

SECTION TWENTY-THREE  
 \* INCENTIVES – GENERAL RULES AND REGULATIONS

Item No.

DEFINITIONS INTERMODAL CONTAINER DISCOUNT PROGRAM

“Actual IPI Rate Reduction” is the amount of the monetary reduction assessed against affirmatively claimed IPI Containers derived by discounting by ten percent (10%) the monetary rate that results from dividing (a) the total amount, in U.S. dollars, of the compensation obligation owed by a Terminal Tenant to the Port of Los Angeles on account of its loading or unloading of each and every loaded or empty cargo container onto or from ocean-going vessels at premises assigned to them for use and occupancy pursuant to contracts issued by the Port of Los Angeles during the calendar year in which the IPI Program commenced, by (b) the total number of TEUs handled at such Terminal Tenant’s premises during the calendar year in which the IPI Program commenced.

“Effective IPI Rate Reduction” means the amount of the monetary reduction assessed against affirmatively claimed IPI Containers derived by discounting by ten percent (10%) the monetary rate that results from dividing (a) the total amount, in U.S. dollars, of the compensation obligation owed by a Terminal Tenant to the Port of Los Angeles on account of its loading or unloading of each and every loaded or empty cargo container onto or from ocean-going vessels at premises assigned to them for use and occupancy pursuant to contracts issued by the Port of Los Angeles during the calendar year preceding the calendar year in which the IPI Program commenced, by (b) the total number of TEUs handled at such Terminal Tenant’s premises during the calendar year preceding the calendar year in which the IPI Program commenced.

“Gross Actual IPI Rate Reduction” is the monetary sum resulting from the aggregation of each and every Actual IPI Rate Reduction in the calendar year on IPI Containers affirmatively claimed by a Terminal Tenant in writing and approved by the Port of Los Angeles.

“Gross Effective IPI Rate Reduction” is the monetary sum resulting from the aggregation of each and every Effective IPI Rate Reduction in the calendar year on IPI Containers affirmatively claimed by a Terminal Tenant in writing and approved by the Port of Los Angeles.

“IPI Container” means an intact loaded or empty cargo container that is loaded onto or unloaded from an ocean-going vessel and that originates from, by rail carriage, or is destined to, by rail carriage, a location outside of California.

“IPI Program” means the “Intermodal Container Discount Program.”

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See Item 10 for explanation of abbreviations and symbols.

Correction No. 650	Order No. 13-7148 Ordinance No. 182943	Adopted November 7, 2013 Adopted March 18, 2014	EFFECTIVE: April 25, 2014
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<p style="text-align: center;">SECTION TWENTY-THREE                      * INCENTIVES – GENERAL RULES AND REGULATIONS</p>	<p style="text-align: center;">Item No.</p>
<p style="text-align: center;">DEFINITIONS INTERMODAL CONTAINER DISCOUNT PROGRAM -- Continued</p> <p>“Terminal Tenant” means an entity that has entered into and is in good standing under a current permit or contract with the City of Los Angeles for use and occupancy of property and facilities at the Port of Los Angeles that load or unload loaded or empty cargo containers onto or from ocean-going vessels to and from such premises.</p> <p>“TEU” means the unit of measurement that is derived by converting the actual length of a cargo container into twenty-foot equivalent units.</p>	<p style="text-align: center;">[C]                      2300                      (Cont.)</p>
<p style="text-align: center;">INTERMODAL CONTAINER DISCOUNT PROGRAM</p> <p>Commencing on January 1, 2009, and ending on December 31, 2009, Tenants may participate in the Intermodal Container Discount Program, which shall allow implementation of the Actual IPI Rate Reduction to IPI Containers the Terminal Tenant affirmatively claims in writing and whose wharfage charges become due pursuant to Item 505 between January 1, 2009, and December 31, 2009.</p> <p>The Terminal Tenant shall be entitled to implement the Effective IPI Rate Reduction on all IPI Containers the IPI Program Participant has affirmatively claimed in writing and whose wharfage charges become due pursuant to Item 505 between January 1, 2009, and December 31, 2009. Such Effective IPI Rate Reduction shall be applied by the Terminal Tenant against any sums due or owing to City pursuant to compensation obligations set forth in contracts or otherwise that are required to be discharged between January 1, 2009, and December 31, 2009.</p> <p>On or before March 1st of the year following the year in which an Effective IPI Rate Reduction is applied, the Port of Los Angeles shall determine through reconciliation the actual monetary benefit each Terminal Tenant is entitled to receive by: (a) determining the Gross Actual IPI Rate Reduction; (b) determining the Gross Effective IPI Rate Reduction. Should the Gross Actual IPI Rate Reduction exceed the Gross Effective IPI Rate Reduction, the Port of Los Angeles shall, within thirty (30) days of its completion of the reconciliation, credit the Terminal Tenant the amount of any difference. Should the Gross Effective IPI Rate Reduction exceed the Gross Actual IPI Rate Reduction, the Port of Los Angeles shall, within thirty (30) days of its completion of the reconciliation, so advise the Terminal Tenant. Within thirty (30) days following such written notice, the Terminal Tenant shall pay the Port of Los Angeles the amount of any difference.</p>	<p style="text-align: center;">[C]                      2305</p>

See Item 10 for explanation of abbreviations and symbols.

<p>Correction No. 651</p>	<p>Order No. 13-7148                      Ordinance No. 182943</p>	<p>Adopted November 7, 2013                      Adopted March 18, 2014</p>	<p>EFFECTIVE: April 25, 2014</p>
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SECTION TWENTY-THREE  
\* INCENTIVES – GENERAL RULES AND REGULATIONS

Item No.

INTERMODAL CONTAINER DISCOUNT PROGRAM -- Continued

A Terminal Tenant’s request for application of the Effective IPI Rate Reduction shall constitute its irrevocable agreement to submit, upon written request of the Executive Director, and within fifteen (15) days of such written request, information, written or otherwise, that may be reasonably required by the Port of Los Angeles to administer the IPI Program, which information includes, but is not limited to, information regarding all IPI Containers (and their serial numbers) to which the Terminal Tenants assert this IPI Program applies.

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The Executive Director shall resolve any disputes regarding the amount of the Effective IPI Rate Reduction, the Actual IPI Rate Reduction, the Gross Effective IPI Rate Reduction, and the Gross Actual IPI Rate Reduction.

Except for the adjustments to compensation set forth in this Item No. 2300, nothing in this Item No. 2300 shall amend, vary or otherwise alter the terms and conditions of any contracts between the Port of Los Angeles or the City, on one hand, and Terminal Tenants, on the other hand.

See Item 10 for explanation of abbreviations and symbols.

Correction No. 652

Order No. 13-7148

Adopted November 7, 2013

Ordinance No. 182943

Adopted March 18, 2014

EFFECTIVE: April 25, 2014

SECTION TWENTY-THREE  
 \* INCENTIVES – GENERAL RULES AND REGULATIONS

Item No.

DEFINITIONS INTERMODAL CONTAINER INCENTIVE PROGRAM

For purposes of Items 2310 and 2315 the following definitions shall apply:

“Alameda Corridor Transportation Authority” means the joint powers authority formed by the cities and Ports of Los Angeles and Long Beach.

“Baseline Period” means the 12 month period commencing on May 1, 2008 and ending on April 30, 2009 during which time IPI Container Volume was handled through the San Pedro Bay Ports.

“Incentive Period” means the 12 month period commencing on May 1, 2009 and ending on April 30, 2010 during which time IPI Container Volume was handled through the San Pedro Bay Ports.

“Ocean Common Carrier” means a vessel-operating common carrier as defined in the Shipping Act of 1984, whose vessels call at Port of Los Angeles Container Terminal Tenant premises. Any person or entity disagreeing with the Port of Los Angeles’ determination shall have thirty (30) days from notice of the determination to submit documentation that the vessel is in fact operated by a different person or entity. Upon review of this information, the Port of Los Angeles may amend its determination at the exclusive discretion of the Executive Director.

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“IPI Container” means an intact loaded or empty cargo container that: (a) is transported by rail from a point outside California directly to the Port of Los Angeles Container Terminal Tenant's premises (or to a rail facility in Los Angeles County for subsequent delivery directly to the Port of Los Angeles Container Terminal Tenant's premises) for loading onto an ocean-going vessel; or (b) is transported by rail to a point outside California directly from the Port of Los Angeles Container Terminal Tenant's premises (or from a rail facility in Los Angeles County after transport directly from the Port of Los Angeles Container Terminal Tenant's premises) after unloading from an ocean-going vessel.

“IPI Incentive Program” means the Intermodal Container Incentive Program.

“San Pedro Bay Ports” means property under the control and jurisdiction of the Port of Los Angeles or the Port of Long Beach.

See Item 10 for explanation of abbreviations and symbols.

<p style="text-align: center;">SECTION TWENTY-THREE                      * INCENTIVES – GENERAL RULES AND REGULATIONS</p>	<p style="text-align: center;">Item No.</p>
<p style="text-align: center;">DEFINITIONS INTERMODAL CONTAINER INCENTIVE PROGRAM -- Continued</p> <p>“Container Terminal Tenant” means an entity that has entered into and is in good standing under a current permit or contract with the City of Los Angeles for use and occupancy of property and facilities at the Port of Los Angeles that loads or unloads loaded or empty cargo containers onto or from ocean-going vessels to and from such premises.</p> <p>“TEU” means the unit of measurement that is derived by converting the actual length of a cargo container into twenty-foot equivalent units.</p>	<p style="text-align: center;">[C]                      2310                      (Cont.)</p>
<p style="text-align: center;">INTERMODAL CONTAINER INCENTIVE PROGRAM</p> <p>The Intermodal Container Incentive program offers Ocean Common Carriers a financial incentive in the amount of twenty dollars (\$20.00) per loaded TEU on the incremental increase of IPI Containers whose wharfage charges become due pursuant to Tariff Item 505 during the Incentive Period. The incremental increase in IPI Container volume shall represent an increase in the San Pedro Bay Ports’ total IPI Container volumes over the Baseline Period.</p> <p>By July 1, 2010 each participating Ocean Common Carrier shall separately submit electronically data for loaded containers handled by the Ocean Common Carrier for both the Baseline Period and the Incentive Period, including but not limited to the following:</p> <ul style="list-style-type: none"> <li>(a) IPI container serial numbers;</li> <li>(b) Container size in length;</li> <li>(c) Container quantity in TEUs;</li> <li>(d) North American IPI point of cargo origin or final destination;</li> <li>(e) Berth; and</li> <li>(f) Name and date of vessel arrival/departure.</li> </ul> <p>IPI Incentive Program data shall be reported separately for IPI Containers loaded or discharged at the Port of Los Angeles, and for those at the Port of Long Beach.</p>	<p style="text-align: center;">[C]                      2315</p>

See Item 10 for explanation of abbreviations and symbols.

Correction No. 654	Order No. 13-7148 Ordinance No. 182943	Adopted November 7, 2013 Adopted March 18, 2014	EFFECTIVE: April 25, 2014
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SECTION TWENTY-THREE  
 \* INCENTIVES – GENERAL RULES AND REGULATIONS

Item No.

INTERMODAL CONTAINER INCENTIVE PROGRAM -- Continued

The Port of Los Angeles shall, within thirty (30) days of receipt of the IPI Container volume data from each participating Ocean Common Carrier, determine the actual monetary payment each participating Ocean Common Carrier is entitled to receive by reconciling the following information:

- (a) The IPI container volumes whose wharfage charges become due pursuant to Tariff Item 505 during the Baseline Period;
- (b) Confirming, by serial numbers, all IPI Containers against which each participating Ocean Common Carrier is claiming an IPI Incentive Program amount shipped during such period;
- (c) Confirming all IPI container volumes with the Container Terminal Tenants; and
- (d) Reconciling the IPI container volumes with IPI container volumes provided to the Port of Long Beach, to determine if such participating Ocean Common Carrier increased IPI volumes through the San Pedro Bay Ports during the Incentive Period.

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Each participating Ocean Common Carrier IPI container volume data will be further reconciled using data provided to the Harbor Department by the Alameda Corridor Transportation Authority.

In the event that IPI container volume handled by a participating Ocean Common Carrier through the San Pedro Bay Ports increased during the Incentive Period when compared with the Baseline Period, the Port of Los Angeles shall, upon completion of the reconciliation process, pay the Ocean Common Carrier twenty dollars (\$20.00) per loaded TEU on the incremental increase of IPI containers brought to the Port of Los Angeles.

In the event that the IPI container volume handled by a participating Ocean Common Carrier through the San Pedro Bay Ports decreased during the Incentive Period when compared with the Baseline Period, no monetary payment shall be made.

The Port of Los Angeles shall pay any IPI Container Incentive amounts owed to each participating Ocean Common Carrier as a one-time lump sum payment within thirty (30) days of completing the reconciliation process.

See Item 10 for explanation of abbreviations and symbols.

SECTION TWENTY-THREE INCENTIVES – GENERAL RULES AND REGULATIONS	Item No.
<p style="text-align: center;">DEFINITIONS OCEAN COMMON CARRIER INCENTIVES</p> <p>For purposes of Items 2320 and 2325 the following definitions shall apply:</p> <p>“Ocean Common Carrier” means a vessel-operating common carrier as defined in the Shipping Act of 1984, whose vessels call at Port of Los Angeles.</p> <p>“TEU” means the unit of measurement that is derived by converting the actual length of a cargo container into twenty-foot equivalent units.</p> <p>“First Tier Incentive Volume” means the number of TEUs, if any, up to Ninety Nine Thousand, Nine Hundred and Ninety Nine (99,999), that an individual Ocean Common Carrier delivers to the Port of Los Angeles in the calendar year 2014 which exceeds the number of TEUs such individual Ocean Common Carrier delivered to the Port of Los Angeles in calendar year 2013.</p> <p>“Second Tier Incentive Volume” means the number of TEUs, if any, that an individual Ocean Common Carrier delivers to the Port of Los Angeles in the calendar year 2014 that exceeds the First Tier Incentive Volume.</p>	<p>+ 2320</p>

See Item 10 for explanation of abbreviations and symbols.

Correction No. 656	Order No. 13-7148 Ordinance No. 182943	Adopted November 7, 2013 Adopted March 18, 2014	EFFECTIVE: April 25, 2014
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SECTION TWENTY-THREE INCENTIVES – GENERAL RULES AND REGULATIONS	Item No.
<p style="text-align: center;">OCEAN COMMON CARRIER INCENTIVE PROGRAM</p> <p>The Ocean Common Carrier Incentive Program provides two tiers of financial benefits to individual Ocean Common Carriers that increase in calendar year 2014 (in comparison to calendar year 2013) the number of loaded and empty TEUs such individual Ocean Common Carrier delivers to the Port of Los Angeles.</p> <p>Individual Ocean Common Carriers, if any, that increase in calendar year 2014 (in comparison to calendar year 2013) the number of loaded and empty TEUs they deliver to the Port of Los Angeles in an amount falling within the First Tier Incentive Volume shall be eligible to receive from the Port of Los Angeles the sum of Five Dollars (\$5.00) per TEU on each TEU constituting such First Tier Incentive Volume. Individual Ocean Common Carriers, if any, that increase in calendar year 2014 (in comparison to calendar year 2013) the number of loaded and empty TEUs in an amount falling within the Second Tier Incentive Volume shall be eligible to receive from the Port of Los Angeles the sum of Fifteen Dollars (\$15.00) per TEU on each TEU constituting the First Tier Incentive Volume and the sum of fifteen dollars (\$15.00) per TEU on each TEU constituting such Second Tier Incentive Volume.</p> <p>The Port of Los Angeles will provide each Ocean Common Carrier receiving payments under this program, if any, with a reconciliation of such payment, after January 31, 2015.</p> <p>Payment will be processed upon receipt of written request from Ocean Common Carriers directed to the Executive Director no later than April 30, 2015. Payments made under this program, if any, shall be paid in one-time lump sum payments.</p>	<p>+ 2325</p>

See Item 10 for explanation of abbreviations and symbols.

Correction No. 657	Order No. 13-7148 Ordinance No. 182943	Adopted November 7, 2013 Adopted March 18, 2014	EFFECTIVE: April 25, 2014
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SECTION TWENTY-THREE  
 INCENTIVES – GENERAL RULES AND REGULATIONS

Item No.

DEFINITIONS CRUISE VESSEL INCENTIVE PROGRAM

For purposes of Item 2330, Item 2335, and Item 2340 the following definitions shall apply:

“Cruise Year” is defined as the twelve month period beginning September 1st through August 31<sup>st</sup> of the following calendar year.

“Cruise Vessel Operator” shall be determined by the Port in reference to the operator listed in the Lloyds Register of Ships or the parent of a wholly owned subsidiary which is listed as the operator in the Lloyds Register of Ships. Any Cruise Vessel Operator disagreeing with this determination shall have 30 days from notice of this determination to submit documents that a vessel is in fact operated by an operator other than the one listed in Lloyd’s Register of Ships. Upon review of this information, the Port may amend its initial determination at the exclusive discretion of the Executive Director.

“Summer Season” is defined as the four month period beginning May 15th through September 15th during the same calendar year.

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See Item 10 for explanation of abbreviations and symbols.

Correction No. 700	Order No. 16-7208 Ordinance No. 184562	Adopted September 15, 2016 Adopted November 9, 2016	EFFECTIVE: December 24, 2016
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SECTION TWENTY-THREE  
 INCENTIVES – GENERAL RULES AND REGULATIONS

Item No.

CRUISE VESSEL INCENTIVE PROGRAM

Commencing on September 20, 2016, the Cruise Vessel Incentive Program will be based upon the number of revenue generating cruise passengers handled by a Cruise Vessel Operator per Cruise Year at the Port of Los Angeles.

<u>Number of cruise passengers per cruise year</u>	<u>Incentive per call</u>
25,000 - 49,999	\$ 5,000.00
50,000 - 99,999	\$ 6,000.00
100,000 - 149,999	\$ 7,000.00
150,000 - 199,999	\$ 8,000.00
200,000 - 249,999	\$ 9,000.00
250,000 - 299,999	\$10,000.00
300,000 - 349,000	\$11,000.00
350,000 +	\$12,000.00

To participate, a Cruise Vessel Operator will provide a list of all cruise brands and cruise lines that are eligible to qualify for the Cruise Vessel Incentive. Volumes will be calculated to include all cruise brands or cruise lines identified by the Cruise Vessel Operator as being eligible.

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Cruise Vessel Operators shall submit invoices to the Port for the prior Cruise Year for the Cruise Vessel Incentive Program on or before December 31st of the following Cruise Year. The incentive amount will be paid out upon receipt of an invoice from the Cruise Vessel Operator and verification of the incentive amount claimed by the Port of Los Angeles. The Port of Los Angeles will provide each Cruise Vessel Operator receiving payments under this program, if any, with reconciliation sixty days after receipt of invoice. Payments made under this program, if any, shall be paid in a one-time lump sum payment.

If a Cruise Vessel Operator sells a cruise brand or cruise line, buys a cruise brand or cruise line, or starts a new cruise brand or cruise line, the eligibility of the cruise brand or cruise line under the Cruise Vessel Incentive Program will be determined based on the closing date of the transaction as to whether such cruise brands or cruise lines were owned by the Cruise Vessel Operator at the time the incentive is claimed.

SUMMER SEASON INCENTIVE

Any Cruise Vessel Operator that has more than 10 vessel calls during the summer season will receive \$5000 per vessel call. If the Cruise Vessel Operator qualifies for the Cruise Vessel Incentive Program, the Summer Season Incentive would be in addition to the Cruise Vessel Incentive.

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See Item 10 for explanation of abbreviations and symbols.

Correction No. 701	Order No. 16-7208	Adopted September 15, 2016	EFFECTIVE: December 24, 2016
	Ordinance No. 184562	Adopted November 9, 2016	