

## MEMORANDUM OF UNDERSTANDING

BETWEEN NATIONAL STEEL AND SHIPBUILDING COMPANY (NASSCO) AND THE  
SAN DIEGO UNIFIED PORT DISTRICT FOR LCFS CREDIT REVENUE SHARING  
FOR ALL QUARTERS OF 2022 THROUGH ALL QUARTERS OF 2027 ONLY

This memorandum of understanding ("MOU") is made and entered into this \_\_\_\_ day of \_\_\_\_ 2022 ("Effective Date") by and between the San Diego Unified Port District, a public corporation ("District"), and National Steel and Shipbuilding Company (NASSCO), a Nevada corporation ("NASSCO") (together with District, the "Parties," and each a "Party").

WHEREAS, there exists a certain lease between the District and NASSCO bearing District Clerk Document Number 27624 ("Lease"); and

WHEREAS, pursuant to the Lease, NASSCO leases approximately 3,455,872 square feet of land area and the improvements thereon and approximately 2,051,749 square feet of water area, as more thoroughly described in and defined by the Lease as the "Leased Premises"; and

WHEREAS, the State of California has codified the California Low Carbon Fuel Standard Regulation at 17 CCR § 95480 *et seq*, as may be amended from time to time ("LCFS Regulation"); and

WHEREAS, the LCFS Regulation provides for the generation of credits ("LCFS Credits") based on the provision of power to Ocean-Going Vessels and electrification of other equipment as described by the California Air Resources Board, which LCFS Credits can then be monetized; and

WHEREAS, the Parties are interested in memorializing their agreement and mutual understanding regarding the LCFS Credits for the NASSCO Shore Power plug(s) and other eligible electrified equipment as agreed to in writing between the Parties for the period beginning on January 1, 2022, and ending on June 30, 2027, only ("All quarters of 2022 through all quarters 2027").

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, the Parties hereto do mutually agree as follows:

1. NASSCO transfers the LCFS credits associated with the Shore Power Plug(s) to the District for the purpose of this program.
2. NASSCO and the District may agree in writing to transfer LCFS Credits associated with other eligible electrified equipment for the purpose of this program during the term of this MOU as they become available.

3. The District shall make best efforts to register, generate and sell LCFS Credits generated from the Shore Power connections currently servicing ships at NASSCO for all quarters of 2022 through all quarters of 2027,
4. The District shall make best efforts to register, generate and sell LCFS Credits generated from other eligible electrified equipment as agreed to by the Parties as set forth in Section 2 at NASSCO for all quarters of 2022 through all quarters of 2027.
5. The Parties understand that in order for the District to register, generate and sell such LCFS Credits, the District must include data from the meter servicing the Shore Power Plug.
6. The Parties understand that in order for the District to register, generate and sell such LCFS Credits, the District must include data from the meter(s) servicing eligible electrified equipment.
7. NASSCO shall provide such meter data solely for all quarters of 2022 through all quarters of 2027, promptly following the end of each quarter.
8. In exchange for providing LCFS credits and such meter data, District shall pay to NASSCO ninety-five percent (95%) of the net proceeds actually received by the District from the sale of LCFS Credits from the NASSCO Shore Power Plugs and other eligible electrified equipment for all quarters of 2022 through all quarters of 2027 only ("All quarters of 2022 through all quarters of 2027 LCFS Proceeds"). Net proceeds shall reflect, without limitation, commissions and fees paid by District to its LCFS credit broker (or retained by broker) or otherwise. District shall provide supporting documentation for all quarters of 2022 through all quarters of 2027 LCFS Proceeds amount paid to NASSCO.
9. NASSCO agrees to spend the LCFS Proceeds paid by the District under this MOU in accordance with California Air Resources Board requirements. NASSCO agrees to spend a minimum of 50% of the LCFS Proceeds paid by the District under this MOU on facility or transportation electrification projects located or operated in the Leased Premises or disadvantaged communities and as otherwise permitted by the California Air Resources Board. NASSCO agrees to provide District with any documentation reasonably requested to confirm how NASSCO spends the LCFS Proceeds.
10. If the District is required by the State of California, solely as a result of a failure of NASSCO to comply with its obligations under this MOU, to return or refund any all quarters of 2022 through all quarters of 2027 LCFS Proceeds, NASSCO agrees to return to District ninety-five (95%) of the amount of the All quarters of 2022 through all quarters of 2027 LCFS Proceeds that District is required to return or refund.

11. This MOU has been mutually drafted by the Parties. The language of this MOU shall be construed according to its plain and ordinary meaning without regard to which Party drafted the language.
12. The undersigned representatives of the Parties each certify that he/she is fully authorized to enter into this MOU on behalf of the District or NASSCO, as applicable.
13. This MOU is effective as of the Effective Date and shall continue until the obligations of the Parties under this MOU are satisfied unless terminated earlier by the Parties. Either Party may terminate this MOU by giving written notice to the other Party no later than sixty (60) days in advance of the quarter-end date. If this MOU is terminated by written notice by either Party, subsequently-generated net proceeds from credits transferred prior to termination will be distributed pursuant to Section 8 and spent in accordance with Sections 9 and 10. As to all LCFS credits transferred prior to termination under this MOU and all net proceeds therefrom, the parties' obligations under this MOU shall survive termination.
14. This MOU shall constitute the entire agreement between the Parties as to LCFS Credits from the NASSCO Shore Power Plug(s) and other eligible electrified equipment, as agreed to by the Parties as set forth in Section 2, for all quarters of 2022 through all quarters of 2027 only, and no promises or representations, other than those contained herein and those implied by law, have been made by the Parties related thereto. This MOU may be amended only by written consent of both Parties. No amendment shall be effective unless it is in writing and signed by the duly authorized representatives of the Parties.
15. Nothing herein shall be committing or bind the Parties regarding LCFS for locations or time periods other than those from the NASSCO Shore Power Plug(s) or other eligible electrified equipment, as agreed to by the Parties as set forth in Section 2, for all quarters of 2022 through all quarters of 2027. This MOU is not an agreement or admission relating to other locations or other time periods
16. In the event any provision of this MOU is deemed to be void, invalid, or unenforceable, that provision shall be severed from the remainder of this MOU so as not to cause the invalidity or unenforceability of the remainder of this MOU. All remaining provisions of this MOU shall then continue in full force and effect. If any provisions shall be deemed invalid due to its scope or breadth, such provision shall be deemed valid to the extent of the scope and breadth permitted by law.
17. This MOU will be governed and construed in accordance with the laws of the state of California.

18. This MOU may be executed in counterparts, and the signed counterparts shall constitute a single instrument. Signatures transmitted electronically shall have the same effect as original signatures.

IN WITNESS WHEREOF, the Parties hereto have executed this MOU as of the day and year first hereinabove written.

San Diego Unified Port District

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Approved as to form and Legality:

GENERAL COUNSEL

By: \_\_\_\_\_

Deputy General Counsel

NASSCO

Dated: 6/7/22

By: \_\_\_\_\_

*Peter N. Bullenbecker*  
*Vl Finance / CFO*