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**ESCROW AGREEMENT**

**Calas Park Stormwater and Water Quality Improvements  
Supplemental Environmental Project**

This Escrow Agreement (“**Agreement**”) is made as of \_\_\_\_\_, 2023 (“**Effective Date**”) and is between COUNTY SANITATION DISTRICT NO. 2, a special district organized and existing under the provisions of Health and Safety Code sections 4700 et seq. (the “**District**”) in its capacity as the Administrative District for the Joint Outfall System;<sup>1</sup> the CITY OF CARSON, a California charter city and municipal corporation (the “**City**”); and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association, in its capacity as escrow agent (“**Escrow Agent**”). The District, City, and Escrow Agent are sometimes hereinafter referred to individually as a “**Party**” or collectively as the “**Parties**.”

A. Between January 25, 2018, and September 6, 2022, an amount in excess of 8.6 million gallons of untreated domestic and municipal wastewater were inadvertently discharged by the Joint Outfall System from its collection system to waters of the United States, including the inadvertent discharge of approximately 8,507,790 gallons of untreated wastewater to the Dominguez Channel on December 30-31, 2021, and an additional approximately 108,414 gallons of untreated wastewater during 13 separate spills that took place between January 25, 2018, and September 6, 2022 to Rio Hondo, Dominguez Channel, Los Angeles River, Alhambra Wash, San Jose Creek, Machado Lake, Arroyo Seco Channel, and Malaga Creek.

B. On January 17, 2024, the California Regional Water Quality Control Board – Los Angeles Region (“**Regional Water Board**”) issued Order No. R4-2023-0088, Settlement Agreement and Stipulation for Entry of Administrative Civil Liability Order (“**ACL Order**”) under Water Code section 13385 for the spills that occurred between January 25, 2018 and September 6, 2022. A copy of the ACL Order is attached as **Exhibit A** to this Agreement.

C. Under the ACL Order, the District agreed, among other things, to contribute the sum of Five Million Nine Hundred and Eighty Thousand Dollars (\$5,980,000.00) (the “**District’s SEP Contribution**”) to a Supplemental Environmental Project (“**SEP**”) for the development of the Calas Park Stormwater and Water Quality Improvements Supplemental Environmental Project (“**Calas Park Stormwater SEP**”). The ACL Order further provides that, if the Calas Park Stormwater SEP is not completed due to circumstances outside the control of the Districts and/or the City, as determined by the Executive Officer of the Regional Water Board (“**Regional Water Board’s Executive Officer**”), and the Regional Water Board does not move to collect payment of the value of the District’s SEP Contribution to the State Water Pollution Cleanup and Abatement Account, a **Replacement SEP** may be proposed within 60 days by the District, subject to approval the Regional Water Board’s Executive Officer in accordance with the terms and provisions of the ACL Order.

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<sup>1</sup> Pursuant to a Joint Outfall Agreement, 17 of the 24 County Sanitation Districts operate and maintain a wastewater collection, treatment, and disposal system known as the Joint Outfall System that serves approximately 5.5 million people in the Los Angeles Basin.

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D. As provided in the ACL Order, the City will implement the Calas Park Stormwater SEP on behalf of the District.

The Parties therefore agree as follows:

**1. Representatives.** The District and the City have each designated one individual to serve as their respective representatives under this Agreement ("**Representative**"). The Representative for the District is the Chief Engineer, or their designee. The Representative for the City is the City Manager, or their designee. Any Party may change their Representative by giving the other Parties written notice consistent with Section 3.1. By executing this Agreement, the Parties represent and warrant to one another that:

1.1 Each person designated as a Representative by that Party will at all times have the full power and authority to take all actions on behalf of that Party, and

1.2 The Representative of that Party is authorized to act on that Party's behalf under this Agreement and that instructions, consents, and other actions under this Agreement will be valid if signed by the Representative of that Party. Signatures on instructions, consents and other actions under this Agreement will be valid if the signatures are originals, electronic, facsimiles or digital. If the District or the City choose to use electronic signatures to sign documents delivered to the Escrow Agent, the District or the City agree to assume all risks arising out of its use of electronic signatures, including without limitation the risk of the Escrow Agent acting on an unauthorized document and the risk of interception or misuse by third parties. Notwithstanding the foregoing, the Escrow Agent may in any instance and in its sole discretion require that an original document bearing a manual signature be delivered to the Escrow Agent in lieu of, or in addition to, any document signed via electronic signature.

**2. Administration.**

**2.1 Deposit of Funds.**

The Escrow Agent shall deposit funds transferred to the Escrow Agent from the District into a separate, newly established general escrow account named the "**Calas Park Stormwater SEP Fund**" and a separate sub-account within the Calas Park SEP Fund to account for the deposit and disbursement of interest earnings on the funds in the Calas Park SEP Fund, to be named the "**Calas Park Stormwater SEP Interest Sub-Account.**" The purpose of the Calas Park Stormwater SEP Fund is to obtain, hold, administer, invest, reinvest, and disburse the District's SEP Contribution and the earnings thereon, solely as provided below.

**2.2 Investment of Funds.**

a. The Escrow Agent shall invest the funds in the Calas Park Stormwater SEP Fund in such investments, certificates of deposits, bank accounts or money market funds as determined in the sole and absolute discretion of the District and as directed in writing by the District to Escrow Agent. In the absence of any written direction from the District, the Escrow

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Agent shall invest and reinvest the funds in the Calas Park Stormwater SEP Fund in the U.S. Bank Money Market Account (CUSIP Number DDAFC5). The Escrow Agent may make any investments through its trust or investment department. All interest and earnings from investments must be deposited into the Calas Park Stormwater SEP Interest Sub-Account.

b. The Representatives of both the District and the City shall jointly furnish the Escrow Agent with written instructions to sell any investments to make any disbursements pursuant to Section 2.5 from the Calas Park Stormwater SEP Fund required under this Agreement. If no instructions are received, no earlier than thirty (30) days prior to the disbursement date, the Escrow Agent is authorized to sell or liquidate any investments held in the Calas Park Stormwater SEP Fund as necessary for those disbursements. The Escrow Agent will not be liable for any loss from any investments made by the Escrow Agent in accordance with this Agreement except if caused by Escrow Agent's own negligence or willful misconduct.

c. The Parties acknowledge that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Representatives the right to receive brokerage confirmations of security transactions as they occur, the Representatives will not accept those confirmations to the extent permitted by law unless specifically requested, in writing, by the Representatives. The Escrow Agent shall furnish monthly written transaction statements that must include, without limitation, detail for all investment transactions made by the Escrow Agent under this Agreement and such other information as may be requested by the Parties.

**2.3 Disbursement of Interest and Earnings of Calas Park Stormwater SEP Fund.** The Escrow Agent shall disburse all interest and earnings of the Calas Park Stormwater SEP Interest Sub-Account of the Calas Park Stormwater SEP Fund pursuant to the joint written instructions of the District and the City, as follows:

- a. To the Escrow Agent in payment of its fees and administrative expenses;
- b. The remaining balance to the District.

**2.4 District to Pay Fees to Escrow Agent if Interest Sub-Account Funds are Insufficient.** If the interest and earnings in the Calas Park Stormwater SEP Interest Sub-Account of the Calas Park Stormwater SEP Fund are insufficient to cover the Escrow Agent's fees and administrative expenses, then the District shall pay those fees and expenses directly to the Escrow Agent after written request of the Escrow Agent.

**2.5 Disbursement of Principal from the Calas Park Stormwater SEP Fund.**

a. The Escrow Agent shall make payments of principal from the Calas Park Stormwater SEP Fund in accordance with the following instructions:

- (i) Pursuant to the terms, requirements and provisions of this Agreement; or

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(ii) As directed jointly in writing by the Representatives of the City and the District; or

(iii) To the District upon termination of the Calas Park Stormwater SEP Fund in accordance with Section 2.8 of this Agreement.

b. Payments of principal from the Calas Park Stormwater SEP Fund shall be made by Escrow Agent within 5 business days of receipt of joint instructions from the Representatives in accordance with Paragraph (a)(ii).

**2.6 Reporting.**

a. **Monthly Reporting.** The Escrow Agent shall submit its customary monthly account statement for the Calas Park Stormwater SEP Fund concurrently to both the the District and the City.

b. **Annual Reporting.** The Escrow Agent shall deliver to each Representative an annual statement showing the income and disbursements of the Calas Park Stormwater SEP Fund for the preceding calendar year within sixty (60) days after the end of each calendar year.

c. **Final Report.** Within thirty (30) days following the termination of the Calas Park Stormwater SEP Fund in accordance with the terms and provisions of Section 2.8, below, the Escrow Agent shall deliver to the City and the District a final account statement of any final income and disbursements made as part of the termination process.

**2.7 No Authority to Conduct Business.** The purposes of the Calas Park Stormwater SEP Fund are limited to the matters set forth in this Agreement.

**2.8 Termination of the Calas Park Stormwater SEP Fund.**

a. The Calas Park Stormwater SEP Fund and this Agreement will terminate upon any of the following:

(i) The disbursement of the last of the funds from the Calas Park Stormwater SEP Fund as provided in this Agreement and the Escrow Agent's receipt of written notice from the District that all the provisions of Section 4 are completed to the satisfaction of the Chief Engineer; or

(ii) The Escrow Agent's receipt of written notice from the District that the **Regional Water Board's** Executive Officer has determined that the Calas Park Stormwater SEP cannot be performed or completed; or

(iii) The Escrow Agent's receipt of written notice from the District and the City that the Calas Park Stormwater SEP has been completed and funds remain in the Calas Park Stormwater SEP Fund.

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b. Upon termination of the Calas Park Stormwater SEP Fund, all remaining funds, including any funds remaining in the Calas Park Stormwater SEP Interest Sub-Account, must be paid by Escrow Agent to the District within ten (10) days following receipt of written instructions provided by the District.

c. Termination under this section may occur at any time that funds remain in the Calas Park Stormwater SEP Fund.

**3. Miscellaneous.**

3.1 **Notices.** Any notice, request, direction, instruction or other communication (collectively “**Notice**”) required or permitted to be made or given by any Party must be in writing, and otherwise in accordance with this Agreement. Notice must be delivered (i) by hand, with signed delivery receipt required; (ii) by U.S. Mail; (iii) by facsimile; (iv) by overnight mail or courier service, or (v) by electronic mail, and will be deemed to have been made or given as of the time and date of receipt, if by hand or facsimile, or the time and date of mailing, if by mail or electronic mail. The time to respond to any Notice will commence to run upon the date of actual delivery to the appropriate address. Any Party may change its designation of address upon written notice to the other Parties.

Any Notice to Escrow Agent must be addressed as follows:

U.S. Bank National Association  
633 West Fifth Street, 24th Floor  
Los Angeles, CA 90071  
Attention: Global Corporate Trust Services  
Ms. Lauren Costales  
Electronic mail: [Lauren.Costales@usbank.com](mailto:Lauren.Costales@usbank.com)

Any Notice to the District must be addressed as follows:

County Sanitation District No. 2 of Los Angeles County  
1955 Workman Mill Road  
Whittier, CA 90601-1400  
Fax: (562) 695-8660  
Telephone: (562) 699-7411  
Attn: Robert Ferrante  
Chief Engineer and General Manager  
Electronic mail: [rferrante@lacsdc.org](mailto:rferrante@lacsdc.org)

Any Notice to the City must be addressed as follows:

City of Carson  
701 East Carson, Carson, CA 90745  
Telephone: (310) 952-1729  
Attn: David C. Roberts, Jr.

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City Manager  
Electronic mail: droberts@carsonca.gov

With copy to:

City of Carson  
701 East Carson, Carson, CA 90745  
Telephone: (310) 952-1729  
Attn: Gilbert Marquez  
City Engineer  
Electronic mail: gmarquez@carsonca.gov

3.2 **Governing Law and Venue.** This Agreement will be administered, construed and enforced according to the laws of the State of California applicable to agreements performed entirely in California. Legal actions concerning any dispute, claim or matter arising out of or in relation to this Agreement shall be instituted in the Superior Court of the County of Los Angeles, State of California, or any other appropriate court in such county, and the Parties covenant and agree to submit to the personal jurisdiction of such court in the event of such action. In the event of litigation in a U.S. District Court, venue shall lie exclusively in the Central District of California, in the County of Los Angeles, State of California.

3.3 **Attorneys' Fees.** If any action or proceeding is commenced by any Party to enforce its rights under this Agreement or to collect damages as a result of the breach of any of the provisions of this Agreement, the prevailing Party in that action or proceeding, including any bankruptcy, insolvency or appellate proceedings, will be entitled to recover all reasonable costs and expenses, including, without limitation, reasonable attorneys' fees, expenses, and court costs, in addition to any other relief awarded by the court.

3.4 **Amendment; Complete Agreement.** All amendments and supplements to this Agreement must be in writing and executed by the District, the City, and the Escrow Agent. This Agreement contains the entire agreement and understanding between the Parties concerning the Calas Park Stormwater SEP Fund and supersedes all prior agreements, terms, understandings, conditions, representations and warranties, whether written or oral, made by any of the Parties concerning the Calas Park Stormwater SEP Fund or the other matters which are the subject of this Agreement..

3.5 **Interpretation.** As used in this Agreement, words in the singular include the plural and words in the plural include the singular; and the masculine and neuter genders will be deemed to include the masculine, feminine and neuter. The descriptive heading for each Section and Subsection of this Agreement will not affect the interpretation or the legal efficacy of this Agreement. Except as expressly provided in this Agreement, neither the act of entering into this Agreement nor any contribution to the Calas Park Stormwater SEP Fund nor any action taken under this Agreement constitutes an admission of any liability or fault on the part of any Party with respect to the Calas Park Stormwater SEP or otherwise, nor does it constitute a

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commitment or agreement, either expressed or implied, by any or all of them to undertake any further activities with respect to the Calas Park Stormwater SEP.

3.6 **Severability.** If any provision of this Agreement or its application to any person or entity or in any circumstance is deemed invalid or unenforceable, the application of that provision to persons or entities and in circumstances other than those as to which it is invalid or unenforceable, and the other provisions of this Agreement will not be affected by that invalidity or unenforceability.

3.7 **Waiver.** No waiver by the District, the City or the Escrow Agent of any of the terms or conditions of this Agreement or any of their respective rights under this Agreement will be effective unless such waiver is in writing and signed by the Party charged with the waiver.

3.8 **Third Parties.** Except as expressly provided in this Agreement, nothing contained in this Agreement will create any rights in any person or entity not a Party to this Agreement, except the individuals and entities entitled to the benefits of the indemnity under Section 4.15 below.

3.9 **Restriction on Assignment.** Neither the City nor the District shall have the right to assign, transfer, convey, or sell its rights or obligations under this Agreement without the prior written consent of the other Party which consent may be withheld in such Party's sole and absolute discretion.

3.10 **Counterparts.** This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, whether the signatures are originals, electronic, facsimiles or digital. All such counterparts shall together constitute but one and the same Agreement.

3.11 **Execution.** This Agreement will be binding on the Escrow Agent, the District, and the City upon the execution of this Agreement by the individuals duly authorized to sign this Agreement on behalf of each Party.

3.12 **Consultation.** The Parties hereto hereby represent and warrant to one another that each of them has had the full opportunity of consulting legal counsel of their own choosing in connection with the preparation of this Agreement, that each of them has read and understood the provisions of this Agreement and is fully aware of the contents and legal effect thereof.

3.13 **Provisions Negotiated and Independent.** Each and every provision of this Agreement has been independently, separately and freely negotiated by the Parties as if this Agreement were drafted by all Parties hereto. The Parties, therefore, waive any statutory or common law presumption which would serve to have this document construed in favor of, or against, any Party.

**4. Provisions Applicable to the District and City Only.**

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4.1 **Applicability.** The provisions of Section 4 are agreements between the District and the City only, and do not apply to the Escrow Agent.

4.2 **Authorization to Disburse Funds.**

a. The disbursement of funds by the Escrow Agent is expressly contingent upon the District's determination that the following conditions have been and are continuing to be satisfied:

(i) The Calas Park Stormwater SEP qualifies as a Regional Water Board-approved SEP; and

(ii) The Calas Park Stormwater SEP can be performed or completed.

b. **Qualification as Regional Water Board-Approved SEP.** The District shall promptly notify the City of any questions or concerns raised by the Regional Water Board or the Regional Water Board's Executive Officer related to the Calas Park Stormwater SEP's continuing qualification as a Regional Water Board-approved SEP.

c. **Determination that Calas Park Stormwater SEP Cannot be Performed or Completed.** Prior to issuing any determination that the **Calas Park Stormwater SEP** cannot be performed or completed pursuant to Section 4.2(a), the District shall in good faith meet and confer with representatives of the City. The District shall make an initial determination that the City is sufficiently prepared to perform the **Calas Park Stormwater SEP**, to trigger the obligations in Section 4.3. Thereafter, the District can make subsequent determination(s) that the **Calas Park Stormwater SEP**, in whole or in part, including any Project Milestone, cannot be performed or completed. In such an event, the District shall work with the City to identify a Replacement SEP that is suitable for the City and that meets the requirements of the ACL Order and the Regional Water Board..

4.3 **Schedule of Expenditures.** Upon the District's initial written determination (in its sole and absolute discretion) that the conditions described in Section 4.2a) of this Agreement have been initially satisfied, the City shall submit to the District a proposed written schedule of activities and expenditures of Calas Park Stormwater SEP funds, and shall update that written schedule of activities and expenditures after contracts are awarded, when change orders are approved, or when any other material change in the scope of work is planned. The proposed schedule of expenditures must describe the scope of work and amount of funds needed for all costs and fees related to the Calas Park Stormwater SEP, including for permitting, staff costs, and any design professionals, consultants, contractors, or subcontractors. The schedule and work to be performed must be described in detail to the sole satisfaction of the Chief Engineer.

4.4 **Disbursement.** On a quarterly basis, the City shall submit to the District a SEP Invoice that includes a detailed accounting of and supporting documentation for actual work and expenditures made specifically for the Calas Park Stormwater SEP ("**SEP Invoices**") since the last invoice submitted. The District shall review and approve or reject each of the expenditures in writing to the City and Escrow Agent in a timely manner and will strive to complete review



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and issue instructions within thirty (30) calendar days from the date a SEP Invoice is issued, not including time for the City to submit responses to the District regarding questions about the work and expenditures included in the invoice.

a. **Documentation** – Documentation of the expenditures shall include, but is not limited to, invoices for payments to vendors or contractors performing work on the SEP or providing consulting or contracted services (such as environmental or information technology), documentation for personnel time (such as approved time sheets), or supporting documentation for any other expenditures made to implement the Calas Park Stormwater SEP.

b. **Approval** – The District’s written approval of all or part of the SEP Invoices tendered to Escrow Agent will constitute joint written instructions from City and District to the Escrow Agent. The District shall not unreasonably withhold approval of reimbursement of actual expenditures.

c. **Rejection** – If the District rejects one or more expenditures identified in a SEP Invoice, the District shall provide the City with a written notice including an explanation and any documentation that supports the rejection. The City will have fifteen (15) calendar days to provide any additional documentation, information or clarification which the City believes warrants reversal of the District’s decision. The Parties shall have forty-five (45) calendar days after the date of submittal of the supplemental information to resolve the dispute administratively. However, if after the forty-five day period, the District upholds a decision to reject an expenditure, the City shall have fifteen (15) calendar days after the date of notice to issue a written request to refer the matter to dispute resolution as provided under Section 4.13 and the disbursement of disputed funds will be suspended. The District shall not withhold any undisputed funds.

4.5 **Limitations on Expenditures.** The City shall use the principal funds received from the Calas Park Stormwater SEP Fund only for the purpose of completing the project elements described in the approved Calas Park Stormwater SEP Workplan and only according to the terms of this Agreement. The City shall not use any portion of the Calas Park Stormwater SEP Fund for fund raising or public relations efforts, or for any Calas Park Stormwater SEP elements that have not received prior written approval by the District. If, as a result of any audit initiated under Section 4.6 of this Agreement, it is determined that any expenditure previously approved under subsection (a) of Section 4.4 was improper and approved by the District in reliance upon any misrepresentation by the City and/or their respective officers, agents or employees, the City shall immediately return the improperly expended sums to the Calas Park Stormwater SEP Fund along with the cost of the audit as specified under subsection (c) of Section 4.6 and any other actual costs, damages, and penalties, as may be incurred by the District as a result of the misrepresentation.

4.6 **Accounts and Audit.**

a. In accordance with page 13 of the 2017 Supplemental Environmental Projects Policy, within ninety (90) days after completion of the Calas Park Stormwater SEP, the District shall arrange and bear the cost of preparation of an independent third-party final financial audit report following completion of the project. This audit will be prepared in accordance with any guidance or procedures that may be provided by the Regional Water Board, in order to obtain an

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independent third party's professional opinion regarding whether the District expended SEP funds in the amount claimed. Upon request via written notice of intent provided at least five (5) business days prior to commencement, the City and its agent shall make available to the independent third-party auditor the relevant books, accounts, and records pertaining to the project during normal business hours. The City and its agent shall fully cooperate with this request to the fullest extent feasible to ensure timely completion of this review.

b. In addition to the final financial audit report of the project described in Section 4.6(a), the District may request a separate financial audit of the City's use of SEP funds at any point during the construction and completion of the Calas Park Stormwater SEP. The City shall make available to the District or an agent of the District the relevant books, accounts, and records, during normal business hours, provided the District deliver to the City written notice of intent to audit at least five (5) business days prior to commencement of audit. Auditors engaged by the District to conduct any audit, whether as employees of the District or independent contractors, must have a minimum of two (2) years experience conducting audits for public agencies.

c. The District shall bear the cost of the audit referred to in Section 4.6b, above, except that, if any of the following conditions exist, the City shall be responsible for payment, in full, of all costs and fees associated with the audit within 30 days after receipt of a written invoice from the District:

(i) The audit reveals variance of more than two percent (2%) between the schedule of expenditures or any amendments approved under Section 4.3 and the actual amounts of expenditures; or

(ii) Any portion of the Calas Park Stormwater SEP Funds have been used for something other than the elements specified in the approved Calas Park Stormwater SEP Workplan or for any expense that had not received approval by the District; or

(iii) The City has failed to maintain true and complete books, records, accounts, and supporting source documents substantially in accordance with this Agreement.

#### **4.7 Alternative Disposition of SEP Funds.**

a. The City understands that, under the ACL Order, the **Regional Water Board's** Executive Officer has the authority to determine that the Calas Park Stormwater SEP was not fully implemented by the SEP Completion Date listed in **Exhibit A**, or there has been a material failure to satisfy a Project Milestone. If the material failure, in whole or in part, is due to circumstances beyond the control of the District and/or City, and the **Regional Water Board** does not move to collect payment of the suspended liability amount, the District can propose a **Replacement SEP(s)** for the entire **District's SEP Contribution**, or some portion thereof less the value of any completed milestones of the **Calas Park Stormwater SEP** as stipulated to by the District and the **Regional Water Board**. If approved, the **Regional Water Board** or its delegee can direct that the funds designated for the Calas Park Stormwater SEP be paid to a **Replacement SEP**. If not approved, the **District's SEP Contribution** must be paid to the State Water Pollution Cleanup and Abatement Account following issuance by the **Regional Water Board** of a Motion

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for Payment of Suspended Liability and a determination of the payment amount. In the event of such determination, the District shall give prompt written notice to the City's Representative that the **Calas Park Stormwater SEP** cannot be performed and the principal in the **Calas Park Stormwater SEP Fund** will be dispensed in accordance with the determination by the **Regional Water Board** or its delegee following the provisions of Section 2.8(a)(ii).

b. In such an event, the District shall make best efforts to assist the City in identifying a Replacement SEP that is suitable for the City and meets the requirements of the ACL Order and any applicable requirements of the Los Angeles Regional Water Board. Any final decision on a Replacement SEP is subject to approval by the District and Executive Officer of the Regional Water Board.

4.8 **Publicity.** In accordance with Section III, paragraph 10 of the ACL Order, if either the District or the City publicizes the Calas Park Stormwater SEP or the results of the SEP, it shall state in a prominent manner that the Calas Park Stormwater SEP is being undertaken as part of settlement of a Regional Water Board enforcement action.

4.9 **Monthly Reporting.** Within ten (10) calendar days after the close of each month, the City shall submit to the District a summary of project activities performed in the prior month and project activities proposed to be performed during the remainder of the calendar month and in the following calendar month. If the month is the third month of the calendar quarter, the City shall include in its monthly report the project activities proposed to be performed in each month of the following quarter. This information will be used by the District in preparation of quarterly reports that are required to be submitted to the Regional Water Board per the ACL Order, and the approved Calas Park Stormwater SEP Workplan.

4.10 **Final Report.** No later than forty-five (45) days after the completion date for the Calas Park Stormwater SEP and in accordance with the approved Calas Park Stormwater SEP Workplan, the City shall submit to the District a summary of all project activities performed as part of the project, including, but not limited to, all of the following:

a. Evidence that the Calas Park Stormwater SEP has been completed consistent with the approved Workplan and milestone schedule, including how the expected outcome(s) or performance standard(s) for the project were met, and documentation such as photographs, invoices, receipts, certifications, and other materials reasonably necessary for the District and the Regional Water Board to evaluate the completion of the Calas Park Stormwater SEP and the costs incurred by the City;

b. Written certification by the City, made under penalty of perjury, that the City followed all applicable environmental laws and regulations in the implementation of the Calas Park Stormwater SEP, including, but not limited to, the California Environmental Quality Act (CEQA), the federal Clean Water Act, and the Porter-Cologne Water Quality Control Act; and

c. Any other information or documentation requested by the District to assist in preparation of the Certification of Completion Report required by the Regional Water Board.

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4.11 **Access to Site and Documents.** In accordance with Section III, paragraph 11 of the ACL Order, the City shall allow the Regional Water Board staff to inspect the Calas Park Stormwater SEP implementation locations during normal business hours, provided reasonable notice is provided to the City, and shall provide Regional Water Board staff access to documents associated with Calas Park Stormwater SEP implementation, upon request.

4.12 **Further Assurances.** The City shall execute and deliver any instruments and perform any actions that may be necessary, or reasonably requested, in order to give full effect to this Agreement. The City will use all reasonable efforts to provide any information, execute any further instruments and documents, and take any action reasonably requested by the District or the Regional Water Board, in accordance and consistent with the provisions of this Agreement and the ACL Order for the purpose of carrying out the intent of this Agreement.

4.13 **Resolution of Disputes.** The Parties shall meet and use their best efforts to resolve any dispute, claim, question or disagreement (a "**Dispute**") arising from or relating to this Agreement or to the interpretation of this Agreement. To that end, Representatives of the Parties shall consult and negotiate with each other in good faith and attempt to reach an equitable solution satisfactory to all Parties. If the Parties are unable to reach an equitable solution satisfactory to all Parties, any Party may pursue any and all legal and equitable remedies that may be available. Each Party will bear its own respective costs for resolving any Dispute, except that if a legal action is filed, the attorneys' fees and costs are governed by Section 3.3.

4.14 **Notices to the Regional Water Board.** To ensure that the Regional Water Board is kept apprised of the status of the expenditures of sums for the SEP, the District shall transmit the following documents to the Regional Water Board:

- a. A fully-executed copy of the final version of this Agreement, and any amendments, within seven (7) calendar days of execution; and
- b. A copy of each statement received from the Escrow Agent, pursuant to section 2.6, within seven (7) calendar days of receipt thereof.
- c. Notices to the Regional Water Board will be sent to:

Enforcement Unit Chief (presently Russ Colby)  
Los Angeles Regional Water Quality Control Board  
320 West 4<sup>th</sup> Street, Suite 200  
Los Angeles, CA 90013  
Electronic mail: [Russ.Colby@waterboards.ca.gov](mailto:Russ.Colby@waterboards.ca.gov)

4.15 **Indemnity.** The City shall indemnify, defend, and hold harmless the District, both in its individual capacity and as the administrative district for the Joint Outfall System, along with all participating districts of the Joint Outfall System, their directors, officers, employees, representatives, agents, and assigns, from any and all claims, actions, demands, liabilities, losses, damages, injuries to persons or property, costs and expenses (including without limitation reasonable attorneys' fees, expert fees, and court costs, fines, penalties, and administrative civil liabilities) (collectively "Claims") that arise out of or relate to the Calas Park

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Stormwater SEP or this Agreement, except for Claims arising out of the negligence or willful misconduct of the District.

4.16 **Insurance.** The City shall ensure that all contractors (“Contractors”) performing work in connection with the Calas Park SEP procure and maintain insurance, including, without limitation, comprehensive general liability insurance and workers compensation insurance, with such terms, conditions, coverage, limits and endorsements and in such amounts as may be required by the City (the “Required Insurance Coverage”). The City shall additionally ensure that the insurance policies for the Required Insurance Coverage provide that coverage shall not be cancelled without thirty (30) days’ prior written notice to the City and that such policies are maintained throughout the term of this Agreement. The City shall cause all Contractors to name the District as additional insured with respect to all Required Insurance Coverage except Workers Compensation, as applicable, at any time. No later than thirty (30) days prior to the commencement of work pursuant to this Agreement, the City shall furnish the District with certificates of insurance and verify coverage of the Contractors. Within ten (10) days after request by the District, the City shall deliver to the District true, complete, and correct copies of all insurance policies, including all endorsements and applicable policy language, as required under this Agreement.

**5. Escrow Agent Assignment and Successors.**

5.1 **Vacancy Caused by Resignation or Removal.** The Escrow Agent may resign at any time by delivering its resignation in writing to the other Parties. The other Parties may remove the Escrow Agent at any time by delivering joint notice of removal in writing to the Escrow Agent. Resignation or removal will take effect sixty (60) days after delivery of the notice of resignation or removal, or upon the acceptance of appointment in writing by a successor escrow agent, whichever is earlier.

5.2 **Appointment of Successor Escrow Agent.** A successor escrow agent will be appointed by the District and the City upon the resignation or removal of the Escrow Agent. In the absence of an appointment within sixty (60) days of resignation or removal, the Escrow Agent may petition a court of competent jurisdiction to make an appointment.

5.3 **Acceptance of Appointment by Successor.** Acceptance of appointment as a successor escrow agent must be in writing and will become effective upon receipt by the District and the City of notice of acceptance. Each successor escrow agent will have all of the rights, powers, duties, authority, and privileges as if initially named as the Escrow Agent. Upon the acceptance of appointment of any successor escrow agent, the Escrow Agent shall deliver all assets, documentation, and other property of the Calas Park Stormwater SEP Fund in its possession, custody, or control to such successor escrow agent. After selection of a successor escrow agent, the Escrow Agent shall reasonably cooperate in meeting any reasonable requests for information or other assistance made by the District or the City to the Escrow Agent with respect thereto and any other subject matter of this Agreement. The provisions of this section survive the resignation or removal of the Escrow Agent.

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5.4 **Automatic Succession.** Any bank or company into which the Escrow Agent may be merged or with which it may be consolidated, or any bank or company to whom Escrow Agent may sell or transfer all or part of its escrow business, will be the successor to the Escrow Agent without the execution or filing of any paper or any further act on the part of the Parties to this Agreement.

**6. Escrow Agent Compensation and Liability.**

6.1 **Compensation.** The Escrow Agent shall receive compensation from the District for, and administrative expense reimbursement with respect to, its services rendered in connection with the administration of the Calas Park Stormwater SEP Fund based on the schedule attached hereto as **Exhibit B**. The Escrow Agent's compensation will be paid from the interest earned on the Calas Park Stormwater SEP Fund, as provided in Section 2.3 of this Agreement, and if that interest is insufficient, as provided in Section 2.4 of this Agreement, the Escrow Agent's compensation will be paid directly by the District. The District shall indemnify and hold the Escrow Agent harmless from and against any losses, costs, claims, expenses and liabilities, including fees and expenses of its counsel incurred by the Escrow Agent in the acceptance of this Agreement by the Escrow Agent and performance of the Escrow Agent of the duties and obligations of the Escrow Agent hereunder.

6.2 **Bond and Liability.**

a. **Escrow Agent.** The Escrow Agent will not be required to furnish any bond or surety. The Escrow Agent acts solely as Escrow Agent on behalf of the District and the City and has solely an agency and not a fiduciary relationship with District and the City. The Escrow Agent will not be required to defend any legal proceedings that may be instituted against the Escrow Agent with respect to the subject matter of this Agreement (except legal proceedings arising out of the Escrow Agent's negligence or willful misconduct) unless the Escrow Agent is requested to do so by the District or the City and is indemnified to the Escrow Agent's satisfaction against the cost and expense of such defense. The Escrow Agent shall not be required to institute legal proceedings of any kind. Any Party that makes such a request to the Escrow Agent hereby agrees to indemnify and hold the Escrow Agent harmless for and against any and all losses, claims, damages, liabilities, and expenses, including reasonable costs of investigation, counsel fees, and disbursements that may be imposed upon or incurred by the Escrow Agent in connection with the Escrow Agent's appointment hereunder or performance of its duties herein, including any litigation arising from this Agreement or involving the subject matter hereof or the monies or other property deposited hereunder except that such other parties do not agree to defend, indemnify, or hold the Escrow Agent harmless for the Escrow Agent's negligence or willful misconduct. The Escrow Agent will not incur any liability, personal or corporate, of any nature in connection with any act or omission, unless involving its negligence or willful misconduct, in the administration of the Calas Park Stormwater SEP Fund or otherwise pursuant to this Agreement. In no event shall the Escrow Agent be responsible or liable for special, indirect, punitive, incidental or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Escrow Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

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b. Other Parties. Escrow Agent represents and warrants that it has full authority to enter into and perform its obligations under this Agreement and to perform all of its duties in accordance with customary and usual procedures employed by institutions acting as escrow agents in accordance with the Escrow Agent's own practices.

**6.3 Limitations on the Escrow Agent's Duties and Liabilities.** The Escrow Agent's acceptance of its duties under this Agreement is subject to the following terms and conditions which together with any other provision in this Agreement limiting the Escrow Agent's liabilities, will govern and control with respect to its rights, duties, liabilities and immunities:

a. The Escrow Agent will have no duties or responsibilities except those expressly set forth herein. The Escrow Agent shall not be subject to, or obliged to recognize, any agreement between any of the other Parties, or any direction or instruction of any or all of the other Parties, except as provided for in this Agreement. In the event that the Escrow Agent receives written instructions from the Representatives and there is a discrepancy between those instructions and prior written instructions, the Escrow Agent will refrain from taking any further action, other than to keep the funds held by it in trust, unless or until such time as directed otherwise by all other Parties by written instrument or by order or judgment of a court of competent jurisdiction. If the Escrow Agent is uncertain as to the actions to be taken by it or as to its duties or rights or receives instructions with respect to its duties which, in its opinion, are in conflict with any of the provisions of this Agreement, then the Escrow Agent shall adhere to the terms of this Agreement and refrain from taking any action other than to keep funds held by it safe as Escrow Agent until directed otherwise in writing by all other Parties or by an order or judgment of a court of competent jurisdiction.

b. The Escrow Agent will not be liable for assuming the due execution and the validity and effectiveness of any written notice, agreement, verification, instruction, or other paper or document delivered to or deposited with it and the truth of any information contained therein, which it in good faith believes to be genuine, and the Escrow Agent will be fully protected in acting in accordance with any written instructions given to the Escrow Agent and believed by the Escrow Agent to have been signed by the proper Parties or their respective Representatives.

c. The Escrow Agent will not be liable for any loss of or depreciation in the value of the cash or property comprising the Escrow Fund including, without limitation, any loss caused by closure or failure of a bank, except if caused by the Escrow Agent's own negligence or willful misconduct.

d. The Escrow Agent will not be liable for damage resulting from the willful or negligent acts or omissions or failures to perform of any third party, including the failure of any means of communications, the closing of or other unavailability of a bank or trust company, the loss of any documents in the mails, or the failure of any delivery service to deliver as instructed.

e. The Escrow Agent will not be liable to any person for the failure of another Party or Representative to perform any of the acts or duties which are referred to in or contemplated by this Agreement.

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f. The Escrow Agent has no responsibility with respect to the construction or operation of the Calas Park Stormwater SEP.

g. The Escrow Agent may consult with counsel concerning any of its duties or responsibilities under this Agreement.

h. The Parties hereto (other than the Escrow Agent) authorize and request the Escrow Agent to enter into this Agreement.

i. The Escrow Agent shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Agreement and delivered using Electronic Means ("Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Agent, or another method or system specified by the Escrow Agent as available for use in connection with its services hereunder); provided, however, that the District and the City shall provide to the Escrow Agent an incumbency certificate listing the Representatives with the authority to provide such Instructions and containing specimen signatures of such Representatives, which incumbency certificate shall be amended by the District and the City whenever a person is to be added or deleted from the listing. If the District or the City elects to give the Escrow Agent Instructions using Electronic Means and the Escrow Agent in its discretion elects to act upon such Instructions, the Escrow Agent's understanding of such Instructions shall be deemed controlling. The District and the City understand and agree that the Escrow Agent cannot determine the identity of the actual sender of such Instructions and that the Escrow Agent shall conclusively presume that directions that purport to have been sent by a Representative listed on the incumbency certificate provided to the Escrow Agent have been sent by such Representative. The District and the City shall be responsible for ensuring that only authorized Representatives transmit such Instructions to the Escrow Agent and that the District and the City and all Representatives are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the District and the City. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The District and the City agree: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Escrow Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the District and the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Escrow Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

The Parties are executing this Agreement as of the Effective Date.



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**U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION**

By: \_\_\_\_\_  
Lauren Costales  
Assistant Vice President

**COUNTY SANITATION DISTRICT NO. 2 OF  
LOS ANGELES COUNTY**

By: \_\_\_\_\_  
Chief Engineer and General Manager

ATTEST:

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

APPROVED AS TO FORM:  
Lewis Brisbois Bisgaard & Smith, LLP

By: \_\_\_\_\_  
District Counsel

**City of Carson**

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

ATTEST:

By: \_\_\_\_\_  
City Clerk

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APPROVED AS TO FORM:

By: \_\_\_\_\_  
City Counsel

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**Exhibit A**

**Administrative Civil Liability Order (Order No. RF-2023-0088)**

**Exhibit B**

**Escrow Agent Compensation Schedule**