreement (exclusive of demurrage and other special charges) shall not exceed twenty one dollars (\$21.00) per each Processed Vehicle and sixty-one cents (\$0.61) per calendar day for Storage Fees for each Processed Vehicle (as set out in Section 6.8 above) through the third (3rd) anniversary of the Effective Date. Upon the third (3rd) anniversary of the Effective Date any tariff adjustment, including Storage Fees, occurring up through the third (3rd) anniversary of the Effective Date shall become effective and thereafter payable by AWC's customers and all tariff adjustments,

including Storage Fees, for each remaining successive year of the Term under this Agreement shall likewise become effective and payable by AWC's customers, subject to Section 6.10 below.

6.10 CITY shall receive as rent under this Agreement the following: (i) \$21.00 (as adjusted pursuant to Section 6.9) times the MAG as set forth in Section 6.2; (ii) Tariff Revenue, if any, as set forth in Section 6.4; (iii) Revenue Sharing, if any, under Section 6.5; and (iv) the rents for any additional acreage as set forth in Sections 6.6 and 6.7.

6.11 Rent shall commence on the Rent Commencement Date. Rent shall be administered on a monthly basis during each year of the Term. AWC shall, on or before the fifteenth (15th) day following the close of each calendar month, deliver to CITY a written statement which includes the total Tariff Revenue generated for such month, the Storage Fees due, and an itemized calculation of any rent due to the CITY under Sections 6.6 and 6.7, if any.

6.12 The CITY will account for, on an annual basis, the volume of vehicles credited toward the MAG. For those years in which the MAG is not achieved, AWC will have its MAG Deficiency payment to the CITY credited to a "Bucket" for possible refund to AWC in accordance with this Section 6.12. To the extent funds are credited to the Bucket, AWC shall be entitled to a refund of such funds from CITY to the extent AWC exceeds the MAG requirement during any future year during the term of this Agreement; providing that the amount of such refund in any given year shall not exceed CITY's Share of Excess Tariff Revenues for such year, as set forth in Section 6.1(f). As used herein, the term "MAG Deficiency" for any calendar year during the term of this Agreement means the amount, if any, by which (i) \$21 (as adjusted pursuant to Section 6.9) times the MAG for that calendar year, exceeds (ii) the sum of all Tariff Revenue for Processed Vehicles and Pass-Through Vehicles for that year (net of any revenue sharing payments, if any, under Sections 6.4 and 6.5). The term "CITY's Share of Excess Tariff Revenues" during any year during the term of this Agreement in which AWC exceeds the MAG means (i) the total Tariff Revenues which CITY is entitled to receive for the remainder of that year, less (ii) the portion of such Tariff Revenues paid to AWC as revenue sharing pursuant to Sections 6.4 and 6.5. For example, if in a given calendar year AWC makes a MAG Deficiency payment to CITY in the amount of \$50,000, then the sum of \$50,000 shall be credited to the Bucket. In the following year, if AWC exceeds the MAG and if CITY's Share of Excess Tariff Revenues for such year equals \$30,000, then CITY shall refund to AWC the sum of \$30,000 thereby reducing the remaining balance of funds in the Bucket to \$20,000. In the following year, if AWC again exceeds the MAG and if CITY's Share of Excess Tariff Revenues for such year again equals \$30,000, then CITY shall refund to AWC the remaining balance of the funds in the Bucket, being the sum of \$20,000. In the event that any amounts are paid by AWC pursuant to Section 11.2 and/or Section 11.3, such amounts shall be credited to the "Bucket" for possible reimbursement to AWC in future years in the same manner as MAG Deficiency payments in accordance with this Section 6.12.

Section 7. Remedies for Non-Payment.

7.1 In addition to any other remedies at law, in equity or under this Agreement, if, at such time as a payment under this Agreement is not paid when due, the party entitled thereto may make demand therefore, in writing, at any time following said delinquency. If said delinquency continues following a written demand therefore such unpaid sums shall become a lien against the defaulting party's share of the Tariff Revenue thereafter generated under this Agreement. Any sums which remain unpaid after the expiration of ten (10) days written notice shall bear interest at the rate of eight percent (8%) per annum from the date the sum is due until paid.

7.2 Each party acknowledges that late payment of the sums due hereunder will cause the other party to incur costs not contemplated by this Agreement, the exact amount of such costs being extremely difficult and impractical to fix. Such costs include, without limitation, processing, accounting and late charges. Therefore, if any sums due are not received within ten (10) days after written demand therefore, the defaulting party shall pay to the non-defaulting party an additional sum equal to the greater of \$500 or five percent (5%) of the portion of the sums due and unpaid as a late charge. The parties agree that this late charge represents a fair and reasonable estimate of the costs that each party will incur by reason of late payment of sums due hereunder. Such late charge is not an exclusive remedy for late payment. Acceptance of any late charge shall not constitute a waiver of any default with respect to the overdue amount, nor shall the late charge limit or prevent the non-defaulting party from exercising any of the other rights and remedies available to it at law, in equity or under this Agreement (including, but not limited to, the right to indemnification under Section 20.3).

Section 8. Fees and Taxes.

AWC, at its own expense, shall pay all taxes, fees and assessments, which may be levied, imposed or assessed upon or against and applicable to the Premises from and after the Effective Date. AWC, at its own expense, shall pay all taxes, assessments, and charges on goods, merchandise, appliances, equipment and property owned by it in or about the Premises and any tax or assessment levied or assessed on the occupancy of AWC on the Premises. AWC understands and agrees that by entering into this Agreement a possessory interest subject to property taxation may be created and if created, AWC may be subject to the payment of property taxes levied on such interest. AWC shall have the right in good faith to contest any such taxes or assessments.

Section 9. Access to Premises and Security

9.1 At all times during the Term of this Agreement, and at all hours of every day, AWC, its agents, employees using the Premises shall have access to the Premises through all gates and access roads as set out on Exhibit 1. Third persons using the Premises with the consent and approval of AWC shall have reasonable access to the Premises in accordance with the security measures in place for the Premises.

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9.2 AWC shall provide, at its own expense, such security guards or alarm systems as it may deem necessary for the security and protection of the interior of the Premises including all persons and property located thereon. (See also Section 3.5.)

Section 10. Safety Precautions and Storm Water Pollution Control.

10.1 AWC shall not (a) employ or use in the conduct of its business ways or means which present a danger of fire, explosions or other hazardous risks over and above the risk normally incurred in the type of business contemplated by this Agreement, or (b) load or unload, handle, process or store in, on or around the Premises any material or substance which would be dangerous or cause risks because of the reasons set forth in clause (a) hereinabove, or otherwise.

10.2 AWC shall comply with all applicable environmental standards set by federal, state and local laws, rules, regulations, orders or permits related to AWC's use and occupancy of the Premises. In connection with AWC's use and occupancy of the Premises, AWC shall take measures to minimize the potential for pollutants to enter the San Francisco Bay and/or Port of Richmond's storm water drainage system. The targeted pollutants include heavy metals, toxic materials, floatable materials, oxygen demanding substances (e.g. plant debris, street litter and organic substances), oil and grease, bacteria and viruses, sediment, and nutrients (e.g. nitrogen and phosphorous). These measures shall pertain to the extent related to AWC's use and occupancy of the Premises, and shall include, but not be limited to, taking all steps reasonably necessary in:

(a) Preventing fuel spills and leaks and reducing the impact to storm water by not topping off fuel tanks; using secondary containment when transferring fuel from tanker trucks to fuel tanks; using absorbent material on small spills and for general cleaning rather than hosing; carrying out all federal and state requirements regarding underground storage tanks or installing above ground tanks; fueling mobile equipment at designated fueling areas; and designing fueling areas to prevent the run-on of storm water and the run-off of spills. "Secondary containment" means a back-up system that prevents the spread of pollutants should any spill, leak or otherwise escape.

(b) Preventing the discharge of pollutants to storm water from vehicle, boat and equipment maintenance and repair by containing waste oil under cover with absorbent material under each container; keeping drip pans or container under the areas that might drip pollutants; using a vehicle maintenance area designed to prevent storm water pollution; cleaning storm drain inlets regularly, especially after large storms; not pouring materials down storm drains; dry sweeping instead of hosing down work areas; storing idle equipment under cover, switching to non-toxic chemicals for maintenance when possible; cleaning small spills with rags and larger spills with absorbent materials; and minimizing the use of solvents.

(c) Preventing the discharge of pollutants to storm water from outdoor equipment and operations by reducing the amount of waste created; enclosing or covering all or some of the equipment; and installing secondary containment.

(d) Preventing the discharge of pollutants to storm water from vehicle and equipment washing and steam cleaning by maintaining designated wash areas, preferably covered, to prevent contact with storm water; and not permitting any wash water to enter the storm drains.

(e) Preventing the discharge of pollutants to storm water from outdoor loading/unloading of materials by parking tank trucks or delivery vehicles so that spills or leaks can be contained; covering the loading and unloading docks to reduce exposure of materials to rain; and using drip pans under hoses.

(f) Preventing the discharge of pollutants to storm water from outdoor storage areas by installing appropriate safeguards against accidental release; installing secondary containment where reasonably required; conducting regular inspections.

(g) Protecting materials from rainfall run-on, run-off and wind dispersal by storing materials indoors; complying with specific federal and state standards regarding storage of oil and hazardous material; enclosing or covering materials; periodically sweeping parking lots or other surfaces near bulk material storage areas to remove debris blown or washed from storage areas; and installing pellet traps at storm water discharge points where plastic pellets are loaded and unloaded.

(h) Preventing the discharge of pollutants to storm water from waste handling and disposal by tracking waste generation, storage, and disposal; reducing waste generation and disposal through source reductions, reuse and recycling; preventing run-on and run-off from waste management areas; and covering dumpsters and garbage cans during the rainy season.

(i) Preventing the discharge of pollutants to storm water from contaminated or erodible surface areas by leaving as much vegetation on-site as reasonably possible; minimizing soil exposure; stabilizing exposed soils; and preventing storm water run-on and run-off.

(j) Preventing the discharge of pollutants to storm water from buildings and grounds maintenance by washing and cleaning up with as little water as reasonably possible; preventing and cleaning up spills immediately; and keeping debris from entering the storm drains.

(k) Preventing the discharge of pollutants to storm water from building repair, remodeling, and construction by using appropriate containment and erosion controls; and enclosing or covering building material storage areas.

(l) Preventing the discharge of pollutants to storm water and receiving waters from over water activities by minimizing over water maintenance; limiting over water hull surface maintenance to sanding and minor painting; not spray painting vessels while they are on the water; avoid washing down boats with soap and detergent; using phosphate-free and biodegradable detergent for hull washing; keeping organic and inorganic wastes out of the water; and cleaning up spills and wastes immediately. "Over water activities" refers to activities undertaken by AWC on the waters of San Francisco Bay or waters flowing into San Francisco Bay.

(m) Preventing the discharge of pollutants to storm water by using ground cloths when painting boats on land; using tarps, plastic sheeting, or other material to contain spray paint and blasting sand; properly disposing of surface paint chips, used blasting sand, residual paints, and other material; and sweeping any drydocks before flooding them.

Notwithstanding anything in this Agreement to the contrary, AWC shall have no liability or obligation with respect to Materials of Environmental Concern which are present on the Rent Commencement Date or are subsequently introduced by SPA or CITY, their respective tenants, subtenants or licensees, or the employees, contractors and agents of any of the foregoing.

Section 11. Lawful Conduct.

11.1 AWC shall obey and observe and shall use due diligence to require all persons entering upon the Premises to obey and observe all terms of this Agreement, all laws of the United States, and all applicable orders, regulations and rules and requirements adopted from time to time by the Maritime Administration or by any other department or agency of the government of the United States and all applicable laws, orders, rules, regulations, ordinances and requirements adopted by state, municipal or harbor authorities relating to the use of the Premises (but not the condition thereof unless required by the terms of this Agreement) and appurtenant facilities, including but not limited to, laws, orders, rules, regulations, ordinances and requirements with respect to health, fire, police, environment and pollution. To the extent required by the CITY's ordinances, this obligation shall include, without limitation, the duty to abide by all legal requirements To the extent required by City of Richmond's Living Wage Ordinance (Richmond Municipal Code Chapter 2.60) which is incorporated into this Agreement by this reference and Sections 1770 et seq. of the California Labor Code and regulations issued pursuant thereto, AWC shall and shall cause its contractor and subcontractors to pay prevailing wages in the construction of the capital improvements to the Premises as those wages are determined pursuant to Labor Code Sections 1720 et seq. and implementing regulations of the Department of Industrial Relations and comply with the other applicable provisions of Labor Code Sections 1720 et seq. and implementing regulations of the Department of Industrial Relations. AWC shall and shall cause its contractor and subcontractors to keep and retain such records as are necessary to determine if such prevailing wages have been paid as required pursuant to Labor Code Sections 1720 et seq. Copies of the currently applicable current per diem prevailing wages are available from the City of Richmond Public Works Department, Richmond,

California. During the construction of any capital improvements to the Premises, AWC shall or shall cause its contractor to post at the Premises the applicable prevailing rates of per diem wages. AWC shall indemnify, hold harmless and defend (with counsel reasonably acceptable to CITY) the SPA and the CITY against any claim for claims, losses, liabilities, damages (direct or consequential), compensation, fines, penalties, causes of action, administrative and judicial proceedings and orders, judgments, remedial action or requirements, enforcement actions of any kind, and all costs and expenses incurred therewith (including but not limited to attorneys' fees and costs) or other amounts arising out of the failure or alleged failure of any person or entity (including AWC, its contractor and subcontractors) to pay prevailing wages as determined pursuant to Labor Code Section 1720 et seq. and implementing regulation or comply with the other applicable provisions of Labor Code Sections 1720 et seq. and implementing regulations of the Department of Industrial Relations in connection with construction of any capital improvements to the Premises or any other work undertaken or in connection with the Premises.

11.2 Except as provided in Sections 4, 11.1 and 11.3, SPA and CITY shall comply with the lawful demands of any and all lawful authorities which may require the making of any alterations, repairs, installations or improvement to the Wharves (including fire systems) and other portions of the Premises in order to conform to applicable statutes, codes, ordinances, or regulations having the force of law (collectively "Laws"); provided however that if the cumulative cost of compliance therewith would exceed the sum of \$250,000 as to the Wharves, including, but not limited to demands relating to Material of Environmental Concern under Section 5.5 (b), which amounts shall be reduced by any costs previously incurred by SPA or CITY in the discharge of its obligations under Sections 4 and 5.5 (c), or in any rebuilding pursuant to its election to do so under the terms of Section 22.2, then SPA or CITY may at its option elect to raze or otherwise secure those parts of the Wharves and/or the improvements located within the Premises or that fail to comply with Laws unless AWC agrees to fund, on a "pay-as-you-go" basis for that portion of the cost of compliance which exceeds the sums set forth above, as so reduced. If SPA or CITY shall so elect and if AWC does not agree to make the necessary funding, then AWC may, prior to SPA or CITY commencing to raze or otherwise secure those parts failing to comply with Laws, at its option terminate this Lease if the razing or securing of the facilities that are affected will have a material and substantial adverse impact upon AWC's business operations. SPA or CITY, as applicable, shall cooperate to ensure that AWC is given a meaningful opportunity to exercise its funding rights under this Section.

11.3 Subject to the terms of Sections 4 and 5.5, in the event of any demands of governmental authorities with respect to Buildings pursuant to Laws that are applicable only because of the nature of AWC's specific use, as opposed to laws of general applicability, then AWC rather than SPA or CITY shall be obligated to comply therewith, but only to the extent that the cost of compliance would not exceed the sum of \$250,000. If the cost of compliance would exceed that sum, then unless SPA or CITY elects to reimburse AWC for that portion of the cost of compliance which exceeds \$250,000, AWC may at its option elect to raze (after receiving SPA's or CITY's prior written authorization to raze, which authorization shall not be unreasonably withheld) those parts of Buildings that fail to comply with Laws or to terminate this

Agreement if the razing of the facilities that are affected (or denial by SPA or CITY of written authorization to raze) will have a material and substantial adverse effect upon AWC's business operations.

Section 12. Accounts and Records.

AWC shall keep full and accurate accounts and records relating to dockage, wharfage, wharf demurrage, processing and/or repairing of vehicles and/or equipment and tariff storage as set forth in the Tariff earned upon the Premises and the Wharves for a period of three (3) years. CITY shall have the right, through its representatives, at all reasonable times and upon prior written notice to AWC, to inspect and make copies of the records of AWC, and AWC agrees that all such full and accurate records maintained by it shall be made available to CITY at AWC's offices at the Port of Richmond. CITY, at its own expense, shall be entitled to independent audits of AWC's accounts and records to the extent necessary to determine the Tariff Revenue or other revenue owed to CITY hereunder and AWC agrees to cooperate fully with CITY's representatives performing such audits. The audit shall be limited to the determination of Tariff Revenue and other revenue owed to CITY hereunder and shall be conducted during normal business hours at the above location. AWC will cooperate and provide any information reasonably requested to properly perform such audit. CITY shall keep any information gained from such accounts, records, inspections or audit confidential and shall not disclose it other than as required by law or to carry out the purposes of this Agreement.

Section 13. Holdover. If AWC shall hold over the expiration of the term of this Lease, or any extension thereof, such tenancy shall be from month to month only and upon all the terms, covenants and conditions hereof.

Section 14. Alterations; Surrender of Premises.

14.1 AWC may, at AWC's own expense, make alterations, additions, replacements, or improvements to the Premises and any acreage leased to AWC by SPA or CITY pursuant to Sections 2.3 and 2.4 hereof, including the erection of temporary buildings or security fencing thereon, with SPA's and CITY's prior written permission, which shall not be unreasonably withheld. Any such alterations or the like shall immediately become part of the Premises and be the sole property of SPA upon expiration or termination of this Agreement. AWC shall have no obligation to remove any such improvements from the Premises, which are placed thereon with the prior written approval of SPA or CITY. The foregoing notwithstanding, with regard to any alterations, additions or improvements (other than AWC's Work) proposed by AWC to be made after the Effective Date, SPA or CITY may require that such temporary items be removed by AWC at the end of the upon termination or expiration of this Agreement at AWC's expense, within twenty (20) days. Upon removal of such temporary structures, AWC shall restore the Premises to the same condition it was in prior to installation of such temporary buildings.

14.2 Upon expiration or sooner termination of this Agreement, the Premises shall be returned to SPA in as good condition as when received, excepting ordinary wear and tear and

alterations, additions or improvements not required to be removed under Section 14.1. Repair or restoration of damage or destruction by fire or other casualty or by eminent domain shall be governed by Section 22. Nothing herein shall obligate AWC to maintain, repair, reconstruct or rebuild any portion of the Premises except as specifically required of AWC under express provisions of this Agreement.

Section 15. Fire Safety and Equipment.

AWC shall cause all cargo, goods, material and equipment to be stored in such a manner that the fire line, including any fire equipment and controls on the Premises are readily accessible at all times. In the event of a breakage in the fire line, or any other danger or damage to SPA or CITY property caused by fire, earthquake, or like hazard, CITY shall be immediately notified by AWC. CITY agrees to maintain upon the Premises at all times such water lines and high pressure systems, whether or not currently located on the Premises, as may be prescribed from time to time by the Fire Marshal of the City of Richmond, the United States Coast Guard, or other competent authority and shall provide for any periodic inspection and certification as may be required by same. The cost of any such additional fire equipment and inspections shall be paid either by CITY or by AWC, which shall be determined in accordance with the provisions of Section 5 and subject to the limitations contained therein.

Section 16. Damage to Goods.

Neither SPA nor CITY shall have and liability for any loss of or damage to the cargo, property and equipment of AWC, its agents, employees, lessees, licensees or other third persons, located upon or used in connection with the Premises or the Wharves, other than any such loss or damage caused by the intentional or negligent acts or omissions of SPA or CITY, their agents or employees, and then only to the extent caused by such acts or omissions.

Section 17. Utility Lines and Easements.

SPA and CITY reserves and retains any and all existing rights of way for sewer outfall, gas and other pipe lines for water mains, fire and water hydrants, electrical cables and wires, television cables and wires, and the right to locate in, upon or across the Premises in a location or locations which will not unduly interfere with AWC's use and enjoyment of the Premises, other such conduits, lines and mains as may be deemed necessary by SPA or CITY for its uses and the uses of other tenants, licensees and/or agents of SPA or CITY in connection with the latter's use and enjoyment in the vicinity of and on the Premises. CITY agrees to provide AWC with advance notice of the installation of any such facilities and shall cooperate with AWC to minimize any interference caused by such installation and operation.

Section 18. (Left Intentionally Blank.)

Section 19. Utilities.

AWC shall pay for all water, heat, gas, trash collection, electricity, telephone service, cable television service and any other utilities that may be furnished to or used in or upon the Premises by AWC or its agents during the term of this Agreement.

Section 20. Indemnification.

20.1 AWC shall hold harmless, defend, protect and indemnify SPA, CITY, their agents, officers and employees from and against any and all claims, damages, liabilities, costs, and expenses arising in connection with personal injury, death, loss of or damage to persons or property on or about the Premises, and the Wharves, or from any material misrepresentation or omission in information provided by AWC in connection with the bond financing described in Section 4.4(i), to the extent resulting from any act or omission of AWC, companies parent of, subsidiary to or affiliated with AWC, or the directors, officers and employees of such companies or AWC, or any tenant, licensee or agent thereof.

20.2 SPA and CITY shall hold harmless, defend, protect and indemnify AWC, companies parent of, subsidiary to or affiliated with AWC, and the directors, officers and employees of such companies and AWC from and against any and all claims, damages, liabilities, costs, and expenses arising in connection with personal injury, death, loss of or damage to persons or property on or about the Premises, and the Wharves, to the extent resulting from the act or omission of SPA or CITY, respectively, their respective agents, officers or employees, AWC, or any tenant, licensee or agent thereof.

20.3 CITY acknowledges that failure to make payments under Section 4.4 as and when due may result in construction delays and/or the inability of AWC to fulfill its obligations to contractors, subcontractors and suppliers, resulting in substantial damages to AWC. CITY shall indemnify, defend and hold AWC harmless from and against any and such claims, loss, damage, liability, cost or expense (including but not limited to claims of contractors, subcontractors and suppliers and reasonable attorneys' fees).

20.4 The provisions of this Section 20 shall survive the termination or expiration of this Agreement.

Section 21. Insurance.

21.1 AWC shall procure and maintain in force, at its sole cost throughout the Term of this Agreement the following insurance:

(a) Commercial General Liability Insurance, which shall provide protection against claims arising from property damage and personal and bodily injury, including death resulting therefrom, occurring in the Premises. In addition, AWC's Commercial General Liability Insurance shall:

(i) be written on an occurrence basis (if available) with a minimum combined single limit of not less than five million dollars (\$5,000,000.00);

(ii) include coverage for products and completed operations;

(iii) include contractual liability coverage for obligations assumed under this Agreement for claims arising out of personal injury, as well as bodily injury and property damage;

(iv) include garagekeeper's coverage in an amount not less than \$1,000,000 on the property in AWC's care, custody and control (which will not name SPA and/or CITY as additional insureds);

(v) include an endorsement naming both the CITY and the SPA, their officers, directors, as additional insureds.

(b) Property Insurance on each building on the Premises for use primarily by AWC, including all improvements thereto made by or specifically for AWC. Such property insurance shall:

(i) be written on an All-Risk basis excluding earthquake and flood coverage and such policy shall be written on an ISO Special Form, or its functional equivalent, for the full replacement value to then current ordinances and laws;

(ii) be endorsed to name CITY as loss payee for any losses to any existing buildings within the Premises and any other buildings subsequently added to the Premises by AWC upon transfer of title thereof to CITY.

(c) Workers' Compensation Insurance as required by applicable law. In the event AWC is self-insured for Workers' Compensation Insurance, AWC shall furnish a current Certificate of Permission to Self-Insure signed by the Department of Insurance, Division of Worker's Compensation.

(d) Employer's Liability Insurance with policy limits of not less than five million dollars (\$5,000,000.00 per occurrence for bodily injury by accident or disease.

(e) (Left intentionally blank.)

(f) Commercial Auto Liability Insurance with a combined limit of not less than five million dollars (\$5,000,000.00) for bodily injury and property damage per accident. Such insurance shall cover liability arising out of any auto (including owned, hired and non-owned autos).

(g) (Left intentionally blank.)

(h) (Left intentionally blank.)

(i) (Left intentionally blank.)

21.2 The policies described in Section 21.1 shall all comply with the following general requirements:

(a) All required coverage shall be issued by insurance companies with ratings of at least A- and VIII in the most recent edition of "Bests Insurance Reports" and shall be under forms of policies reasonably satisfactory in all respects to CITY's counsel.

(b) All required policies shall provide that coverage shall be primary; no insurance maintained by CITY or SPA shall be called upon to contribute with any other insurance coverage to losses suffered by AWC or any subtenant, and that coverage shall not be canceled or materially changed without at least thirty (30) days written notice to CITY.

(c) All required policies shall provide, or shall be endorsed to provide that the carrier waives its rights of subrogation against CITY and SPA;

(d) Any deductibles or self-insurance retentions of more than \$50,000 must, in advance, be declared to and approved in writing by CITY's counsel, whose approval shall not be unreasonably withheld. If such approval is reasonably withheld, the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects CITY and SPA, their officials, employees, agents and volunteers, or AWC shall provide a financial guarantee satisfactory to CITY guaranteeing payment of the deductible or self-insured portion of losses and related investigations, claim administration and defense expenses.

(e) AWC shall deliver to CITY, immediately prior to this Agreement going into effect, and thereafter at least thirty (30) days prior to the expiration of each such policy required hereunder, certificates of insurance evidencing the coverages required under this Agreement (to the extent pertaining to any interest of CITY) clearly and fully showing insurance in full compliance with AWC's obligations hereunder, together with evidence satisfactory to CITY of the payment of the premiums therefore. AWC shall also direct all of their present and future insurance brokers and insurance providers to cooperate with and promptly provide CITY with all information necessary to document AWC's full compliance with the terms of Section 21.1 of this Agreement and to provide such documentation in such a manner as to be binding upon the insurers.

(f) AWC shall pay the premiums for maintaining the insurance required by Section 21.1 and 21.2 when due. If AWC fails to obtain such insurance or to pay the premiums therefore, SPA or CITY may, (but shall not be obligated to) if necessary to avoid a lapse in coverage, make such payment, or carry such policy. The amount of premium paid therefore, plus

interest at the rate of eight percent (8%) per annum, shall forthwith be reimbursed to SPA or CITY, as the case may be, by AWC.

(g) Not more frequently than the completion of the first three (3) years of the Initial Term and the first year of the Option Term if in the opinion of City of Richmond's Risk Manager, the insurance coverage carried by AWC at that time is not adequate, taking into consideration the standard for commercial operations of a similar nature, AWC shall increase the limits of insurance coverage or otherwise adjust coverages as reasonably required by SPA or CITY.

(h) Any failure by AWC to maintain the required insurance will constitute an event of default under this Agreement.

(i) If AWC fails to procure and maintain any of the insurance required of it by this Agreement, AWC shall indemnify CITY to the extent CITY suffers or incurs loss, damage, liability or expense which would not have been suffered or incurred except for such failure.

21.3 SPA or CITY shall procure and maintain in force at its sole cost and expense throughout the Term of this Agreement property insurance on the Wharves. Such property insurance shall be written on an All-Risk basis excluding earthquake and flood coverage, and such policy shall be written on an ISO Special Form, or its functional equivalent, such policy to provide coverage at a stipulated value to be approved by the parties hereto.

21.4 SPA and CITY hereby release AWC, any parent or subsidiary corporation of AWC, and their officers, directors, agents, and employees from any and all liability and waive SPA's and CITY's rights of recovery against AWC, any parent or subsidiary corporation of AWC, subtenant, and their respective officers, directors, agents and employees, for any loss or damage to SPA's and/or CITY's property resulting from any hazard insurable under the form of insurance policy which SPA and/or CITY agrees to carry under this Agreement and/or actually carries and SPA and CITY hereby waives the subrogation rights of their insurance carriers (including "self-insurance") under any policies of insurance providing coverage against loss or damage to the property of SPA and CITY on or about the Premises. CITY shall take such steps as are necessary to inform its insurance carriers of this provision and to have endorsements, if necessary, placed on said insurance policies to carry into effect the provisions of this paragraph.

21.5 AWC hereby releases SPA, CITY, any parent or subsidiary corporation of SPA, CITY, and their officers, directors, agents, and employees from any and all liability and waives AWC's right of recovery against SPA or CITY, any parent or subsidiary corporation of SPA or CITY, and their officers, directors, agents and employees, for any loss or damage to AWC's property resulting from any hazard insurable under the form of insurance policy which AWC agrees to carry under this Agreement, and AWC hereby waives the subrogation rights of its insurance carriers (including "self-insurance") under any policies of insurance providing coverage against loss or damage to the property of AWC on or about the Premises. AWC shall take such steps as are necessary to inform its insurance carriers of this provision and to have

endorsements, if necessary, placed on said insurance policies to carry into effect the provisions of this paragraph.

Section 22. Destruction.

22.1 During the Term of this Agreement, if there is any loss, damage to, or destruction of any building, structure or other improvement from a risk covered by the insurance described in Section 21.1(b), CITY shall, subject to Section 22.3, cause such improvements to be repaired or replaced, to substantially the same condition as it was in immediately before the damage, loss or destruction. Any loss, damage to or destruction of such improvements during the Term of this Agreement shall have no effect upon the Term of this Agreement, compensation to be paid to CITY hereunder, or any of CITY's or AWC's obligations hereunder.

22.2 During the Term of this Agreement, if there is any loss, damage to, or destruction of the Wharves from a risk covered by the insurance described in Section 21.3, SPA and CITY shall to the extent of available insurance proceeds and subject to Section 22.3 hereof, cause the Wharves to be repaired or replaced, to substantially the same condition as it was in immediately before the damage, loss or destruction. Any loss, damage to or destruction to the Wharves during the Term of this Agreement shall have no effect upon the Term of this Agreement, compensation to be paid to CITY hereunder, or any of SPA's, CITY's or AWC's obligations hereunder.

22.3 During the Term of this Agreement, if there is any loss, damage to, or destruction of any building or structure located on the Premises, including the Wharves, from a risk not covered by insurance described in Section 21, and the cost of restoration exceeds \$1,000,000.00, SPA or CITY can elect either (i) to promptly repair and restore the building(s) or structure(s) to substantially the same condition as it was in immediately before the damage, loss or destruction, or (ii) to notify AWC of the decision not to repair such building(s) or structure(s). CITY's election shall be made within a reasonable time after the occurrence of the loss, damage or destruction. Notwithstanding the foregoing, SPA and CITY reserve the rights to consider the repair or restoration of each building on a case by case basis, irrespective of the amount of costs related to such repair or restoration. If SPA and CITY notifies AWC of SPA's or CITY's decision not to repair said building(s) or structure(s), and if failure to repair or restore such building(s) or structure(s) will result in substantial loss of revenue to CITY under the terms of this Agreement, CITY may also elect to terminate this Agreement upon thirty (30) days notice to AWC given within a reasonable time after such loss or damage occurs, provided that AWC may nullify CITY's election to terminate this Agreement by notifying CITY within thirty (30) days after receipt of CITY's notice that AWC agrees to repair such building(s) or structures(s). If CITY does not so terminate this Agreement, AWC can elect to (a) continue operations under this Agreement and to restore any such building(s) or structures(s) to the extent it may choose or (b) terminate this Agreement. Any restoration by AWC shall be done in accordance with plans and specifications that have first been approved by CITY, whose approval may not be unreasonably withheld or delayed. AWC shall have the benefit of the proceeds of any property insurance

covering such loss, damage or destruction. In the event that either party elects to terminate this Agreement, the parties shall be relieved of all further obligations under this Agreement.

Section 23. Arbitration.

23.1 Any dispute between the parties concerning any provision of this Agreement shall be submitted by the parties to binding arbitration. For a period of ten (10) days following the date of demand for arbitration, the parties shall seek to agree in writing upon a single arbitrator to determine the matter in dispute. If they shall so agree, such single arbitrator shall proceed to assemble all necessary information as to the matter in dispute and shall make a conclusive determination with respect thereto. If the parties fail to agree upon a single arbitrator within said ten (10) days period, then upon written demand of any of the parties, at any time thereafter, each party shall within ten (10) days after such demand appoint in writing an arbitrator and the two arbitrators so appointed shall thereafter select and appoint a third arbitrator within ten (10) days after the date of appointment of the second of said arbitrators. In the event either of the parties fails to provide the other with the name of an arbitrator selected within the ten (10) day period, the matter shall be decided by the sole appointed arbitrator. If the arbitrators appointed by the parties are unable to agree upon a third arbitrator within ten (10) days of their appointment, on application by either party the third arbitrator shall be promptly appointed by the then-presiding judge of the Superior Court of Contra Costa County.

23.2 The three arbitrators thus selected shall proceed to arbitrate the dispute as quickly as is reasonably possible, and a decision of the arbitrators or a majority of them upon any issue shall be final, conclusive and binding upon each of the parties. If no two arbitrators can agree upon an issue, then the determination of the third arbitrator (who was selected by the two arbitrators appointed by the respective parties or appointed by the presiding judge) shall be the sole arbitrator as to such issue and such arbitrator's decision shall be final, conclusive and binding upon each of the parties. A final judgment on such arbitrator(s) decision may be entered in any court having jurisdiction over the same. Arbitration shall be conducted under the California Arbitration Act, Code of Civil Procedure Sections 1280, et seq. Hearing shall be held in Contra Costa County, California. Other than as provided herein, the arbitration shall be conducted in accordance with the Commercial Arbitration Rules (but not the jurisdiction) of the American Arbitration Association.

23.3 Each party shall pay the fees and expenses of its own arbitrator and shall equally share the fees and expenses of the third arbitrator or the sole arbitrator, as the case may be, and any other costs of the arbitration, except as otherwise provided by the terms of the arbitrator's award.

23.4 If either party commences a lawsuit or arbitration against the other to enforce any provision of this Agreement, the prevailing party shall be entitled to such attorney's fees and costs of suit or arbitration as the court or arbitrators, as applicable, may deem reasonable.

Section 24. Sublease and Assignment.

24.1 AWC shall not assign any rights or obligations under this Agreement or sublet all or any portion of the Premises without SPA's and CITY's prior written consent, which consent may not be unreasonably withhold. Upon thirty (30) days prior notice to SPA and CITY, AWC may transfer or assign any or all of its interest, rights, and obligations under this Agreement to any partnership, joint venture or corporate entity which is and continues to be controlled by AWC (for purposes hereof, "control" shall mean the ownership of more than fifty percent (50%) of such entity) provided that AWC delivers to SPA and CITY a written confirmation, along with the notice provided for herein, that such entity has financial and managerial capability to competently operate the business then being conducted on the Premises. It is understood and agreed that SPA's or CITY's refusal to consent shall be considered reasonable in the event CITY would receive substantially less Tariff Revenue as a result of any such proposed assignment or sublease.

24.2 Except as hereinabove provided in Section 24.1, neither this Agreement nor any interest therein shall be assignable or transferable in proceedings in attachment, garnishment or execution against AWC or in voluntary or involuntary proceedings in bankruptcy or insolvency or receivership taken by or against AWC or by any process of law, and that possession of the whole or any part of the Premises shall not be divested from AWC in such proceedings or by any process of law without the written consent of SPA and CITY. Any petition in bankruptcy or insolvency which is filed against AWC and which is not dismissed within sixty (60) days shall cause this Agreement to terminate at the option of SPA or CITY upon thirty (30) days prior written notice to AWC.

Section 25. No Liens or Encumbrances.

AWC shall keep the Premises free and clear of any lien of any kind whatsoever created by AWC's act or omission. AWC shall have the right to contest any lien in good faith provided AWC shall pay any judgment rendered prior to execution thereon.

Section 26. Default and Termination.

26.1 The occurrence of any of the following shall constitute a default by AWC ("Event of Default"):

(a) Nonpayment of any sums due CITY hereunder as and when the same shall become due and payable if the failure continues for ten (10) days after written notice has been given to AWC.

(b) Nonpayment of any taxes (subject to AWC's right to contest same), charges, or any other sum of money required to be paid under this Agreement prior to delinquency if the failure continues for ten (10) days after written notice has been given to AWC.

(c) Failure to perform any other provision of this Agreement if the failure to perform is not cured within thirty (30) days after written notice has been given to AWC. If the default cannot reasonably be cured within thirty (30) days, AWC shall not be in default of this Agreement if AWC commences to cure the default within the thirty (30) day period and diligently and in good faith continues to cure the default.

(d) Any failure to carry any of the insurance required to be carried by AWC under the terms of this Agreement (or provide the documentation and assistance required by Section 21.2(e)) after ten (10) days' written notice.

(e) Notices given under this Section shall be in writing and specify (i) the alleged default and (ii) the applicable Agreement provisions, and (iii) shall demand that AWC perform the provisions of this Agreement or pay the compensation that is in arrears, as the case may be, within the applicable period of time.

(f) Upon the occurrence of an Event of Default, SPA and CITY shall have, in addition to all other remedies at law or equity, the right to terminate this Agreement and to seek monetary damages pursuant to California Civil Code Section 1951.2.

26.2 If either party (the "non-performing party") fails to perform or to commence and diligently continue with performance of any of its obligations hereunder, the other party (the "performing party") may at any time after thirty (30) days' written notice to the non-performing party to perform its said obligation, pay any sum or do any act required to be performed by the non-performing party and all costs incurred by the performing party in performing the non-performing party's said obligation shall be due and payable immediately from the non-performing party to the performing party at the time any sum is paid by the performing party and if paid at a later date shall bear interest from the date the sum is paid by the performing party until the performing party is paid by the non-performing party at the rate of eight percent (8%) per annum. Written notices given under this Section shall specify (i) the alleged failure to perform, (ii) the applicable Agreement provision, and (iii) shall demand performance within thirty (30) days or such applicable longer or shorter period if any. Notwithstanding the foregoing, the performing party is under no obligation to pay any sum or do any act required by the non-performing party.

Section 27. No Relocation Benefits.

As further and additional consideration for leasing the subject Premises, AWC does hereby voluntarily and knowingly release and forever discharge CITY, SPA and/or the Richmond Redevelopment Agency, their successors and assigns, from any and all claims or demands for relocation assistance benefits which may arise by reason of Article 9 of Chapter 4 of Division 24 of the Health and Safety Code of the State of California, or by reason of Chapter 16 of Division 7 of Title I of the Government Code of the State of California, 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 law or regulation of the United States of

America, the State of California, or other authority, except in the event of direct condemnation of AWC's property interest by CITY.

Section 28. Signs.

No signs or placards of an advertising or promotional nature, other than those which comply with all applicable City ordinances and reasonably identify the facility, shall be painted, inscribed or placed in or on the Premises or any building or structure located thereon without the prior written consent of the Port Director, which consent will not be withheld unreasonably. Upon the termination or expiration of the Term of this Agreement, AWC, at its own expense, shall remove promptly any and all signs and placards placed by or on behalf of AWC upon the Premises, including any property subsequently added to the Premises, if any.

Section 29. Inspection of Premises.

SPA, CITY or their duly authorized representative(s), or agents and other persons for it, may at reasonable times and upon reasonable notice (except in case of emergency) enter upon the Premises at any and all reasonable times during the Term of this Agreement, and without unreasonable interference with the business being conducted on the Premises, for the purpose of determining whether or not AWC is complying with the terms and conditions hereof or for any other purpose incidental to rights of SPA and CITY. SPA and CITY shall be liable to AWC and AWC's subtenants, if any, for all damages for any injury to AWC's or AWC's subtenants' businesses in the event that such entry is conducted by the SPA or CITY, respectively, in a negligent manner.

Section 30. Waivers; Remedies Cumulative.

30.1 No waiver by SPA or CITY at any time of any of the terms, conditions, covenants or agreements of this Agreement shall be deemed or taken as a waiver at any time thereafter of the same or any other term, condition, covenant or agreement herein contained, nor of the strict and prompt performance thereof by AWC.

30.2 No delay, failure or omission of SPA or CITY to re-enter the Premises, or to exercise any right, power, privilege or option arising from any default, nor subsequent acceptance of rent or compensation then or thereafter accrued, shall impair any such right, power, privilege or option, or be construed to be a waiver of any such default or relinquishment thereof or acquiescence therein.

30.3 No notice by SPA or CITY shall be required to restore or revive time as of the essence hereof after waiver by SPA or CITY or default in one or more instances. No option, right, power, remedy or privilege of SPA or CITY shall be construed as being exhausted or discharged by the exercise thereof in one or more instances.

30.4 It is agreed that each and all of the rights, powers, options or remedies given to SPA or CITY by this Agreement are cumulative, and no one of them shall be exclusive of the other or exclusive of any remedies provided by law, and that the exercise of one right, power, option or remedy by SPA or CITY shall not impair its rights to any other right, power, option or remedy.

Section 31. Nondiscrimination.

31.1 AWC herein covenants by and for itself, its agents, employees and officers and all persons claiming under or through it that this Agreement is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons on account of race, color, sex, creed, national origin, or ancestry, in the leasing, subleasing, contracting, subcontracting, transferring, use, occupancy, tenure, or enjoyment of the Premises herein leased and assigned; nor shall AWC itself, nor any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants, users or vendors in the Premises herein leased and assigned and AWC agrees to observe the provisions of Section 2.28.030 of the Municipal Code of the City of Richmond, obligating every entity entering into a contract with the CITY for public work or for goods or for services to refrain from discriminatory employment or subcontracting practices on the basis of race, color, sex, sexual orientation, religious creed, national origin or ancestry of any employees, any applicant for employment for any potential subcontractor. Said Section 2.28.030 is, by this reference, made a part of this Contract.

31.2 AWC agrees to comply with all provisions of City of Richmond's Business Opportunity Ordinance (Richmond Municipal Code Chapter 2.50) and Local Employment Program Ordinance (Richmond Municipal Code Chapter 2.56), which Ordinances are incorporated into this Agreement by this reference.

Section 32. Force Majeure.

In the event that SPA, CITY or AWC is delayed, directly or indirectly, from the performance of any act or thing required under the terms hereof by a force majeure event, including but not limited to acts of God, accident, fire, flood, inclement weather, governmental action, restrictions, priorities or allocations of any kind and all kind, strikes or labor difficulties of any and all kinds, shortages of or delay in the delivery of material, act of war, riot, and civil commotion, or by any similar or dissimilar cause (other than financial) beyond the reasonable control of AWC or SPA or CITY, as the case may be, except for governmental restrictions on the importation of motor vehicles into the United States, such failure shall not be deemed to be a breach of this Agreement or a violation of any such covenants and the time within which AWC or SPA or CITY must perform any such act shall be extended by a period of time equal to the period of delay arising from any said causes.

Section 33. Terms Binding on Successors.

All the terms, covenants and conditions of this Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto. The provisions of this Section shall not be deemed as a waiver of any of the conditions against assignment or subletting hereinabove set forth.

Section 34. Time of Essence.

Time is expressly declared to be of the essence of this Agreement.

Section 35. Exhibits.

All exhibits referred to in this Agreement are incorporated by reference.

Section 36. Notices.

Any notice, demand, request, consent, approval or communication that either party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

To CITY:
& SPA
City of Richmond
City Hall
P.O. Box 4046
Richmond, California 94804
Attention: Port Director

With a copy to:
City Attorney
City Hall
P.O. Box 4046
Civic Center Plaza
Richmond, California 94804

To AWC:
Auto Warehousing Co.
2810 Marshall Ave., #B
Tacoma, WA 98421
Attention: Steve Seher

With a copy to:
Sigurd B. Borgersen
Schwabe, Williamson & Wyatt, P.C.
U.S. Bank Centre, Suite 3010
1420 Fifth Avenue

Seattle, WA 98101

Either party may change its address by notifying the other party in writing as provided herein of the change of address.

Section 37. Cooperation.

37.1 SPA and CITY agrees to cooperate with AWC's attempts to gain approval of all permits, approvals and consents required by any governmental agency or quasi governmental agency for the use of the Premises and to execute any and all documents or join in any and all applications and actions that may be required to obtain such approval.

37.2 During the Term of this Agreement SPA, CITY and AWC agree to make good faith efforts to attract Tariff Revenue producing customers to the Premises and CITY and AWC will hold quarterly meetings for the purpose of co-marketing the Port facilities and business opportunities. In this regard, SPA and CITY agrees not to compete with AWC for automobile accounts with the City of Richmond. However, in the event any single manufacturer account insists on dealing directly with SPA or CITY to handle their account within the City of Richmond, SPA or CITY may contract to handle such manufacturer's account without violating the provisions of this Section 37.2.

37.3 AWC agrees to cooperate with SPA, CITY and national park officials by providing an enthusiastic single point-of-contact for all planned park activities and support such efforts to the maximum extent practical.

37.4 Intentionally deleted.

37.5 Each party hereto agrees to cooperate, execute any and all documents and further instruments and take any further action that may be required to give effect to this Agreement.

Section 38. Recitals.

The Recitals contained in this Agreement are incorporated by reference.

Section 39. Construction.

39.1 This Agreement embodies the entire agreement between SPA, CITY and AWC and supersedes all prior proposals, agreements and negotiations, whether written or oral. This Agreement cannot be modified except in writing signed by all parties.

39.2 This Agreement shall be interpreted according to California law. The parties acknowledge that each party and its counsel have reviewed and revised the Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the

drafting party shall not be employed in the interpretation of this Agreement . This Agreement shall be construed as a whole.

Section 40. Memorandum of Agreement.

This Agreement shall not be recorded. However, a memorandum of this Agreement shall be executed, in recordable form acceptable to SPA, CITY and AWC, by both parties concurrently herewith and recorded by AWC, at AWC's expense, with the official charged with recordation duties for the county in which the Premises are located, with directions that it be returned to AWC. Such memorandum of this Agreement shall expressly describe the sub-sublease and subordination provisions contained in Section 4.4(i). AWC shall provide a copy of the recorded memorandum of this Agreement to CITY within thirty (30) days of recordation of the same.

Section 41. Non-Disturbance Agreement.

On or before thirty (30) days after the date of full execution of this Agreement, SPA and CITY shall make reasonable efforts to obtain from each lender the security for whose loan encumbers the Premises and/or Wharves at the time of execution hereof, or at any time prior to the recordation of the memorandum of this Agreement specified in Section 40, and deliver to AWC an executed non-disturbance agreement assuring AWC that, notwithstanding any default by SPA or CITY to the lender or any foreclosure or deed in lieu thereof, AWC's rights under this Agreement shall continue in full force and effect and its possession of the Premises shall remain undisturbed (including, without limitation, permission for insurance proceeds to be applied as required hereunder), except in accordance with the provisions of this Agreement and such lender assumes SPA or CITY's obligations under this Agreement, so long as AWC is not in default hereunder so as to permit the termination of this Agreement.

Section 42. Further Assurances and Documentation.

Each party agrees in good faith to take such further actions and execute such further documents as may be necessary or appropriate to fully carry out the intent and purpose of this Agreement.

Section 43. Counterparts; Facsimile.

This Agreement may be executed in one or more counterparts, or by the parties executing separate counterpart signature pages, including facsimiles transmitted by telecopier, all of which shall be deemed to be original counterparts of this Agreement. Any party who transmits a facsimile of a signature page by telecopier shall provide to the other party an executed original of such signature page within forty-eight hours of the execution thereof by such party.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed the day and year first above written.

CITY OF RICHMOND, a California municipal corporation

ATTEST:



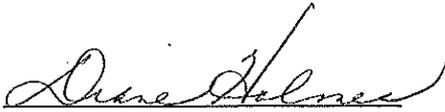
City Clerk

By: 

Mayor

SURPLUS PROPERTY AUTHORITY OF THE
CITY OF RICHMOND, acting by and through
its Board

ATTEST:

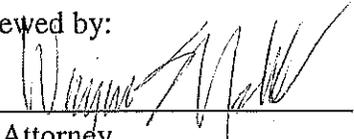


Clerk

By: 

President

Reviewed by:



City Attorney

[ATTACH ACKNOWLEDGMENT]

EXHIBIT 1

Map of Premises, Wharves and Expansion Area



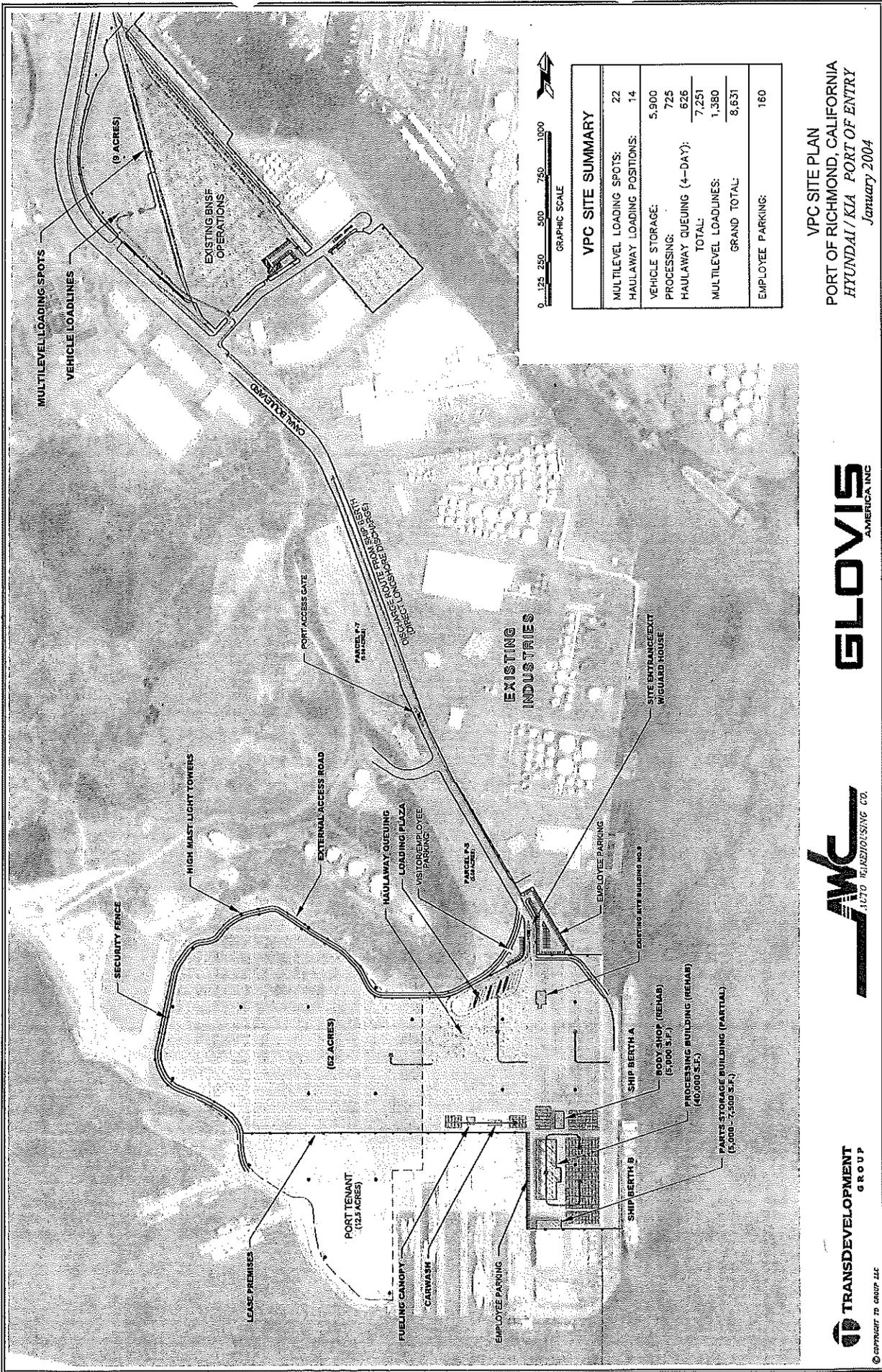
VFC LEASE PREMISES
 PORT OF RICHMOND, CALIFORNIA
 HYUNDAI / KIA PORT OF ENTRY
 January 2004

GLOVIS
 AMERICA, INC.

AWC
 AUTO TRANSPORTING CO.

TRANSEVELOPMENT
 GROUP

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VPC SITE SUMMARY

MULTILEVEL LOADING SPOTS:	22
HAULWAY LOADING POSITIONS:	14
VEHICLE STORAGE:	5,900
PROCESSING:	725
HAULWAY QUEUING (4-DAY):	625
TOTAL:	7,251
MULTILEVEL LOADLINES:	1,380
GRAND TOTAL:	8,631
EMPLOYEE PARKING:	160

VPC SITE PLAN
 PORT OF RICHMOND, CALIFORNIA
 HYUNDAI / KIA PORT OF ENTRY
 January 2004

GLOVIS
 AMERICA INC

AWC
 AUTO MANUFACTURING CO.

TRANSDVELOPMENT
 GROUP

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EXHIBIT 2

Scope of Work
(AWC's Work and CITY's Pre-Delivery Work)



Description	Price	Unit	Quantity	Extension	Cash Flow Timing				Total
					January	February	March	April	
000-General Requirements									
Land Use Applications/Fees Allowance	\$15,000	Allow	1	\$15,000	\$7,500	\$7,500	\$0	\$0	
Building #4, #5 Technical Studies	\$35,000	Allow	1	\$35,000	\$35,000	\$0	\$0	\$0	
Historic Building Architectural Services	\$35,000	Allow	1	\$35,000	\$35,000	\$0	\$0	\$0	
GLOVIS Facility Grand Opening	\$12,000	Allow	1	\$12,000	\$0	\$0	\$0	\$12,000	
TDG Land Use & Planning Fee	\$60,000	LS	1	\$60,000	\$60,000	\$0	\$0	\$0	
TDG Design, & Engineering	\$165,000	LS	1	\$165,000	\$80,000	\$85,000	\$0	\$0	
TDG Project Management Fee	\$265,000	LS	1	\$265,000	\$50,000	\$100,000	\$100,000	\$15,000	
Subtotal 000				\$587,000	\$267,500	\$192,500	\$400,000	\$27,000	\$587,000
100-SITE PREPARATION									
Site Clearing/Demolition	\$75,000	Allow	0	\$0					
Asphalt / Concrete Pavement Removals	\$75,000	Allow	1	\$75,000	\$25,000	\$50,000	\$0	\$0	
Subtotal 100				\$75,000	\$25,000	\$50,000	\$0	\$0	\$75,000
200-SITE WORK									
Site Drainage/Utility Adjustments	\$25,000	Allow	1	\$25,000	\$0	\$25,000	\$0	\$0	
Asphalt Overlay - 1.5"	\$4	SY	167,000	\$584,500	\$0	\$300,000	\$284,500	\$0	
Entrance Roadway Paving Adjustments	\$18	SY	0	\$0					
Concrete Wheel Slops	\$12	EA	150	\$1,800	\$0	\$0	\$1,800	\$0	
Truck Loading Area Paving - Asphalt	\$18	SY	0	\$0					
Truck Turning Area Paving - Concrete	\$30	SY	0	\$0					
Processing Building Aprons & Pads - Concrete	\$30	SY	0	\$0					
Misc. Site Concrete/Bollards/Etc	\$25,000	LS	1	\$25,000	\$0	\$12,500	\$12,500	\$0	
Fender Rehabilitation at Wharf	\$150,000	Allow	1	\$150,000	\$100,000	\$50,000	\$0	\$0	
Subtotal 200				\$786,300	\$100,000	\$387,500	\$298,800	\$0	\$786,300
300-TRACK WORK									
New Trackwork	\$90	TF	0	\$0					BNSF
Switches/Turnouts	\$35,000	EA	0	\$0					BNSF
Loading Pad Flangeway	\$5	TF	0	\$0					BNSF
Off-Site Rail Crossing Improvements	\$150,000	LS	0	\$0					BNSF
Subtotal 300				\$0					
400-BUILDINGS									
New Entrance Guard House	\$40,000	LS	1	\$40,000	\$0	\$0	\$40,000	\$0	
New Carwash Building (single tunnel)	\$80	SF	3,500	\$280,000	\$0	\$80,000	\$200,000	\$0	
New Fueling Canopy	\$60	SF	1,000	\$60,000	\$0	\$20,000	\$40,000	\$0	
Existing Processing Building Rehab	\$475,000	LS	1	\$475,000	\$0	\$475,000	\$0	\$0	
Existing Body Shop Rehab	\$75,000	LS	1	\$75,000	\$0	\$75,000	\$0	\$0	
Additional Office/Administrative Facilities	\$75,000	LS	1	\$75,000	\$0	\$75,000	\$0	\$0	
Subtotal 400				\$1,005,000	\$0	\$725,000	\$260,000	\$0	\$1,005,000
500-SITE LIGHTING/ELECTRICAL									
100' Light Tower	\$39,500	EA	5	\$197,500	\$0	\$65,000	\$65,000	\$67,500	
60' Light Tower	\$12,500	EA	0	\$0					
Underground Electrical	\$47	LF	2,000	\$94,000	\$0	\$47,000	\$47,000	\$0	
Communications Conduiting	\$47	LF	1,400	\$65,800	\$0	\$65,800	\$0	\$0	
Yard Transformation / Power Extension	\$85,000	Allow	1	\$85,000	\$0	\$42,500	\$42,500	\$0	
Subtotal 500				\$442,300	\$0	\$220,300	\$154,500	\$67,500	\$442,300
600-SITE UTILITIES									
Sanitary Sewer System	\$75,000	Allow	1	\$75,000	\$0	\$37,500	\$37,500	\$0	
Potable Water System	\$75,000	Allow	1	\$75,000	\$0	\$37,500	\$37,500	\$0	
Yard Fire Suppression Modifications	\$30,000	Allow	1	\$30,000	\$0	\$15,000	\$15,000	\$0	
Natural Gas System	\$50,000	Allow	1	\$50,000	\$0	\$25,000	\$25,000	\$0	
Subtotal 600				\$230,000	\$0	\$115,000	\$115,000	\$0	\$230,000

TRANSDEVELOPMENT GROUP / AWC
 Port of Richmond, Automotive Facilities
 Revised Preliminary Budget
 January, 2004



Description	Price	Unit	Quantity	Extension	Cash Flow Timing				Total
					January	February	March	April	
700-FENCING/STRIPING/SECURITY									
Security Fencing	\$17	LF	7,000	\$119,000	\$30,000	\$44,500	\$44,500	\$0	
Fence Security Cable	\$3	LF	7,000	\$22,750	\$5,000	\$17,750	\$0	\$0	
Entrance Fence Gates	\$7,500	EA	2	\$15,000	\$0	\$15,000	\$0	\$0	
Manual Sliding Fence Gates	\$3,500	EA	3	\$10,500	\$0	\$10,500	\$0	\$0	
Pedestrian Gates w/Access Control	\$3,000	EA	1	\$3,000	\$0	\$3,000	\$0	\$0	
Perimeter Security System	\$250,000	Allow	1	\$250,000	\$0	\$0	\$125,000	\$125,000	
Entrance Lift Gates	\$5,500	EA	2	\$11,000	\$0	\$11,000	\$0	\$0	
Striping & Pavement Markings	\$50,000	Allow	1	\$50,000	\$0	\$30,000	\$20,000	\$0	
Trash/Garbage Area Enclosure	\$7,500	EA	1	\$7,500	\$0	\$0	\$7,500	\$0	
Subtotal 700				\$488,750	\$35,000	\$131,750	\$197,000	\$125,000	\$488,750
800-LANDSCAPING									
Landscaping	\$25,000	Allow	0	\$0					
Irrigation System	\$25,000	Allow	0	\$0					
Internal Yard Signage	\$10,000	LS	1	\$10,000	\$0	\$0	\$10,000	\$0	
Monument Signage	\$10,000	LS	1	\$10,000	\$0	\$0	\$10,000	\$0	
Subtotal 800				\$20,000	\$0	\$0	\$20,000	\$0	\$20,000
900-EQUIPMENT ALLOWANCES									
Paint Spraybooth	\$85,000	EA	1	\$85,000	\$0	\$0	\$85,000	\$0	
Paint Prep Station	\$55,000	EA	1	\$55,000	\$0	\$0	\$55,000	\$0	
Paint Mixing Room	\$15,000	EA	1	\$15,000	\$0	\$0	\$15,000	\$0	
Air Compressor	\$14,000	EA	2	\$28,000	\$0	\$28,000	\$0	\$0	
Portable Inspection Ramps	\$60,000	EA	1	\$60,000	\$0	\$60,000	\$0	\$0	
Vehicle Lifts	\$10,000	EA	3	\$30,000	\$0	\$30,000	\$0	\$0	
Car Wash System w/Reclaim & Recycling	\$250,000	LS	1	\$250,000	\$0	\$50,000	\$100,000	\$100,000	
Fueling System (above ground)	\$50,000	EA	1	\$50,000	\$0	\$0	\$50,000	\$0	
Operations Furniture & Equipment	\$40,000	Allow	1	\$40,000	\$0	\$0	\$40,000	\$0	
Telephone/Communications	\$75,000	Allow	1	\$75,000	\$0	\$25,000	\$50,000	\$0	
IS Systems & Equipment	\$100,000	Allow	1	\$100,000	\$0	\$25,000	\$50,000	\$25,000	
Mobile Rail Loading/Unloading Ramp	\$70,000	EA	0	\$0					
Multilevel Bridge/Plates / Racks	\$85,000	LS	0	\$0					
Subtotal 900				\$788,000	\$0	\$218,000	\$445,000	\$125,000	\$788,000
Total 000 - 900				\$4,422,350	\$427,500	\$2,040,050	\$1,610,300	\$344,500	\$4,422,350
PROJECT CONTINGENCY (100-900)				\$277,650					
PRELIMINARY CONSTRUCTION / EQUIPMENT ESTIMATE				\$4,700,000					

BNSF
BNSF

AC-Acre EA-Each LF-Lineal Foot Allow-Allowance
 SY-Square Yard TF-Track Foot
 CY-Cubic Yard LS-Lump Sum

EXHIBIT 3

Disclosure Statement

IT Corporation, 8/23/88, Report Levin Metal Area, Sample/Analysis (S/A), July, 1988
IT Corporation, 2/26/88, Report of Field Sampling, Shipyard No. 3 (SY3) Drum Storage Areas
IT Corporation, 5/5/88, Report of Sampling/Analysis, SY3 Residual Levels
Reidel Environmental Services, Inc., 10/2/90 Report of Remedial Investigation (RI),
Point Potrero Marine Terminal (PPMT), Vol. I & II
Reidel Environmental Services, Inc., 8/28/89, Draft Report of Findings, Scoping Study, PPMT
Hart Crowser, Inc., 5/28/92, Remedial Investigation/Feasibility Study (RI/FS) Work Plan and
Sampling Analysis (S/A) Plan for Former Shipyard No. 3 Scrap Area Site

Hart Crowser, Inc., 8/21/92, Proposed Surface Soil Sampling Locations, Port of Richmond
Shipyard No. 3 Scrap Area

Hart Crowser, Inc., 10/15/92 Bi-Monthly Summary Report, August, September 1992, Port of
Richmond Shipyard No. 3 RI/FS
Hart Crowser, Inc., 10/12/92 Surface Soil Sampling Results, Port of Richmond Shipyard No. 3
Scrap Area Site

Hart Crowser, Inc., 4/9/93, Bi-Monthly Summary Report, Feb/Mar 1993

Hart Crowser, Inc., 12/15/92, Draft RI Volume I Report
Hart Crowser, Inc., 3/11/93, Response to Comments of DTSC/RWQCB on Draft RI
Hart Crowser, Inc., 6/4/93, Final RI Report Vol. I & II Port of Richmond Shipyard No. 3
ScrapArea Site

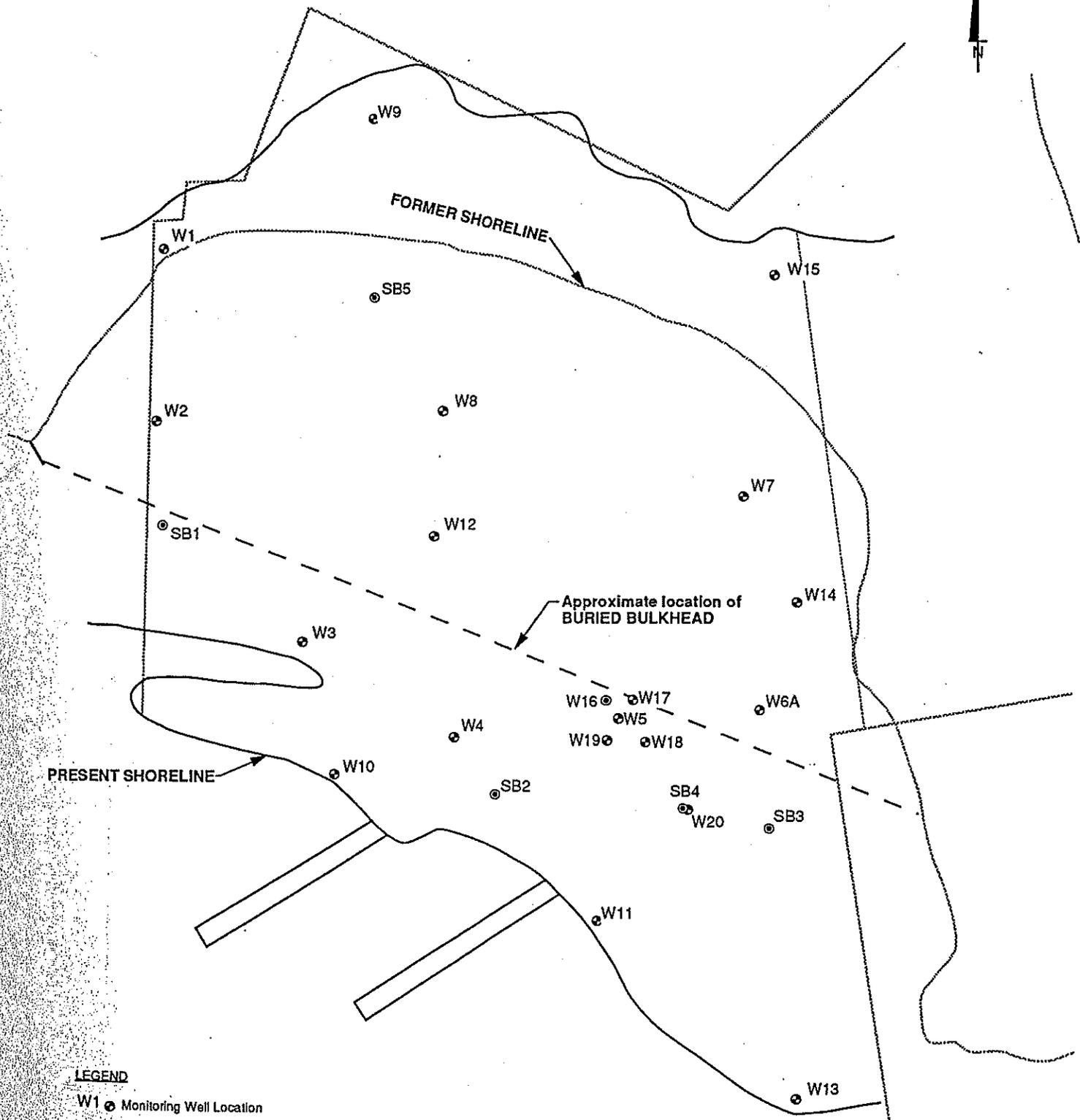
Hart Crowser, Inc., 9/22/93, Report of Well W-5 Area and Supplemental RI
Hart Crowser, Inc., 12/20/93, Bi-Monthly Summary Report, Oct/Nov 1993
Hart Crowser, Inc., 2/23/94, Bi-Monthly Summary Report, Dec/Jan 1994
Hart Crowser, Inc., 10/11/93, Final Draft Feasibility Study
Hart Crowser, Inc., 8/12/93, Bi-Monthly Summary Report, June/July 93
Hart Crowser, Inc., 9/15/94, Remedial Action Plan (RAP) - Operating Unit (OU) -1

EXHIBIT 4

List of Remediation and Other Equipment

Soil Boring and Monitoring Well Locations

Port of Richmond Shipyard #3 Scrap Area, Richmond, California



LEGEND

- W1 ● Monitoring Well Location
- SB1 ● Soil Boring Location

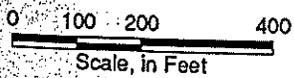


EXHIBIT 5

Schedule of Performance