LEASE AGREEMENT

BY AND BETWEEN
THE COMMONWEALTH PORTS AUTHORITY

AND

SAIPAN STEVEDORE COMPANY INC.

PORT OF SAIPAN

SAIPAN, COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
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LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease"), made and entered into this 13th day of April, 2021, by and between the COMMONWEALTH PORTS AUTHORITY, a government corporation organized and existing under Public Law 2-48 (hereinafter the "Authority"), and SAIPAN STEVEDORE COMPANY, INC., a corporation, that is lawfully licensed to do business under the laws of the Commonwealth of the Northern Mariana Islands, with its principal office located at PO Box 500208, Saipan, Commonwealth of the Northern Mariana Islands (hereinafter the "Company").

WITNESSETH:

ARTICLE ONE: DEMISED PREMISES

A. For and in consideration of the faithful performance by the Company of the agreements, covenants, terms and conditions hereof and of the payments herein provided to be made by the Company, the Authority does hereby lease and demise unto the Company, and the Company does hereby lease, hire, and take from the Authority the following properties (the "Demised Premises"):  

1. The exclusive right to use a certain portion of Lot Nos. 011 E 40, 011 E 45, and 011 E 46. These Lots are referred to as the Container Yard and as Parcel A in the map attached hereto, which is made a part hereof and marked as "Exhibit A." The Container Yard consists of an area of 751,363.27 sq. ft.

2. The non-exclusive right to use the 130-foot-wide corridor adjacent to the dock face and running the length of the dock face. This area is referred to as the Corridor Section. This area consists of those portions of Lot Nos. 011 E 43 and
011 E 44 as designated as Parcel B in the map attached hereto, which is made a part hereof and marked as “Exhibit A.” The Corridor Section consists of an area of 190,219.64 sq. ft.

3. The exclusive right to use of a certain portion of Lot 011 E 47 and Lot 011 E 48. These Lots are referred to as the Warehouse Yard and as Parcel C in the map attached hereto, which is made a part hereof, and marked as “Exhibit A.” The Warehouse Yard consists of an area of 198,981 sq. ft.

4. The exclusive right to use of Lot No. 011 E 30. This Lot is referred to as the Maintenance Yard and as Parcel D in the map attached hereto, which is made a part hereof and marked as “Exhibit A.” The Maintenance Yard consists of an area of 26,317 sq. ft.

5. The exclusive right to use of Lot No. 011 E 28. This Lot is referred to as the Administrative Building Yard and as Parcel E in the map attached hereto, which is made a part hereof and marked as “Exhibit A.” The Administrative Building Yard consists of an area of 15,941 sq. ft.

B. Subject to and in accordance with all laws and regulations, which are now or may hereafter be applicable, the Company shall have the right and privilege of access to the Demised Premises over the roads, ways, and public areas of the premises for ingress to and egress from the Demised Premises for its officers, agents, servants, employees, patrons, invitees, suppliers of materials, and furnishers of services, and its equipment, vehicles, and machinery necessary or required for the performance of its business upon the Demised Premises.

C. Company has inspected the Demised Premises and accepts possession of the
Demised Premises in its "AS IS" condition. Company warrants that it has inspected the Demised Premises and all improvements thereon and that there are no latent or patent defects of which it has any knowledge and that it assumes all risk incidental to the use and enjoyment thereof from any such defect later found or determined.

D. Except as otherwise expressly provided in this lease, Company has full responsibility for the repair, alteration, maintenance, and replacement of the Demised Premises. Company expressly acknowledges and agrees that Authority has not made and is not making, and Company is not relying upon, any warranties or representations regarding the Demised Premises, except to the extent same are expressly set forth in the Lease.

ARTICLE TWO: TERM; EFFECTIVE DATE; OPTION TO RENEW

A. The term of this Lease shall be Fifteen (15) years, commencing on 05/01/21 and ending on 05/01/2036, unless extended or sooner terminated as provided herein.

B. Company shall have two options to extend the term of this Lease. The first option shall be for a period of fifteen (15) years and the second option shall be for a period of ten (10) years on the same terms and conditions set forth herein. The lease term, inclusive of all exercised options, shall not exceed forty (40) years. Company shall exercise its options by giving written notice to the Authority of its intention to do so, not earlier than one hundred and eighty (180) days and no later than ninety (90) days before expiration of the then current rental term.

ARTICLE THREE: USE OF DEMISED PREMISES

A. The Company, and its officers, employees, agents, suppliers and providers of services (incidental to or connected with the rights granted hereunder) shall have
the right to use the Demised Premises for the following purposes only: to conduct a stevedoring and terminal warehouse business; the sale of ship's stores and supplies; building, establishing, and operating a warehouse, a container storage yard, and related office space for the conduct of the aforesaid businesses; to fence the Demised Premises; and to do other activities reasonably necessary in furtherance of its conduct of the aforesaid businesses.

B. The Company's Lease rights are expressly subject to and limited by the provisions of any applicable government regulation and permitting requirement as may be required. The provisions of all government regulatory permits including Coastal Resources Management, the Division of Environmental Quality and others, which have been or may hereafter be issued to the Company in connection with the conduct of its business on the Demised Premises are incorporated into this Lease, as terms and conditions hereof, as though the same were fully set forth herein. No amendment of any such permits shall be agreed to by the Company except with the express prior written consent of the Authority; provided that such consent shall not be unreasonably delayed or withheld.

C. The Company shall not commit or permit the commission of any nuisance as now or hereafter defined by any applicable law in connection with the exercise of its rights under this Lease.

ARTICLE FOUR: EXCLUSIVE RIGHT TO CONDUCT TERMINAL AND STEVEDORING BUSINESS

The Company shall have the exclusive right to conduct a terminal and stevedoring business, including, but not limited to, receiving, delivering, shipping, and storing of cargo and ocean freight, the administration of such activities, the loading and unloading of vessels, and the
storage of shipping containers and chasses at the Commercial Port of Saipan. The parties agree that this Lease is an agreement which is subject to review and approval of the Federal Maritime Commission pursuant to the provisions of the Shipping Act of 1984. The Company agrees that it will save and hold the Authority harmless, and defend and indemnify the Authority, and its officers, agents, and employees, from all liabilities, charges, expenses, including legal fees, and costs arising out of or incurred in connection with any claims or lawsuits by any third party alleging that this Lease or any part thereof violates the anti-trust laws of the United States, unlawfully restrains interstate and/or foreign commerce, or otherwise is in violation of any laws or regulation of the United States of America or the Commonwealth of the Northern Mariana Islands.

ARTICLE FIVE: COMPANY RATES AND CHARGES

In entering into this agreement, the Company acknowledges the Authority’s desire and obligation to provide the public high-quality stevedoring and terminal warehouse services, comparable in price and quality to similar services offered by similarly situated operations in the Pacific Region and within the Commonwealth. As such, Company shall offer its services at standards and prices comparable to those charged at other comparable ports in the Pacific region. Nothing in this Lease shall serve to give Company an unlimited license to establish or increase fees beyond any levels set by a government entity with jurisdiction to oversee and approve rates and charges.

Company warrants and agrees that before the implementation of any rates and charges at the Port that any and all rates and charges which may be subject to the filing requirements of the Shipping Act, 46 U.S.C.A § 40102 et. seq., and/or the approval of the Federal Maritime Commission or other government agency will be properly filed and/or approved. Company agrees that it will save and hold Authority harmless, and defend and indemnify the Authority, and its officers, agents, and employees, from all liabilities, penalties, charges, expenses, including legal fees, and costs arising out of or incurred in connection with any
action brought on by and federal agency for the Company's failure to report or file any notices, documents, rates, or charges with any local or federal agency, department, or commission.

ARTICLE SIX: RENTAL AND ADDITIONAL CONSIDERATION

A. Base Rent.

1. The Company agrees to pay and shall pay the Authority a base rental computed at Ten Cents ($0.10) per square foot per month for the Company's Warehouse Yard as delineated in the map attached hereto and labeled as "Exhibit A." The total land area for the Warehouse Yard is 198,981 square feet.

2. Additionally, the Company agrees to pay and shall pay the Authority a base rental computed at Ten Cents ($0.10) per square foot per month for the Company's Maintenance Yard and Administrative Building Yard. The Maintenance Yard is 26,317 square feet, and the Administration Building Yard is 15,941 square feet.

3. The monthly base rental for the Warehouse Yard, Maintenance Yard, and the Administration Building Yard shall increase by TEN PERCENT (10%) every six years.

4. The following payment schedule provides the monthly base rental for the Warehouse Yard, Maintenance Yard, and the Administration Building Yard, including the six-year base rental increases:

<table>
<thead>
<tr>
<th>Lease Period</th>
<th>Warehouse Yard</th>
<th>Maintenance Yard</th>
<th>Admin Bldg. Yard</th>
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FMC Agreement No.: 201365  Effective Date: Thursday, July 15, 2021
Downloaded from WWW.FMC.GOV on Monday, September 5, 2022
5. The rental payable hereunder shall be due and payable on or before the 1st day of the month, commencing on 05/01/2021.

B. Franchise Fee:

1. In addition to the base rental fee specified above and as consideration for the exclusive right to conduct terminal and stevedoring activities at the Port of Saipan, the Company shall pay to the Authority as rental, a franchise fee in the amount equal of Eleven Percent (11%) of the Company’s “Stevedoring Operation Gross Revenues,” as defined in Subsection 3 below.

2. The Franchise Fee shall increase every six years by an additional One And One-Half Percent (1.5%). The Franchise Fee shall be paid monthly, within Thirty (30) days after the end of each month, based upon the Stevedoring Operation Gross Revenues received during the immediately preceding month. Accordingly, the Franchise Fee shall increase in accordance with the following schedule:

<table>
<thead>
<tr>
<th>Lease Period</th>
<th>Franchise Fee Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Years 1 - 6 (2021-2026)</td>
<td>11%</td>
</tr>
</tbody>
</table>

<table>
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<tr>
<th>Lease Period</th>
<th>Franchise Fee Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Years 1 - 6 (2021-2026)</td>
<td>11%</td>
</tr>
</tbody>
</table>
Years 7 - 12 (2027-2032) | 12.5%
---|---
Years 13 - 18 (2033-2038) | 14%
Years 19 - 24 (2039-2044) | 15.5%
Years 25 - 30 (2045-2050) | 17%
Years 31 - 36 (2051-2056) | 18.5%
Years 37- 40 (2057-2060) | 20%

3. Definition of Stevedoring Operation Gross Revenues: As used herein, the term “Stevedoring Operation Gross Revenues” shall include all monies and other things of value received during each calendar month, by the Company from its activities and services conducted at the Demised Premises pursuant to the rights granted hereunder. Stevedoring Operation Gross Revenues shall not include monies received by the Company and paid directly to the Authority as fees, rates, or other charges under any of the Authority’s rules and regulations, which include but may not be limited to: wharfage fees, port entry fee, dockage fees, fresh water fees, bunkering fees, home port fees, and port services fees. In computing Stevedoring Operation Gross Revenues, the Company shall not directly or indirectly divert from inclusion any income or revenue whatsoever from the premises or from any business conducted thereon to any other business or enterprise located elsewhere. Payments of any taxes or payments to any other governmental entity or to any of the Authority’s tenants, concessionaires, master concessionaire, licensees, or any other person not a party to this agreement shall not be deducted from the Company’s Stevedoring Operation Gross Revenues. The Company’s Stevedoring Operation Gross Revenues neither includes the gross revenues of the Company’s terminal operation nor does it include other revenue streams from the Company’s other business endeavors or activities.
C. Additional Consideration

1. Upon execution of this Lease, Company will provide Authority FIVE HUNDRED THOUSAND DOLLARS ($500,000.00) to be used toward the repair of Industrial Drive.

ARTICLE SEVEN: STATEMENTS, BOOKS, AND RECORDS

A. Within ten (10) days after the close of each calendar month of the term of this Lease, Company shall submit to Authority in a form and with detail satisfactory to Authority (including reasonable statistics with respect thereto), a statement of its gross receipts made upon the Demised Premises during the preceding month, said statement to be signed by the Company’s designated fiscal or accounting officer.

B. Company shall file with the Authority within ten (10) days after it is due to the government a copy of the Company’s CNMI Business Gross Revenue Tax Monthly Return.

C. The Company shall keep full and accurate financial books, records and statement of accounts showing in sufficient details its gross revenues, expenses, capital expenditures, equity transactions, and other business and financial transactions. Authority shall have the right through its representative, and at all reasonable times, to inspect and audit all such books and records, and the Company hereby agrees that all such books and records will be made available to Authority for at least a three-year period following the end of this Lease and any exercised option periods.

D. The Company shall employ an independent Certified Public Accountant who shall furnish a statement at the end of each year of this Lease and each option period to the Authority certifying that in his or her opinion that all rental fees due during the term of this Lease were calculated and accurately declared and records are
maintained in accordance with the terms of this Lease. Such statement shall also contain a list of the gross revenues as shown on the books and records of the Company that were used to compute the Franchise fees due during the period covered by the statement. Such statement shall be due and provided to the Authority no more than ninety (90) days after the end of each year covered by this Lease and option period.

E. Authority reserves the right to audit the Company’s books and records of receipts at any time for the purpose of verifying the gross revenues hereunder. If as the result of such audit, it is established that the Company has understated its gross sales by three percent (3%) or more, the entire expense of said audit shall be borne by the Company. Any additional rental fees due shall forthwith be paid by the Company to Authority, with interest thereon at twelve percent (12%) per annum from the date such sums were due.

ARTICLE EIGHT: INTEREST ON DELINQUENT RENTAL OR OTHER PAYMENT OBLIGATION

Without prejudice to any other remedy available to Authority, a charge at the rate of one percent (1%) per month shall be assessed against Company (due at the end of the month for which it was charged), for any rental, reimbursements, and other charges not paid when due. If the rental, reimbursement, or other charge was in dispute at the time the charge became due, then the interest rate shall not be assessed until 30 days after the dispute is resolved. Delinquent rentals, reimbursements, and other charges shall be capped at 12% per annum. Such sum shall continue to be assessed against Company until the principal sum thereof has been paid in full.
ARTICLE NINE: LETTER OF CREDIT

Company shall, at all times during the term of this Lease and any extensions by exercise of the options in Article Two, obtain and maintain a standby letter of credit from a FDIC-insured banking institution in favor of the Authority, payable upon written demand to the Authority upon seven (7) days’ notice, in an amount equivalent to One Hundred And Thirty Thousand Dollars ($130,000.00). The Authority shall call upon the Letter of Credit to satisfy or cure any portion of any default or unpaid rental due to the Authority. In the event that the Authority calls upon such Letter of Credit to satisfy any unpaid rental based on Company’s default, should the Authority allow the Company to remain on the premises pursuant to this Lease, the Company shall provide a new Letter of Credit in an amount equivalent to One Hundred And Thirty Thousand Dollars ($130,000.00). At its discretion, the Authority may remove this requirement if the Company’s record of rental payment evidences a steady and timely record of payments. If, for any reason, the bank issuing the Letter of Credit shall fail or refuse to honor any demand, Company shall within Thirty (30) days following such failure or refusal either: (i) deposit with Authority the amount of the Letter of Credit in cash; or (ii) replace the Letter of Credit with a new Letter of Credit suitable to the Authority.

ARTICLE TEN: IMPROVEMENTS

The Company may design and construct improvements to the Demised Premise at its own cost. The cost of all design, construction, renovation, are the sole and exclusive responsibility of the Company. All such improvements to or renovations to the Demised Premise shall not be undertaken without the Authority’s written approval.

Title to all structures, buildings, and any and all other permanent improvements constructed, erected, or placed upon the Demised Premises by the Company, and additions or improvements made thereto, shall vest in and become the property of the Company, and, at the option of the Authority, shall be surrendered to and shall belong to the Authority with the
Demised Premises as part thereof upon termination or expiration of this Lease, save that the Company may, at the termination of this Lease, if the Company is not then in default under any provision of this Lease, remove its machinery, equipment, movable interior partitions, and other trade fixtures placed upon the Demised Premises by it. All improvements attached to the land shall become the property of the Authority, unless the Authority requires the Company to remove it.

**ARTICLE ELEVEN: BONDS**

As a precondition to the construction of any leasehold improvements, Company shall provide or cause to be provided to Authority payment and performance bonds from a surety approved by Authority, in a sum of not less than one hundred percent (100%) of the total cost of the contract or contracts for the construction of such leasehold improvements, guaranteeing the prompt payment to all persons supplying labor, materials, provisions, provender, supplies, and equipment used directly or indirectly by the said contractors, subcontractors, and suppliers in the prosecution of the work provided for in said construction contract and protecting the Authority from any liability, losses, or damages arising therefrom, such bond to be without expense to the Authority. The bonds shall be dual obligee surety bonds payable to and in favor of Company as obligee and Authority as additional obligee.

**ARTICLE TWELVE: REPAIRS AND MAINTENANCE**

A. The Company covenants and agrees to pay, at its own cost and expense during the entire term of this Lease, the repair and maintenance costs of the Demised Premises, including all buildings, structures, facilities, and improvements thereon, as well as landscaping, fencing, fence gates, and lighting, whenever the same have been placed thereon, in good order and repair and in tenantable condition, injury thereto or destruction thereof by fire, typhoon, earthquake, acts of God, or other casualty beyond the Company’s control excepted. Specifically, in regard to the Container
Yard, "Exhibit B" provides an itemized listing of the buildings, structures, facilities, dock lights, security lights, outlets, manhole covers, and wheel stoppers that the Company must repair and maintain.

B. The responsibility of the Company to perform repairs and maintenance, as provided in this Article Twelve, shall include both structural and operational repairs and maintenance. Except for damage or injury to the Demised Premises caused by the negligence of the Authority, its agents, or employees, which injury or damage the Authority shall repair, the Authority shall not be obligated to make any repairs, alterations, additions, improvements, or betterments to said Demised Premises during the term of this Lease.

C. If the Company fails to make such repairs within thirty (30) days after the Authority's request to repair, the Authority may make the repairs and the Company shall immediately reimburse the Authority for the cost thereof, plus ten percent (10%) thereof to cover overhead and administrative charges. The making of such repairs by the Authority shall in no event be construed as a waiver of the duty of the Company to make repairs as herein provided.

D. The Company agrees to pay for all labor performed and materials furnished and equipment used in any construction and in any repairs, additions, alterations, or improvements made by it on the Demised Premises and to keep its interest under this Lease free and clear of all liens or encumbrances, except as expressly permitted herein.

E. The Company may make alterations, additions, improvements, or betterments to the Demised Premises only after complete plans and specifications therefor have been submitted to and approved by the Authority's Executive Director.
F. The Company shall keep the entire Demised Premises, including adjoining sidewalks, substantially free of any accumulation of dirt, rubbish, and debris. Unless otherwise expressly provided for in this Lease, Authority is not required to maintain, repair, clean, alter, or improve the Demised Premises, or to provide any services to the Demised Premises.

ARTICLE THIRTEEN: RELOCATION OF IMPROVEMENTS

In the event Authority requires the return of the Demised Premises for expansion or development, the Authority reserves the right, on twelve (12) months' notice, to relocate or replace improvements on the Demised Premises at the Authority's cost and expense, in substantially similar form to another location, provided that in no event shall change shall such impair the rights of the Company hereunder.

ARTICLE FOURTEEN: RIGHT TO IMPROVE THE DEMISED PREMISES

The Authority specifically reserves the right to further develop or improve the Port of Saipan as it deems necessary. If feasible, such improvements shall be made in a manner that will cause the Company as little inconvenience as possible. The Company agrees that temporary inconveniences, such as noise, disturbances, traffic detours, dust or air pollution, and the like, caused by or associated with the construction or improvements to the Port of Saipan shall not constitute a breach of the Company's quiet enjoyment of the Demised Premises, nor shall they be grounds for an abatement of rental, except in cases of prolonged and substantial interruption of the Company's business or activities upon the Demised Premises for a period greater than six (6) months.
ARTICLE FIFTEEN: EQUIPMENT

The Company agrees to purchase any and all equipment that the Authority shall deem necessary for the smooth and efficient operation of the Port within a reasonable time upon the demand of the Authority. Any demand made by Authority under this Article must be reasonably justified. Any and all equipment shall be kept in good repair or replaced if such becomes irreparable as a result of damage, use, or age.

ARTICLE SIXTEEN: HOLD HARMLESS LEASE AND LIABILITY INSURANCE

A. It is an express condition of this Lease that the Authority, members of the Authority, and its officers, agents, directors, and employees, (hereinafter collectively referred to as the "Indemnitees") shall be free from any and all liabilities and claims for damages and/or suits for or by reason of any death or deaths or for any injury or injuries to any person or persons or for damages to property of any kind whatsoever, including persons or property of the Company, its agents, or employees, its sub-lessees, or licensees, or other third persons. Company hereby releases and agrees to indemnify and hold harmless the Indemnitees of and from any and all claims, demands, liabilities, losses, costs, or expenses for any loss, including, but not limited to, bodily injury (including death), personal injury, property damage, expenses, and attorneys' fees, caused by, growing out of, or otherwise happening in connection with this Lease, due to any negligent or intentional act or omission on the part of the Company, its agents, employees, or others working at the direction of Company or on its behalf, or due to the application or violation of any pertinent Federal, State, or Local laws except for the gross negligence or intentional misconduct of the Indemnities. In case any action or proceeding is brought against the Authority by reason of any claim mentioned in this Article Sixteen, the Company, upon notice from the Authority, shall, at Company's expense, resist or defend such action or proceeding in Authority's name,
if necessary, by counsel approved by the Authority. This indemnification is binding on the successors and assigns of the Company, and this indemnification survives the expiration or earlier termination of the Lease, or the dissolution or, to the extent allowed by Law, the bankruptcy of the Company.

B. The Company shall maintain in force during the term of this Lease public liability and property damage insurance (which may be in the form of a blanket policy) in the sum of Five Hundred Thousand Dollars ($500,000.00) for injury to or death of any one person and the sum of One Million Dollars ($1,000,000.00) for injury to or death of more than one person; and the sum of Five Hundred Thousand Dollars ($500,000.00) for damages to property; and the Company agrees that the Authority shall be named as an additional insured under such liability insurance policy or policies. Company shall maintain business interruption insurance covering loss of revenues or other income by the Company due to total or partial suspension of, or interruption in, the operation of the Demised Premises caused by damage or destruction of the Premises in an amount sufficient to meet rent payments and other recurring payments for twelve (12) months, subject to the reasonable discretion of the Authority. At the discretion of the Authority, the policy limits may be adjusted every five (5) years from the commencement of this lease. All such policies shall be endorsed with a severability of interest or cross-liability endorsement, and may allow for a commercially reasonable deductible amount.

C. A certificate or certificates evidencing such insurance coverage shall be filed with the Authority within 90-days of the commencement of the term of this Lease, and said certificate shall provide that such insurance coverage will not be canceled by the insurance company without at least sixty (60) days prior written notice to the Authority. At least sixty (60) days prior to the expiration of any such policy, a certificate showing that such insurance coverage has been renewed or extended shall
be filed with the Authority. If such coverage is canceled, the Company shall, within fifteen (15) days after receipt of written notice of such cancellation or reduction of coverage, file with the Authority a certificate showing that the required insurance has been reinstated or provided through another insurance company or companies.

D. In the event the Company fails, refuses, or neglects to initially secure or to maintain such insurance in force and effect, the Authority may secure the same and the Company agrees to reimburse the Authority for the cost thereof. Such reimbursement shall be made to the Authority within thirty (30) days after the Authority has made payment.

ARTICLE SEVENTEEN: CASUALTY INSURANCE; BUILDING INSURANCE

A. The Company shall and hereby agrees to maintain, at the Company’s cost and expense, during the entire term of this Lease, a policy or policies of insurance (which may be in the form of a blanket policy) against all risks of loss or damage by fire and typhoon (subject to a commercially reasonable deductible), with extended coverage and replacement costs endorsements, covering all buildings and other real property improvements constructed, erected, or placed upon the Demised Premises, in an amount equal to the replacement cost of all such buildings and improvements. The proceeds must be used toward the repair or replacement of any such damaged or destroyed buildings or improvements, or such other improvements as the Authority and the Company may agree upon. If the Company elects not to rebuild or repair, the proceeds of any such insurance shall be payable to and belong to the Authority in the amount required to repair, alter, restore, replace, and rebuild the Demised Premises or portion thereof so damaged or destroyed at least to the extent of the value and as nearly as possible to the condition, quality, and class of the Demised Premises existing immediately prior to the buildings and improvements damage or destruction. In the event that the Company elects not to rebuild or repair damages to
the Demised Premises and the proceeds of insurance are paid to the Authority, the Company may terminate this Lease, and upon such termination, each of the parties hereto shall be relieved of any obligation under the terms of this Lease, except those which have already accrued.

B. The Company shall file with the Authority a certificate or certificates evidencing the foregoing insurance coverage, within 180-days of the commencement of the term of this Lease. Said certificate shall provide that such insurance coverage will not be canceled or reduced without at least sixty (60) days prior written notice to the Authority. At least sixty (60) days prior to the expiration of any such policy, a certificate showing that such insurance coverage has been renewed or extended shall be filed with the Authority. If such coverage is canceled or reduced, the Company shall, within fifteen (15) days after receipt of written notice of such cancellation or reduction of coverage, provide the Authority with a certificate showing that the required insurance has been reinstated or provided through another insurance company or companies. Upon failure of the Company to file such certificate or certificates, the Authority may, without further notice, obtain a policy or policies of insurance against loss or damage with extended coverage and replacement cost endorsements covering all buildings and real property improvements constructed or erected or placed on the Demised Premises. The Company agrees to reimburse the Authority for the Authority's actual cost of such insurance upon receipt of a statement from the Authority's insurance carrier or insurance advisor showing the actual cost to the Authority of said insurance.

ARTICLE EIGHTEEN: DAMAGE OR DESTRUCTION

A. In the event that during the term of this Lease, the buildings and structures located upon the Demised Premises shall be damaged or destroyed by fire, typhoon, flood,
earthquake or other casualty (including any casualty for which insurance was not obtained or obtainable), the Company shall either, with due diligence, restore the Demised Premises to a good and tenantable condition or inform the Authority within thirty days of such damage and destruction that Company elects not to rebuild or repair damages in accordance with Article Seventeen (A).

B. The partial or total damage or destruction of the improvements of the Demised Premises shall not entitle the Company to any abatement of rental, gross revenue fees, or any other charges under this agreement.

C. Company shall, whether or not such damage or destruction shall have been insured, and whether or not insurance proceeds, if any, are sufficient for restoration of the property, with reasonable diligence repair, alter, restore, replace, and rebuild the Demised Premises or portion thereof so damaged or destroyed at least to the extent of the value and as nearly as possible to the condition, quality, and class of the Demised Premises existing immediately prior to such occurrence. The Authority in no event shall be obligated to restore the Demised Premises or any portion thereof or to pay any of the costs or expenses thereof. If the Company shall fail or neglect to restore the Demised Premises with reasonable diligence and such failure or neglect continues for sixty (60) days after notice from the Authority, this Lease may, at the option of the Authority, be terminated, and Authority may, but shall not be required to, restore the Demised Premises at the Company’s expense. The restoration of the Demised Premises shall be done in accordance with the provisions of this Lease. The Company’s obligations under this Article Eighteen shall survive the expiration or earlier termination of this Lease.

D. At the Authority’s sole discretion, this Lease shall not terminate or be forfeited or be affected in any manner, and there shall be no reduction or abatement of the rent, by
reason of damage to or total, substantial, or partial destruction of the Demised Premises or any part thereof or by reason of the same or any part thereof being untenantable, and the Company, notwithstanding any applicable law, waives any and all rights to quit or surrender the Demised Premises or any part thereof. The Company expressly agrees that its obligations hereunder, including the payment of rent, shall continue as though the Demised Premises had not been damaged or destroyed and without abatement, suspension, diminution, or reduction of any kind.

**ARTICLE NINETEEN: UTILITIES**

A. The Company, at its sole expense, shall bring or cause to be brought to the Demised Premises such public utility services as it may require. To this end, the Company may, with the prior approval of the CNMI Department of Public Works and/or the Commonwealth Utilities Corporation and the Authority, connect the Demised Premises to any existing utility lines on or near the Demised Premises, provided that the same does not unreasonably interfere with the use of the same by the Authority or its other tenants.

B. The Company shall pay directly to the utility company or utility supplier all charges for utility services. No failure, delay or interruption in any utility service or services shall relieve or be construed to relieve the Company of any of its obligations hereunder; nor shall such be construed to be an eviction of the Company; or constitute grounds for any diminution or abatement of the rentals, fees, and charges provided for herein, or grounds for any claim by the Company against the Authority for damages, consequential, or otherwise.

C. In regard to the Container Yard, the Company shall pay to the Authority fifty percent (50%) of the Container Yard’s monthly utilities bill from the Commonwealth Utilities Corporation.
D. In any event where damage to any utility service lines is caused by the Company, its employees, contractors, suppliers, agents or invitees, the Company shall be responsible for the cost of repairs.

**ARTICLE TWENTY: UTILITY EASEMENTS**

The Authority reserves the right to grant nonexclusive utility easements to others over, under, through, across, or on the Demised Premises in locations that will not unreasonably interfere with the Company’s use of the Demised Premises; provided, that the Authority shall consult with the Company prior to granting any such utility easement. In the event the installation or maintenance of utility lines in such easements causes any damage to facilities upon the Demised Premises, the Authority, at its expense, will repair the same if not so repaired by the party installing or maintaining the utility line.

**ARTICLE TWENTY-ONE: TAXES AND LICENSES**

The Company shall pay all taxes of whatever character that may be levied or charged upon the Company’s improvements or operations hereunder and upon the Company’s right to use the Demised Premises. The Company has the sole obligation to obtain and pay licenses or permits necessary or required by law for the construction of any improvements, the installation of its equipment and furnishings, and any other licenses necessary for the conduct of its business within the Demised Premises. The Authority shall not be required to pay any taxes due to the Company’s use of the Demised Premises. The Company shall indemnify fully and save harmless the Authority from any taxes imposed or levied against the Authority due to the Company’s use of the Demised Premises.
ARTICLE TWENTY-TWO: TRANSFERABILITY

The Company shall not, either directly or indirectly, assign, hypothecate, encumber, or transfer this Lease or any interest therein, or sublet the whole or any part of the Demised Premises, or license the use of the same in whole or in part, or sell a majority beneficial equity interest in the Company, without the express prior written consent of the Authority, which consent, however, shall not be delayed or withheld unreasonably. Neither this Lease nor any interest therein shall be assignable or transferable in proceedings in attachment, garnishment, or execution against the Company or by any process of law, and possession of the whole or any part of the Demised Premises shall not be divested from the Company in such proceedings or by any process of law, without the express prior written consent of the Authority. Such consent, if granted, shall be conditioned upon payment to the Authority of not less than 10% of all sums received by the Company under such sublease or subleases.

ARTICLE TWENTY-THREE: NO IMPAIRMENT OF AUTHORITY'S TITLE

The Company shall not permit the Demised Premises to be used by any person at any time or times during the term of this Lease in such a manner as would impair the Authority’s title to or interest in the Demised Premises or in such a manner as would cause a claim or claims of adverse possession, adverse use, prescription, or other similar claims of, in, to, or with respect to the Demised Premises.

ARTICLE TWENTY-FOUR: LIENS

Company shall keep the Demised Premises and this Lease free from any lien or other encumbrance filed or recorded in favor of any mechanic, materialman, architect, engineer, or other person. Company shall not create or permit to be created or to remain, and shall promptly discharge, any lien, encumbrance, or charge levied on account of any mechanic's, laborer's, or materialman's lien which might or does constitute a lien, encumbrance, or charge
upon the Demised Premises, or any part thereof, or the income therefrom, having a priority or preference over or ranking on a parity with the estate, rights, or interest of Authority in the Demised Premises or any part thereof, or the income therefrom. Nothing in this Lease shall be deemed or construed in any way as constituting the consent or request of Authority, express or implied, by inference or otherwise, to the filing of any lien against the Demised Premises by any contractor, subcontractor, laborer, materialman, architect, engineer, or other person for the performance of any labor or the furnishing of any materials or services for or in connection with the Demised Premises or any part thereof.

The Company agrees to pay or cause to be paid, when due, all sums of money that may become due for any labor, services, materials, supplies, utilities, furnishings, machinery, or equipment incurred by the Company arising out of its use of the Demised Premises.

**ARTICLE TWENTY-FIVE: TERMINATION BY COMPANY**

A. Company may terminate this Lease for any of the following reasons:

1. The inability of the Company to use the Demise Premises for the purposes set forth in Article Three of this Lease, continuing for a period longer than ninety (90) days, due to any order, rule, or regulation of any appropriate governmental agency having jurisdiction over the operations of the Company; or

2. The inability of Company to use the Demised Premises due to the default by Authority of its obligations under this Lease; provided that Company first notify Authority of such default and allow Authority thirty (30) days to cure such default. If curing such default will reasonably require a time period exceeding thirty (30) days, Company may terminate this Lease provided that the Authority has not, in good faith, undertaken steps to cure such default; or
3. The inability of Company to use said premises and facilities continuing for a period longer than ninety (90) days by reason of acts by a public enemy during the existence of a state of war declared or undeclared; or

4. The assumption by the United States or any authorized agency thereof of the operation, control, or use of the Demised Premises or any substantial portion or portions thereof, in a manner that substantially to restricts the Company for a period of at least ninety (90) days from engaging in its operations.

B. Upon the occurrence and maturity of any of the termination events contained in this Section, the Company shall have the right in lieu of termination and upon prompt written notice to Authority, to either a suspension of this Lease or in the alternative, to a just abatement of such portion of its rental obligations as may be mutually agreed upon by Authority and Company.

ARTICLE TWENTY-SIX: TERMINATION BY AUTHORITY

Authority shall have the right to terminate this Lease upon any of the following Events of Default:

A. If Company fails to pay any sum, or any part thereof, when the same shall become due and payable and such failure shall continue for thirty (30) days after notice from Authority to Company.

B. If Company fails to observe or perform one or more of the other terms, conditions, covenants, or agreements contained in this Lease, and such failure shall continue for a period of thirty (30) days after notice thereof by Authority to Company specifying such failure unless such failure requires work to be performed, acts to be done, or
conditions to be removed which cannot by their nature or because of unavoidable
delays reasonably be performed, done, or removed, as the case may be, within such
thirty (30) day period, in which case no event of default shall be deemed to exist as
long as Company shall have commenced curing the same within such thirty (30) day
period and shall, subject to unavoidable delays, diligently, continuously, and in
good faith prosecute the same to completion.

C. If Company make an assignment for the benefit of creditors.

D. The filing of any voluntary petition in bankruptcy by Company, or the filing of any
involuntary petition by Company's creditors, which involuntary petition remains
undischarged for a period of sixty (60) days.

E. If within sixty (60) days after the commencement of any proceeding against
Company seeking any reorganization, arrangement, composition, readjustment,
liquidation, dissolution, or similar relief under any present or future statute, law, or
regulation, such proceeding shall not have been dismissed.

F. If Company shall abandon the Demised Premises for greater than thirty (30) days.

G. If a levy under execution or attachment shall be made against the Demised Premises
and such execution or attachment shall not be vacated or removed by court order,
bonding, or otherwise within a period of sixty (60) days.

H. The appointment of a receiver or trustee of Company's assets.

I. The divestiture of Company's rights hereunder by any court or by operation of Law.

J. The revocation, termination, or expiration of any permit or license necessary or
required for the Company to conduct its operations upon the Demised Premises.

Upon the occurrence of an Event of Default, Authority may, at its option, give notice to Company of the termination of this Lease and, upon thirty (30) days after service of such notice, this Lease shall terminate and shall end with the same force and effect as if that day were the day fixed for the expiration of this Lease. Notwithstanding the foregoing, Company shall remain liable for any damages as provided in this Lease and the Authority may enforce any remedy available to it.

**ARTICLE TWENTY-SEVEN: REMEDIES**

If this Lease is terminated pursuant to Article Twenty-Six, or if Authority reenters or obtains possession of the Demised Premises by summary proceedings or any other legal action or proceeding or by any other legal act, all of the following provisions shall apply:

A. Company shall immediately vacate and surrender the Demised Premises to Authority in good order, condition, and repair, reasonable wear and tear and damage that Company is not obligated under the terms of this Lease to repair excepted.

B. Company shall be liable for and shall pay to Authority, as damages, any deficiency (referred to as "Deficiency") between the Rent reserved in this Lease for the period which otherwise would have constituted the unexpired portion of the Term and the net amount, if any, of rents collected under any reletting for any part of such period. Any such Deficiency shall be paid in installments by Company on the days specified in this Lease for payment of installments of Rent, and Authority shall be entitled to recover from Company each Deficiency installment as the same shall arise, and no suit to collect the amount of the Deficiency for any installment period shall prejudice Authority's right to collect the Deficiency for any subsequent installment period by a
similar proceeding.

C. Authority may: (i) complete all construction required to be performed by Company hereunder; (ii) repair and alter the Demised Premises in such manner as Authority may deem necessary or advisable; (iii) let or relet the Demised Premises or any parts thereof for the whole or any part of the remainder of the Term or for a longer period, in Authority’s name or as agent of Company, and out of any rent and other sums collected or received as a result of such reletting Authority shall: (x) first, pay to itself the reasonable cost and expense of terminating this Lease, re-entering, retaking, repossessing, completing construction, and repairing or altering the Demised Premises, or any part thereof, and the cost and expense of removing all persons and property therefrom, including in such costs legal expenses and reasonable attorneys' fees and disbursements; (y) second, pay to itself the reasonable cost and expense sustained in securing any new tenants and other occupants, including in such costs brokerage commissions, legal expenses, and reasonable attorneys' fees and disbursements and other expenses of preparing the Demised Premises for reletting, and, if Authority shall maintain and operate the Premises, the reasonable cost and expense of operating and maintaining the Premises; and (z) third, pay to itself any balance remaining on account of the liability of Company to Authority. Authority in no way shall be responsible or liable for any failure to relet the Demised Premises or any part thereof, or for any failure to collect any rent due on any such reletting, and no such failure to relet or to collect rent shall operate to relieve Company of any liability under this Lease or to otherwise affect any such liability. Notwithstanding the foregoing, Authority shall have no duty or obligation whatsoever to relet all or any portion of the Demised Premises or to mitigate its damages hereunder.

D. Authority may elect to proceed by appropriate judicial proceedings, either at law or
in equity, to enforce the performance or observance by Company of the applicable provisions of this Lease and/or to recover damages for breach thereof. Each right and remedy of Authority provided for in this Lease shall be cumulative and shall be in addition to every other right or remedy provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by Authority of any one or more of the rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise, shall not preclude the simultaneous or later exercise by Authority of any or all other rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise.

ARTICLE TWENTY-EIGHT: RIGHTS OF ENTRY AS AGENT

In any case in which provision is made herein for the termination of this Lease by the Authority or in the case of abandonment or vacating of the Demised Premises by the Company, the Authority, in lieu of declaring forfeiture, may enter upon and re-take possession of the Demised Premises. To such end and notwithstanding any other provision within this Lease, the Company hereby irrevocably appoints the Authority as its agent to remove all persons or property in storage for the account of and at the expense of the Company. In such case, the Authority may re-let the Demised Premises upon such term as it may deem proper, and if a sufficient sum shall not be realized thereby, after paying expense of such re-letting, to satisfy the rental and other sums herein agreed to be paid by the Company, the Company agrees to pay any such deficiency including any administrative expenses. The Company further agrees to indemnify and save the Authority harmless from any loss or damage or claim arising out of the action of the Authority in pursuance of the rights contained in this Article.
ARTICLE TWENTY-NINE: RULES AND REGULATIONS

A. In conducting its operations hereunder, the Company shall comply with all applicable laws of the United States of America and the Northern Mariana Islands, and the Authority's Rules and Regulations, now in force or hereafter prescribed or promulgated. The Authority shall have the right from time to time, to amend and enforce its Rules and Regulations as well as standards of use and operation of the Demised Premises, which the Company agrees to observe and obey. In the event the Authority shall be subject to any civil fine or penalty due to the Company's violation of any governmental rules, regulations, and standards as now or hereafter may be promulgated or enacted, the cost of such fine or penalty shall be borne by the Company. The Company shall indemnify fully and save harmless the Authority from any fine or penalty charged against the Authority due to the Company's violation of any governmental rules, regulations, and standards.

B. It is the obligation of the Company to pay all fees and charges levied against it pursuant to this Lease or pursuant to the Authority's Rules and Regulations. In the event that the Company desires to contest the validity or amount of any such fees or charges, the Company shall first pay the same to the Authority, and may then seek a refund in any appropriate forum. If successful, the Company shall be entitled to reasonable interest on all sums refunded.

ARTICLE THIRTY: ENVIRONMENTAL PROTECTION

A. General Conditions. Notwithstanding any other provisions in this Lease, and in addition to any and all other requirements of this Lease and any other covenants, representations, or warranties of Company, Company expressly agrees to, covenants, warrants, and represents to Authority, in connection with Company's operations at the Port, the following:
1. Company is knowledgeable of all applicable federal, Commonwealth, and local environmental laws, ordinances, rules, regulations, and orders, which apply to Company operations at the Port and acknowledges that such environmental laws, ordinances, rules, regulations, and orders change from time to time, and Company agrees to keep informed of any future changes.

2. Company shall not cause or permit any Hazardous Material, as defined by federal law or by CNMI Division of Environmental Quality regulations, to be placed, stored, generated, used, released, or disposed of in, on, under, about, or transported from any Port premises by Company, its agents, employees, contractors, or other person, unless it has complied with the following: (a) with respect to Hazardous Materials other than oil, petroleum products, and flammable substances reasonably necessary in connection with Company’s nautical activities, the prior written consent of Authority shall be required. Authority may impose, as a condition of such consent, such requirements as Authority finds reasonable, including, without limiting the generality of the foregoing, requirements as to the manner in which, the time at which, and the contractor by whom such work shall be done, and (b) Company must comply with all environmental laws and regulations and act prudently in its business operations, with respect to such Hazardous Materials, and (c) the presence of Hazardous Materials must be reasonably necessary for the operation of Company’s business.

3. Except as provided for in this Lease, Company shall comply and at all times ensure that all Port premises occupied by it are kept in compliance with all applicable federal, Commonwealth, and local laws, ordinances, regulations, guidelines, and orders relating to health, safety, and protection of persons,
the public, and the environment. Company shall furnish, upon the reasonable request of Authority, all reports, assessments, or other documents that satisfactorily show that no Authority premises are being or have been used by Company for any activities involving, directly or indirectly, the use, generation, treatment, storage, or disposal of any Hazardous Materials.

4. Company shall not install or allow to be installed any above ground or underground storage tanks on any Authority premises, unless Company receives written permission from the Authority and obtains all necessary Federal and Commonwealth permits. On the effective day of this Lease, all existing and properly permitted above ground diesel storage tanks shall be deemed to have received the required written permission from the Authority under this Article Thirty (A)(4).

5. Except as provided herein, Company shall warrant that it shall keep the Demised Premises free of all environmental, health, and safety hazards, and nuisances of any kind whatsoever. Prior to Company’s occupancy of the Demised Premises, the Company and Authority, or Authority’s designated agent, shall review the condition of the premises to be occupied by Company, and shall make written notation of any pre-existing conditions discovered; subsequently, Company shall not be responsible to Authority with respect to such pre-existing conditions.

6. Company shall notify Authority immediately upon discovery of any Hazardous Material on, in, under, or emanating from the Demised Premises occupied by it; any release or threat of release of a Hazardous Material; and any illness caused by exposure thereto, as well as any actual, threatened, or potential environmental health or safety liability, including, but not limited
7. Except as may otherwise be provided herein, Company will not make or allow to be made any change in usage, addition, or improvements in, on, or to the Demised Premises that will result in the presence or release of Hazardous Materials on any Authority premises.

8. If Company breaches the obligations stated in this Article, or if Hazardous Materials are released on, from, or to the Demised Premises or other property, including groundwater, or if contamination of Authority property otherwise occurs as a result of Company’s actions or operations, then, in addition to any other indemnification provisions contained in this Lease, Company shall indemnify, and hold Authority, its directors, officers, employees, agents, and volunteers harmless from any and all resulting claims, judgments, damages, penalties, fines, costs, liabilities or losses, including, without limitation, the diminution in value of the premises, damages for the loss or restriction on use of rentable or usable space or of any amenity of the premises, natural resource damages, damages arising from any adverse impact on marketing of space, and damage to other property or the environment, and shall pay, in settlement of claims, attorney’s fees, consultant fees, and expert fees, except to the extent caused by the negligence or willful misconduct of Authority.
9. Company agrees to cooperate with any investigation, audit, or inquiry by the Authority or any governmental agency, regarding possible violation of any environmental law or regulation.

10. Company agrees that all remedies of Authority provided herein with regard to violation of any federal, Commonwealth or local environmental laws, ordinances, rules, regulation or orders shall be deemed cumulative in nature and shall survive termination of this Lease.

11. Company agrees that any notice of violation, notice of non-compliance, or notice of any other enforcement action shall be provided to Authority within twenty-four (24) hours of receipt by Company or Company’s agent. Any violation or notice of violation or non-compliance with federal, state, or local environmental law or ordinance shall be deemed a default under this Lease. Such default shall be cured within ten (10) days of receipt of notice of default from Authority, or such longer period as may be required to effect a cure provided Company commences a cure within said ten (10) days and thereafter diligently prosecutes the cure to completion. Any such default that is not cured shall be grounds for termination of this Lease. After the Company takes and completes any remedial action with respect to the Demised Premises in full compliance with all applicable laws, the Company shall submit to the Authority written confirmation from the applicable governmental entity that no further remedial action is required.

B. Groundwater

1. Company acknowledges that certain Authority properties contain groundwater that provides water to the inhabitants of the Commonwealth. Accordingly, these properties are subject to certain rules and regulations
issued by both the federal and Commonwealth governments governing use of said property. Company agrees to observe and abide by such groundwater rules and regulations as may be applicable.

C. Solid and Hazardous Waste

1. If Company is deemed to be a generator of Hazardous Waste as defined by federal, Commonwealth, or local law, Company shall obtain a generator identification number from the Environmental Protection Administration (EPA), and the appropriate generator permit shall comply with all federal, Commonwealth, and local laws, and any rules and regulations promulgated thereunder, including, but not limited to, insuring that the transportation, storage, handling, and disposal of such Hazardous Wastes are conducted in full compliance with applicable law. Company agrees to provide Authority, upon request, copies of all hazardous waste permit application documentation, permits, monitoring reports, transportation, responses, storage and disposal plans and Material Safety Data Sheets, within ten (10) days of any such requests by Authority.

ARTICLE THIRTY-ONE: POLLUTION

The Company shall conduct its operations on the Demised Premises in such manner to minimize, to the extent it is reasonably practicable considering the nature and extent of the Company's operations, the emanation from the Demised Premises of any waste, noise, vibration, air fumes, and odors so as not to interfere unreasonably with the use of adjoining premises. The Company shall not discharge any substance or wastes whatsoever into the waters surrounding the Demised Premises.

Company shall comply at all times with the conditions of any CNMI Coastal Resources Management Permit, any Division of Environmental Quality Permit, or any other regulatory
permit issued to the Company for its activities. Company shall comply with all laws relating to
the environment, human health, or natural resources; regulating, controlling, or imposing
liability or standards of conduct concerning any Hazardous Materials; relating to the
investigation, response, clean up, remediation, prevention, mitigation, or removal of any
Hazardous Materials necessary to comply with any applicable law; and requiring notification
or disclosure of releases of Hazardous Materials or of the existence of any environmental
conditions on or at the Demised Premises, as any of the foregoing may be amended,
supplemented, or supplanted from time to time. Company agrees to report any violation to the
Authority promptly upon receipt of any notice of violation.

ARTICLE THIRTY-TWO: GENERAL CIVIL RIGHTS PROVISIONS

Company agrees, in connection with its use of the Demised Premises, to comply with pertinent
statutes, Executive Orders and such rules as are promulgated to ensure that no person shall,
on the grounds of race, creed, color, national origin, sex, age, or disability be excluded from
participating in any activity conducted with or benefiting from Federal assistance. If Company
transfers its obligation to another, the transferee is obligated to comply with said
requirements.

This provision obligates Company for the period during which the Demised Premises is leased
by the Company and the Authority. This provision is in addition to that required by Title VI of
the Civil Rights Act of 1964.

ARTICLE THIRTY-THREE: TITLE VI CLAUSES

Company for its personal representatives, successors in interest, and assigns, as a part of the
consideration hereof, does hereby covenant and agree as a covenant running with the Demised
Premises that (1) no person on the ground of race, color, or national origin, will be excluded
from participation in, denied the benefits of, or be otherwise subjected to discrimination in the
use of said Demised Premises, (2) that in the construction of any improvements on, over, or under such Demised Premises, and the furnishing of services thereon, no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, and (3) that Company will use the Demised Premises in compliance with all other requirements imposed by or pursuant to the list of pertinent acts and authorities.

In the event of breach of any of the above nondiscrimination covenants, Authority will have the right to terminate the Lease and to enter or re-enter and repossess said Demised Premises, and hold the same as if said Lease had never been made or issued.

ARTICLE THIRTY-FOUR: TITLE VI LIST OF PERTINENT NONDISCRIMINATION ACTS AND AUTHORITIES

During the term of this Lease and in connection therewith, the Company, for itself, its assignees, and successors in interest agrees to comply with the following non-discrimination statutes and authorities, including but not limited to:

A. Title VI of the Civil Rights Act of 1964 (42 USC § 2000d et seq., 78 stat. 252) (prohibits discrimination on the basis of race, color, national origin);

B. 49 CFR part 21 (Non-discrimination in Federally-assisted programs of the Department of Transportation—Effectuation of Title VI of the Civil Rights Act of 1964);

C. The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 USC § 4601) (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
D. Section 504 of the Rehabilitation Act of 1973 (29 USC § 794 et seq.), as amended (prohibits discrimination on the basis of disability); and 49 CFR part 27;

E. The Age Discrimination Act of 1975, as amended (42 USC § 6101 et seq.) (prohibits discrimination on the basis of age);

F. The Civil Rights Restoration Act of 1987 (PL 100-209) (broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, the Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms “programs or activities” to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);

G. Titles II and III of the Americans with Disabilities Act of 1990, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 USC §§ 12131 - 12189) as implemented by U.S. Department of Transportation regulations at 49 CFR parts 37 and 38;

H. Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures nondiscrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;

I. Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination
includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Fed. Reg. at 74087 to 74100);

J. Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 USC 1681 et seq).

ARTICLE THIRTY-FIVE: CONTRACT WORKHOURS AND SAFETY STANDARDS ACT REQUIREMENTS

A. Overtime Requirements.
   1. No contractor or subcontractor contracting for any work arising out of this Lease, which may require or involve the employment of laborers or mechanics, shall require or permit any laborer or mechanic, including watchmen and guards, in any workweek in which he or she is employed on such work, to work in excess of forty hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in such workweek.

B. Violation; Liability for Unpaid Wages; Liquidated Damages.
   1. In the event of any violation of the clause set forth in subsection (i) of this Section, the Company shall require that the contractor and any subcontractor responsible therefor be liable for the unpaid wages. In addition, such contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated
damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in subsection (A) of this Article, in the sum of $10 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in subsection (A) of this Article.

C. Withholding for Unpaid Wages and Liquidated Damages.

1. Authority shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld, from any moneys payable on account of work performed by the contractor or subcontractor under any such contract or any other Federal contract with the same prime contractor, or any other federally assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime contractor, such sums as may be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in subsection (B) above.

D. Subcontractors.

1. The Company shall require contractor or subcontractor to insert in any subcontracts the clauses set forth in subsections (A) through (D) and also a clause requiring the subcontractor to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in subsection (A) through (D) of this Section.
ARTICLE THIRTY-SIX: UNITED STATES GOVERNMENT

This Lease shall be subordinate to the provisions of any existing or future agreement between the Commonwealth of the Northern Mariana Islands and the United States relative to the use and operation of the Demised Premises.

ARTICLE THIRTY-SEVEN: PUBLIC FACILITIES

The Company shall be entitled, in common with others authorized by the Authority, to the general use of all Demised Premises, public facilities, and improvements, which are now or may hereafter be connected with or appurtenant to Demised Premises, except as otherwise provided herein.

ARTICLE THIRTY-EIGHT: DUTY TO GUARD PROPERTY

The Company shall assume the sole and exclusive responsibility for the guarding and safekeeping of, and the risk of loss to, all buildings, structures, personal property, and equipment stored or located upon or used in connection with the Demised Premises, and shall save and hold harmless the Authority, and its agents and employees, from any and all claims, demands, and liabilities arising therefrom. Company shall maintain a suitable security gate at the entrance to the wharf area, and shall provide 24-hour watchman security for the reasonable safeguarding of the Demised Premises. Without limiting the generality of the foregoing, Company shall limit access to the wharf area to those persons who have legitimate business there.

ARTICLE THIRTY-NINE: LANDSCAPING AND UPKEEP

Landscaping shall be maintained by the Company to assure that the landscaping is consistent with cleanliness of the area around the Demised Premises. The Company, at its sole cost and
expense, shall do all grass cutting and landscape maintenance pursuant to standards established by the Authority. The Company shall keep landscaped areas, paved surfaces, sidewalks, and similar areas free of debris and other waste material at all times. In the event debris or other waste material is present upon any of the aforementioned areas, or if, in the Authority’s reasonable determination debris or waste material originating on the Demised Premises is upon other properties, the Authority may, at its option and without prior notice or approve of the Company, remove the same. All reasonable costs and charges relating thereto shall be payable by Company as additional rent.

The Company at all times shall maintain, operate, and keep the Demised Premises in a neat, clean, wholesome, sanitary, and orderly condition, and shall prevent the accumulation of and shall maintain the Demised Premises free of any weeds, refuse, or waste materials which present an unattractive appearance or which might be or constitute a safety, fire, or health hazard.

**ARTICLE FORTY: FIRE ExTINGUISHERS**

The Company agrees at its own expense to keep on the Demised Premises fire extinguishers of such number, type, and material as may be prescribed from time to time by a competent authority.

**ARTICLE FORTY-ONE: SIGNS**

A. No sign or advertising displays shall be painted on or erected in any manner upon the Demised Premises without the prior written approval of the Authority’s Executive Director. Signs identifying the Company or the Demised Premises or the Company’s business thereon will conform to reasonable standards established by the Authority, with respect to type, size, design, color, and location. Subject to such limitations, the Company may paint or erect such sign or signs as reasonably necessary to identify the Company or the Demised Premises or the Company’s
business thereon.

B. The Company agrees to remove promptly and to the satisfaction of the Authority, at the cost and expense of the Company, upon the expiration of the term or the earlier termination of this Lease, any signs placed by the Company upon the Demised Premises.

ARTICLE FORTY-TWO: NO WAIVER AND CUMULATIVE RIGHTS OF AUTHORITY

No failure of Authority to exercise any power given to Authority hereunder or to insist upon strict compliance by Company with its undertakings, duties, and obligations hereunder, and no custom or practice of the parties hereto at variance with the provisions hereof shall constitute a waiver of the Authority’s right to demand exact compliance with the provisions contained in this Lease. All rights, powers, and privileges conferred herein upon both parties hereto are cumulative and are in addition to and not in substitution of any other rights and remedies available at law or in equity or otherwise. It is agreed that each and all of the rights, powers, options, or remedies given to the Authority or the Company by this Lease are cumulative, and no one of them shall be exclusive of any other or exclusive of any remedies provided by law, and that the exercise of one right, power, option, or remedy by the Authority shall not impair its right to any other right, power, option, or remedy.

ARTICLE FORTY-THREE: INSPECTION OF PREMISES

Authority or its agents may enter the Demised Premises at all reasonable times to inspect the Demised Premises or to show the Demised Premises to other parties, or for any other purpose Authority deems reasonably necessary. Authority shall at all times have and retain a key with which to unlock all the standard entrances and exit doors in, upon, and about the Demised Premises, excluding Company’s vaults, safes, and files. Authority shall exercise all reasonable
efforts so that any entry into the Demised Premises is reasonably designed to minimize interference with the operation of Company’s business on the Demised Premises.

**ARTICLE FORTY-FOUR: SURRENDER OF PREMISES**

The Company covenants and agrees that at the expiration of this Lease, or upon its earlier termination, it will quit and surrender the Demised Premises with all the improvements thereon in good state and condition, reasonable wear and tear excepted, and the Company agrees, unless otherwise permitted in writing by the Authority, to remove all personal property belonging to the Company. Upon such termination, Authority shall have the right to enter upon and take possession of the Demised Premises. Company shall promptly pay to Authority all rent payable to the date on which this Lease is terminated or the date on which the Authority reenters or obtains possession of the Demised Premises.

**ARTICLE FORTY-FIVE: HOLDING OVER**

In the event the Company remains in possession of the Demised Premises after the expiration of this Lease without written approval thereof, such holding over shall not be deemed as a renewal or extension of this Lease, but shall create only a tenancy from month-to-month, which may be terminated at any time by the Authority upon thirty (30) days’ written notice to vacate. There shall be no renewal whatsoever of this Lease by operation of law.

**ARTICLE FORTY-SIX: WAIVER OF CLAIMS**

The Company hereby waives any claim against the Authority, its officers, agents, or employees, for damage or loss caused by any suit or proceeding directly or indirectly attacking the validity of this Lease, or any part thereof, or by any judgments or award in any suit or proceeding declaring this Lease null, void, or voidable, or delaying the same or any part thereof, from being carried out.
Company further agrees that, to the extent not expressly prohibited by Law, Authority shall not be liable for, nor shall rent abate as a result of, any direct or consequential damage, including damage claimed for actual or constructive eviction, either to person or property sustained by Company, its agents, contractors, service providers invitees, or guests due to the Demised Premises or any part thereof or any appurtenances thereto becoming out of repair, or due to the happening of any accident in or about said Demised Premises or due to any act or neglect of Company arising out of its use of the Demised Premises or of any other person. This provision shall apply particularly, but not exclusively, to damage caused by water, steam, sewage, gas, electricity, sewer gas, or odors or by the bursting, leaking, or dripping of pipes, faucets, and plumbing fixtures, and shall apply without distinction as to the person whose act or neglect was responsible for the damage and whether the damage was due to any of the causes specifically enumerated above or to some other cause of an entirely different kind. Company further agrees that all of Company’s improvements, trade fixtures, equipment, and all other personal property on the Demised Premises shall be at the risk of Company only, and that Authority shall not be liable for any loss or damage thereto or theft thereof. Notwithstanding the foregoing, Authority shall not hereby be exculpated from any liability arising from Authority’s gross negligence or intentional misconduct.

ARTICLE FORTY-SEVEN: CONSENT NOT TO BE UNREASONABLY WITHHELD

Whenever consent is required hereunder by either the Authority or the Company, such consent is not to be unreasonably withheld or to be delayed for an unreasonable period of time.
ARTICLE FORTY-EIGHT: INTERPRETATION AND CONSTRUCTION

The parties acknowledge and agree that the following clauses shall apply in the interpretation and construction of this Lease:

A. In connection with negotiating and executing this Lease, each had its own counsel and advisors and that each has reviewed and participated in the drafting of this Lease. This Lease was prepared by Authority’s counsel as a matter of convenience and has no import or significance to the construction of this Lease. Any uncertainty or ambiguity in this Lease shall not be construed against Authority because Authority’s counsel prepared this Lease in its final form. Any rule of construction that requires any ambiguities to be interpreted against the drafter shall not be employed in the interpretation of: (i) this Lease; (ii) any exhibits to this Lease; or (iii) any document drafted or delivered in connection with the transactions contemplated by this Lease.

B. Any captions or headings used in this Lease are for convenience only and do not define or limit the scope of this Lease.

C. The singular of any term, including any defined term, shall include the plural and the plural of any term shall include the singular.

D. Whenever the singular or plural number or masculine or feminine gender is used in this Lease, it shall equally apply to, extend to, and include the other.

ARTICLE FORTY-NINE: SUCCESSORS

It is mutually covenanted, understood, and agreed by and between the parties hereto, that each of the provisions of this Lease shall apply to, extend to, be binding upon, and inure to the
benefit or detriment of not only the parties hereto, but also the legal representatives, successors, and assigns of Authority and Company hereto, and shall be deemed and treated as covenants running with the Demised Premises during the term of this Lease. Whenever a reference to the parties hereto is made, such reference shall be deemed to include the legal representatives, successors, and assigns of said party, the same as if in each case expressed.

ARTICLE FIFTY: NOTICES AND PAYMENTS

All rents or other sums, notices, demands or requests from one party to the other may be personally delivered or sent by mail, certified or registered, postage prepaid, to the addresses stated below, and shall be deemed to have been given at the time of personal delivery or five (5) business days after the time of mailing:

FOR THE COMPANY:  
Saipan Stevedore Co., Inc.  
PO Box 500208  
Saipan, MP 96950

FOR THE AUTHORITY:  
Commonwealth Ports Authority  
Executive Director  
Saipan International Airport  
P. O. Box 501055  
Saipan, MP 96950

Each party shall have the right, from time to time, to designate a different person or address by notice given in conformity with this Section.
ARTICLE FIFTY-ONE: GOVERNING LAW

This Lease has been made in and shall be construed in accordance with the laws of the Commonwealth of the Northern Mariana Islands.

ARTICLE FIFTY-TWO: VENUE

Venue for resolution by a court of competent jurisdiction of any dispute arising under the terms of this agreement, or for the enforcement of any provision of this Lease, is in the courts of the Commonwealth of the Northern Mariana Islands.

ARTICLE FIFTY-THREE: WAIVER OF JURY TRIAL

COMPANY WAIVES ANY RIGHT IT MAY HAVE TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER AGAINST THE OTHER ON ANY MATTER WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS LEASE, THE RELATIONSHIP OF AUTHORITY AND COMPANY, OR COMPANY'S USE OR OCCUPANCY OF THE PREMISES.

ARTICLE FIFTY-FOUR: ATTORNEYS' FEES

If any suit or action is instituted in connection with any controversy arising under this Lease, the prevailing party shall be entitled to recover and the losing party agrees to pay, in addition to cost, such sums as the trial court may adjudge reasonable as attorneys' fees and upon appeal therefrom such sum as the appellate court may adjudge reasonable as attorneys' fees. The attorneys' fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred. In addition, Authority shall be entitled to attorneys' fees, costs, and expenses incurred in the preparation and service of notices of default and consultations in connection therewith, whether or not a
legal action is subsequently commenced in connection with such default. This provision shall survive termination by either party with respect to causes of suit or action that survives termination.

ARTICLE FIFTY-FIVE: TIME IS OF THE ESSENCE

All time limits stated in this Lease are of the essence of this Lease.

ARTICLE FIFTY-SIX: ENTIRE AGREEMENT CONTAINED HEREIN

The making, execution, and delivery of this Lease by Company has not been induced by any representations, statements, covenants, or warranties by Authority except for those contained in this Lease. This Lease, upon becoming effective, shall supersede all prior written agreements, negotiations, and oral understandings relating to the Demised Premises or any portion thereof. This Lease constitutes the full, complete, and entire agreement between and among the parties hereto; no agent, employee, officer, member, representative, or attorney of the parties hereto has authority to make, or has made, any statement, agreement, representation, or contemporaneous agreement, oral or written, in connection herewith modifying, adding to, or changing the provisions of this Lease. No amendment of this Lease shall be binding unless such amendment shall be in writing, signed by both parties hereto, and attached to, incorporated in, and by reference made a part of this Lease.

ARTICLE FIFTY-SEVEN: NO AGENCY

Except as provided for in Article Twenty-Eight of this Lease, nothing in this Lease is intended, or shall in any way be construed, to create any form of partnership or agency relationship between the parties, and the parties hereby expressly disclaim any intention of any kind to create any partnership or agency relationship between themselves. Nothing in this Lease shall
be construed to make either party liable for any of the indebtedness of the other, except as specifically provided in this Lease.

ARTICLE FIFTY-EIGHT: PUBLIC AUDITOR REQUIREMENTS

The Public Auditor shall, until the expiration of three years after final payment, have access to and the right to examine and copy records, data, or papers relevant to this Lease.

ARTICLE FIFTY-NINE: SEVERABILITY

If any term, covenant, condition, or provision of this Lease is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the Lease provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

ARTICLE SIXTY: SIGNATORY WARRANTY

The undersigned signatory for Company hereby represents and warrants that the signatory is authorized to execute this Lease on behalf of Company.

ARTICLE SIXTY-ONE: EXECUTION AND APPROVAL

This Lease takes effect upon its execution by the parties, and upon its approval by the Federal Maritime Commission as required by 46 U.S.C. §801 et sec.

SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed on the date and year first above-written:
COMMONWEALTH PORTS AUTHORITY

By: KIMBERLYN KING-HINDS
Contracting Officer/Chairwoman

SAIPAN STEVEDORE CO., INC.: 

by: MICHAEL T. DEMAPAN
Managing Director

Approved as to Form and Legal Sufficiency:

By: JOSEPH M. HALLAHAN
Staff Attorney
COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

Municipality of Saipan

On this 30th day of March, 2021, before me, appeared Kimberly King-Hinds, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS, I have hereunto set my hand affixed my Official Seal the day and year first above written:

[Signature]

NOTARY PUBLIC

My Commission Expires: 5/23/2021
COMMONWEALTH OF THE NORTHERN
MARIANA ISLANDS

Municipality of Saipan

On this 13th day of April 2021, Michael T. Demapan personally appeared before me, the undersigned notary, who, being duly sworn or affirmed did say that such persons executed the foregoing document as the free act and deed of such persons.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal at Saipan, Commonwealth of the Northern Mariana Islands, on the day and year first above written.

NOTARY PUBLIC

M Ai MARIA N. MCAR/INAS
NOTARY PUBLIC
Commonwealth of the Northern Mariana Islands
My Commission Expires on the 21st day of September, 2022
SAIPAN STEVEDORE

Itemized Listing of Maintenance

A. Lightings:
   a. for Container Yards and Security Lights:
      1. Maintaining all burn out light bulbs.
         a. Container Yard: Poles #1 - #13
         b. Security Lights: Poles #14 - #23
      b. Dock lights will be maintained by CPA.
         i. All lights facing Able, Baker and Charlie 1 & 2 Docks.

B. Restroom Building at the port:
   a. Lighting – interior & exterior
   b. Maintenance of Restrooms (Toilet Bowls Sets & Sinks):
      i. Corroded & Leaks
   c. Cleaning and maintaining of the restrooms.

C. Refer outlets:
   a. Maintaining all outlets:
      i. Reference to Saipan Harbor Layout 2011:
         1. 13 Refrigerated Container Parking (Areas 1)
         2. 14 Refrigerated Container Parking (Areas 2)
         3. 15 Refrigerated Container Parking (Areas 3)
         4. 16 Refrigerated Container Parking (Areas 4)

NOTES: All rusted outlets shall be replaced and if a fuse is damage cause by shortage should be replaced right away.

D. Manholes Cover for Storm Drainage, Electrical and to include concrete cover for fuel lines:
   a. Maintain all Manholes
   b. Any damages caused by Heavy Equipment

E. Wheel Stoppers (Camel) or Bollards:
   a. From Able to Charlie Dock
   b. Any Damages by heavy equipment or container movements