

Exhibit B

General Safety Rules for Subcontractors / Vendors

Performance at Bay Ship & Yacht (BSY) Facility

Vendor is expected to perform a substantial portion of the work required by the Purchase Order at BSY's facility. The provisions of this document are intended to govern such work at BSY's facility.

1. Safety and Security Vendor shall perform this subcontract in a manner which does not interfere with BSY operations or subcontractors working at BSY facility. Vendor shall comply with the following: Occupational Safety and Health Act of 1970 (29 U.S.C. 651-678) and Safety and Health Regulations for Ship Repairing (29 CFR 1915). Vendor shall comply with all reasonable safety rules and regulations for BSY's facility which are consistent with this Subcontract and the other Contract Documents.

- a) Vendor shall exercise due care to prevent accidents, injury, or damage to persons or property in or about the property of BSY. In performing its work, vendor, its employees, subcontractors and suppliers who may be on BSY property shall comply with BSY regulations and procedures which are consistent with this Purchase Order and the other Contract Documents, including, without limitation BSY safety procedures.
- b) Vendor shall comply with the vessel access requirements to the same extent as BSY is required to comply.
- c) Access into the yard is restricted to anyone other than employees, customers, approved vendors, approved subcontractors, vessel owners, vessel representatives and vessel crewmembers on official business.
- d) Delivery and pickup of materials shall be accomplished between the hours of 0700 and 1115 and 1200 to 1500, Monday through Friday.
- e) Parking within the facility is limited. Parking shall be restricted to anyone other than customers, vessel owners and representatives, agency representatives on official business, and individuals by special permit. Access may be granted only after verification of vehicle insurance.
- f) Vehicles, packages, boxes, bags, etc. entering or leaving the facility are subject to examination by an authorized Bay Ship employee. Your cooperation is appreciated.
- g) Roadways, fire lanes, fire hydrants, eyewash stations, gates and doorways shall not be blocked, and are to remain accessible at all times.
- h) Bay Ship & Yacht will not be liable for damage to or loss of property while on the premises. Entrance onto the facility is done at each entrant's own risk.
- i) All individuals entering the dry dock or pier areas must wear personal
- j) protective equipment at all times. At a minimum, Safety Hard Hats of

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Nonconductive Material, Protective Footwear, and Safety Glasses or Goggles are required. Individuals must have the proper protective equipment for the work being performed. All vendors must provide their own personal protective equipment.

- k) Customers, or their outside contractors or subcontractors, are prohibited from performing any work that affects the watertight integrity of a vessel's hull below the waterline while at Bay Ship & Yacht premises. Exceptions to this policy must be approved by Bay Ship & Yacht management in writing.

2. Use of BSY Equipment Vendor shall not use, or authorize any third party to use, any BSY equipment, tools, devices, apparatus or property without BSY consent. If BSY consents, vendor shall cause only qualified, properly trained persons to use BSY Equipment, and shall cause such persons to obey all of BSY applicable use procedures and requirements which are consistent with this Subcontract and the other Contract Documents and all applicable federal, state and local laws and regulations. BSY Equipment is provided "as is," with no warranty, express or implied, as to its merchantability, fitness for any particular purpose, current condition, or prior maintenance history. Vendor is responsible for all risk of loss of or damage to BSY Equipment which is caused by vendor.

3. Medical Services BSY shall have no obligation to furnish medical treatment to vendor's employees or employees of vendor's subcontractors performing work at BSY facility. However, in the event that BSY furnishes medical treatment to any such employee, the following shall apply: Vendor shall defend and indemnify BSY for all claims and all liability under any theory of law or equity, by BSY employees or their representatives, heirs and assigns for costs or damages (including, but without limitation, punitive damages, reasonable attorney fees and costs) arising out of or relating to the medical treatment furnished to such employees by BSY excluding only claims and liability to the extent caused by BSY negligence or willful misconduct.

4. Environmental

- a) Vendor shall comply with all federal, state and local laws and regulations regarding the use of any "hazardous substances" (both terms as defined by both federal and state law) generated by vendor in vendor's performance of work under the Subcontract at BSY facility. Vendor shall inform BSY in writing of all hazardous waste which vendor reasonably expects to be generated, or has specific knowledge will be generated, during the accomplishment of the work under the subcontract to be performed by vendor or vendor's other subcontractors in BSY facility. Such notice shall be updated during the performance of the work upon discovery of additional quantities or types of hazardous waste.
- b) If vendor is the cause of an actual or potential release, spill, discharge or other loss of control of a hazardous substance or hazardous waste (an "Incident"), such that the BSY Duty Coordinator is notified to respond

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through BSY's existing Emergency Response Plan, BSY will incur response costs which are extremely difficult and impractical to ascertain. BSY and vendor agree that the sum set forth in the following sentence

represents the minimum amount of cost and expenses incurred by BSY to respond to each Incident. Accordingly, vendor agrees to pay to BSY, for each Incident caused by vendor, BSY's actual response costs, which are agreed to be not less than the sum of one thousand dollars (\$1,000.00). Such payment shall not relieve vendor of the responsibility to pay BSY the actual costs of remediation, if any, resulting from the Incident.

- c) Discharge of any materials or substances (including rinse water) to land, sea, or air, is forbidden.
- d) Vendor must maintain all required Material Safety Data Sheets (MSDS) for stored chemical items, i.e., coatings, solvents, lubricants.

5. Compliance with Laws In performing its own work each Party shall comply with all applicable federal, state and local laws, rules, regulations, orders and ordinances and shall defend and indemnify the other Party for all claims and liability by reason of the Party's failure to so comply.

6. Clean-Up of Work Site Vendor shall be responsible for removing from BSY facilities all debris, refuse, waste material (including excess materials), scrap and equipment used or generated by vendor in the performance of the Subcontract.

7. Vehicle Control Material deliveries shall be consolidated by each Party to the extent feasible to minimize the number of vehicles entering the BSY facility. The Party arranging and contracting for such service or delivery of materials to the work site shall be responsible for providing access lists to BSY in order to comply with security issues and prevent delay accessing the work site. Vehicles may enter the BSY facility only after such prior arrangements have been made with BSY, and upon satisfaction of insurance requirement per Exhibit A. Other than the above requirement for access lists and such other security measures as may be required by the Government, BSY shall not impede the performance of vendor or its other subcontractors in completing their work in a prompt, economical and efficient manner. The provisions of this Subcontract shall prevail in the event there is any conflict between this Subcontract and any vehicle control, access or other document in use at BSY's facility. In any event, this Subcontract and the other Contract Documents shall be the exclusive statement of the Parties' respective responsibilities for injury to person, damage to property and other losses and liabilities arising in connection with this Subcontract. Each Party's indemnities and insurance coverage agreed to herein shall include and cover all subcontractors and vendors of the Party who may be granted access to BSY's facility, to the extent that BSY or vendor is not already covered by an indemnity or insurance of its own.

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8. **Removal for Misconduct** Vendor shall remove any of its employees from assignment to work at BSY's facility upon BSY's request based on misconduct of the employee or material violation by the employee of BSY safety rules and regulations.

9. **Liability, Insurance, and Indemnity** All subcontractors / vendors be aware that irrespective of your normal business practices; while your employees are engaged in work on the navigable waters of the United States, including any adjoining pier, wharf, dry dock, terminal, building way, marine railway, or other adjoining area customarily used in loading, unloading, repairing, dismantling, or building a vessel they are eligible for compensation under Title 33 USC chapt 18: Longshore and Harbor Workers Compensation Act. This federal act takes precedence over the state workers compensation act and standard workers compensation policies will not provide coverage for injuries that occur within the jurisdiction of the federal act.

- a) Vendor shall keep and maintain in effect at its sole cost and expense minimum insurance coverages as listed in Exhibit A "Subcontractor / Vendor Insurance Requirements".
- b) Each Party, in performing its work shall defend, indemnify and hold harmless the other Party from and against all claims, demands and liabilities for injury or death to persons and for damage to or loss of property arising from or relating to the performance of the indemnifying Party's work on this Subcontract.

AGREEMENT, WAIVER, AND RELEASE

- c) In consideration for being permitted by Bay Ship & Yacht Co. to gain access to its facility at 2900 Main Street, Alameda, CA 94501; Vendor hereby waives, releases, and discharges any and all claims for damages for personal injury, death, or property damage which Vendor may have, or which may hereafter accrue to Vendor, as a result of Vendor's presence at this facility. This release is intended to discharge, in advance, Bay Ship & Yacht Co. (its officers, employees, and agents) from any and all liability arising out of or connected in any way with Vendor's presence at this facility or any other Bay Ship & Yacht Co. facility, even though that liability may arise out of negligence or carelessness on the part of the persons or entities mentioned above.

Initial _____ Date _____