

**ECONOMIC DEVELOPMENT BENEFIT AGREEMENT
BY AND AMONG
THE CITY OF CARSON
THE CARSON RECLAMATION AUTHORITY
AND CAM-CARSON, LLC**

ARTICLE 1 PARTIES AND EFFECTIVE DATE

1.1 **Parties.** This Economic Development Benefit Agreement (“**Agreement**”), dated for reference purposes only as of _____, 202__, is made by and among the City of Carson, a California charter city (“**City**”), the Carson Reclamation Authority, a California joint powers authority (“**CRA**”) and CAM-CARSON, LLC, a Delaware limited liability company (“**CAM**”). The City, the CRA, and CAM, are each individually referred to herein at times as a “**Party**” and collectively as the “**Parties**”.

1.2 **Effective Date.** This Agreement will not become effective until the date (“**Effective Date**”) on which both of the following occur: (i) this Agreement has been approved by the City Council and the CRA Board following all legally required notices and hearings; and (ii) this Agreement has been executed by all Parties.

ARTICLE 2 RECITALS

2.1 On November 6, 2018, the City’s voters approved a new Charter for the City (“**Charter**”) which included a comprehensive set of economic development incentives and programs to promote development within the City, to create jobs and to preserve the sound fiscal basis of City.

2.2 The Charter includes the specific goal of establishing the City as an economic powerhouse at the center of major regional transportation corridors, based on the unique development opportunities within the City and its location within Los Angeles County in order to allow the City to provide the highest quality of life and services to its residents, while at the same time, promoting social, economic, and environmental quality and justice.

2.3 Section 206(B) of the Charter provides for the City’s specific objective to implement a local program, given the dissolution of the City’s former Redevelopment Agency, to accomplish the City’s economic development purposes, including the redevelopment of various properties within the City that are vacant, contaminated, blighted, and/or were formerly operated as landfills.

2.4 As set forth in Section 206(C) of the Charter, one of the primary goals of the City in adopting the Charter was to allow the City to pursue economic development to the maximum degree allowed by law, including for the purpose of eliminating blight, encouraging private investment, providing for public infrastructure, and causing the development and redevelopment of properties within the City. The authorities established under the Charter include, among other things, the allowance of the City to make provisions (and enter into agreements) with other agencies for the installation of streets, utilities, and other public improvements; providing for

infrastructure financing; undertaking actions that would allow for the remediation of contaminated properties within the City; and providing for the issuance of bonds or other financial instruments to carry out the purposes of the City's economic development powers and goals.

2.5 The CRA is a joint powers authority, established for the purpose of, among other things, acquiring certain landfill properties within the City (including the 157 Acre Site (as defined below)), overseeing and facilitating the remediation and reclamation of such property acquired by the CRA, maintaining and overseeing the development of such property, and ensuring the construction and maintenance of public infrastructure and improvements upon such property.

2.6 Section 206(D) of the Charter provides that, in exercising the powers granted under the Charter, the City Council may enable the CRA to assist in the City's economic development program to incentivize private investment by the grant or loan of public resources, asset monetization, infrastructure financing, alternative procurement strategies, or other measures to reduce the risks of private developers seeking to develop projects upon landfill property owned by the CRA to enable the development of such property (and enable any developer to earn a commercially reasonable return on their investment).

2.7 In 2015, the CRA acquired, and currently owns, approximately 157 gross acres of real property in the City, as shown on the Site Map attached hereto as Exhibit A (the "**157 Acre Site**" or "**Site**"), which Site consists of a former landfill property. The 157 Acre Site is divided into five (5) cells as shown on Exhibit A attached hereto and incorporated herein (each a "**Cell**", and sometimes referenced herein, as Cells 1, 2, 3, 4 and 5). In 1984, the Site was incorporated into a redevelopment project area of the Redevelopment Agency of the City.

2.8 The Site was operated as a landfill, known as the Cal-Compact Landfill, prior to the incorporation of the City in 1968, and as a result, the Site has soil and groundwater contamination that requires substantial remediation to allow for any vertical development. On October 25, 1995, the California Department of Toxic Substances Control ("**DTSC**") approved a Remedial Action Plan ("**RAP**") for the Upper Operable Unit of the Site, which require installation, operation and maintenance of certain remedial systems as the Site. In addition to the RAP, certain Consent Decrees were issued for the Site in 1995 ("**1995 Consent Decree**"), 2001, and 2004, which were entered into by DTSC and certain responsible parties, in order to resolve claims made regarding the resolution of the contamination issues afflicting the Site; the 1995 Consent Decree applies to the remedial obligations for the Site; and the CRA is the current responsible party for the 157 Acre Site and is subject to oversight by DTSC, in accordance with all regulatory requirements, including the RAP, 1995 Consent Decree, and other regulatory and environmental documentation (collectively, the "**Environmental Regulatory Requirements**").

2.9 The 157 Acre Site is one of the largest undeveloped properties along the I-405 Freeway in Los Angeles County, despite decades of efforts by prior developers and by the CRA to remediate and develop the Site; all have failed to date.

2.10 The CRA and CAM entered into that certain Conveyancing Agreement, dated as of September 6, 2018 (as amended and modified from time to time, the "**Conveyancing Agreement**"), which provided for, among other things, CRA's construction of Remedial Systems and Site Development Improvements (as those terms are defined in the Conveyancing Agreement)

at Cell 2 of the 157 Acre Site (“**Cell 2 Site**”) and, following such construction, CAM’s acquisition of a fee simple interest in the Cell 2 Surface Lot (as defined in the Conveyancing Agreement) of the 157 Acre Site for the future development of a retail mall (“**Cell 2 Project**”), subject to the terms and conditions set forth in the Conveyancing Agreement. While the Cell 2 Project has been delayed due to certain disputes between the CRA, the City, and CAM, the construction of the Remedial Systems and Site Development Improvements required for the Cell 2 Project to proceed are proposed to re-start in early 2024 pursuant to a subsequent amendment to the Conveyancing Agreement.

2.11 In connection with the execution of the Conveyancing Agreement, the CRA and the City entered into that certain Cooperation Agreement, dated September 6, 2018, (as amended and modified from time to time, the “**Cell 2 Cooperation Agreement**”), pursuant to which, the CRA agreed to, among other things, perform the City’s infrastructure obligations under the Project Agreements (as such term is defined under the Cell 2 Cooperation Agreement), which obligations include the construction of certain street infrastructure and improvements on the Site; primarily, all the pre-construction activity, the construction of Lenardo Drive and Stamps Road and associated infrastructure and all ancillary costs related to same, (collectively, the “**Infrastructure Improvements**”), in order to insulate the City from any environmental liability associated with construction of the Infrastructure Improvements upon the 157 Acre Site.

2.12 The Cell 2 Project includes the development of a first-class regional fashion outlet / retail mall, which will provide significant benefits to the City, its residents, and the region as a whole, which specifically include the following public benefits:

a. The Cell 2 Project is estimated to produce over \$5,000,000 in annual sales taxes to the City (a portion of which is subject to a sales tax sharing agreement pursuant to the terms of the Cell 2 Cooperation Agreement.)

b. The Cell 2 Project entails a land use that will support the creation of a major job center in the City and significantly improve the City’s jobs-to-housing balance. The Cell 2 Project is proposed to provide substantial employment opportunities for the community, and is estimated to provide 1,500 new permanent jobs and 1,600 new construction jobs, with another 1,000 indirect and induced new employees.

c. Development of the Cell 2 Project will allow for the CRA to finally ensure the completion of the Remedial Systems necessary to serve Cell 2, thus allowing the CRA to comply with its obligations to DTSC and protect human health and the environment, as a responsible party with respect to the 157 Acre Site and allow development of a previously blighted and undeveloped landfill.

d. The development of the Cell 2 Project will also catalyze other new development within the City and the region that would enhance the values of properties surrounding the Cell 2 Project; resulting in additional benefits to the City resulting from the Cell 2 Project, including increased real property taxes, sales taxes, and employment generally.

2.13 Pursuant to the terms of the Cell 2 Cooperation Agreement, the City agreed to provide to the CRA \$22,400,000, which funds are from the City’s Measure R/Measure M Bond

proceeds (such applicable proceeds, the “**Bond Funds**”) bonded against the local return received from the Los Angeles Metropolitan Transportation Authority, in order to pay for the construction of the Infrastructure Improvements. However, the total cost of the Infrastructure Improvements and the installation of certain Remedial Systems necessary to provide for a buffer zone surrounding the Cell 2 site -in accordance with DTSC requirements will substantially exceed the amount of Bond Funds.

2.14 After the CRA and CAM entered into the Conveyancing Agreement, a dispute arose between the Parties. In April 2020, CAM filed suit in that certain litigation captioned *CAM-Carson, LLC v. Carson Reclamation Authority, et. Al*, Case No. 20STCV16461 (the “**Litigation**”), alleging, in part, breaches of the Conveyancing Agreement and Cell 2 Cooperation Agreement by the CRA and the City, and thereafter the CRA filed counterclaims in the Litigation alleging CAM had violated its obligations under the various agreements between the parties.

2.15 Pursuant to that certain Second Amendment to Conveyancing Agreement, between the CRA and CAM, dated as of October 11, 2022 (the “**Second Amendment to Conveyancing Agreement**”), CAM and the CRA agreed to a framework upon which the parties could settle the Litigation and work could re-start to realize the development of the Cell 2 Project, which framework provided for, among other things, that the terms of the original Conveyancing Agreement shall be modified such that (i) CAM shall, as agent for the CRA, complete the installation of the Remaining Horizontal Work (as defined in the Second Amendment to Conveyancing Agreement), (ii) the CRA shall deposit the Remediation Escrow Deposit into the Remediation Escrow Account (as those terms are defined in the Second Amendment to Conveyancing Agreement) to be used by CAM to complete the Remaining Horizontal Work as agent for the CRA and (iii) CAM, as agent for CRA, may install the infrastructure required upon the Embankment Lot (as such term is defined under the Conveyancing Agreement) for the construction of the pylon signage to serve the 157 Acre Site. Separately, given the many years of delay on the construction work for the Infrastructure Improvements, the Remedial Systems and Site Development Improvements required for the Cell 2 Project to proceed, the costs of such improvements, and the vertical construction of the Cell 2 Project itself, have escalated significantly, based on the inflationary environment experienced within the construction sector and the regional economy as a whole. CAM has demonstrated to the City and CRA that it requires additional funds to complete the Remaining Horizontal Work and make its development of Cell 2 financially feasible.

2.16 Separately, pursuant to that certain Option Agreement and Joint Escrow Instructions, dated as of December 17, 2020, between the CRA and Faring Capital, LLC (“**Faring**”) (such agreement, as amended, assigned, or otherwise modified from time to time, the “**Option Agreement**”), Faring proposed the development of a light industrial project together with a community amenity and commercial area (“**Cells 3, 4, and 5 Project**”) upon the surface lot of Cells 3, 4, and 5 of the 157 Acre Site, subject to Faring’s ability to obtain certain Required Approvals (as such term is defined in the Option Agreement) for such project. Faring assigned all its rights and obligations under the Option Agreement to Carson Goose Owner, LLC (“**CGO**”), and CGO assumed the same pursuant to that certain Assignment of Option Agreement and Joint Escrow Instructions, dated January 15, 2021, between Faring and CGO (the “**Assignment**”), and subsequently CGO successfully obtained the required approvals for the Cells 3, 4, and 5 Project on June 7, 2022.

2.17 CGO has agreed to provide an amount of \$12.5 Million as its estimated fair share for the construction of the Infrastructure Improvements and an additional amount of \$7.5 Million, both commitments subject to an agreement between the CRA and CGO .

2.18 The CRA has not entered into any purchase or conveyancing agreement with a developer to develop Cell 1. The development of Cell 1 is proposed for residential uses but would be conditioned upon the construction of the remedial systems necessary to serve the Cell 2 Project and the Cells 3, 4, and 5 Project (which shall require the approval of a “Remedial Action Completion Report” for same by DTSC), and the construction of the Infrastructure Improvements.

2.19 The CRA needs to start with the design, planning, and construction of the Infrastructure Improvements in order to meet its obligations to CAM under the Conveyancing Agreement, and to CGO under the Option Agreement, in order to ensure the completion of the Infrastructure Improvements in accordance with the schedules for the Cell 2 Project and the Cells 3, 4, and 5 Project.

2.20 To facilitate the development of the Cell 2 Project, subject to the terms and conditions herein, the City is willing to (i) provide a subsidy amount of Twenty-One Million Dollars (\$21,000,000) to CAM to assist with the work described in Recital 2.15; and (ii) provide an additional subsidy payment in the amount of Five Million Dollars (\$5,000,000) to the CRA to ensure that the Infrastructure Improvements are able to be constructed in a timely manner and that the CRA has sufficient funding for all related and ancillary fees and costs associated with the oversight of such improvements, pursuant to the terms and conditions of this Agreement.

2.21 The subsidies provided for in this Agreement are in accordance with the laws of California and the Charter and are provided for the purpose of eliminating blight, encouraging private investment, providing for public infrastructure, and causing the development and redevelopment of the 157 Acre Site, which is one of the largest undeveloped properties along the I-405 Freeway in Los Angeles County. After decades of efforts by prior developers and by the CRA to remediate and develop the Site, all of which have failed to date, the subsidies provided by the City pursuant to Article 3 herein will (i) facilitate the development of all five Cells on the Site with new commercial, industrial, and residential uses that will generate significant amounts of additional sales and property tax revenues for the City, which will create significant number of well-paid construction and other jobs within the City, and will increase the City’s housing stock provide new amenities for City residents and the region, including visitors to the City, and (ii) ensure that the CRA will have sufficient funding necessary to ensure the completion of the Infrastructure Improvements.

2.22 The proposed Agreement was considered by the City’s Economic Development Commission on December 19, 2023 and unanimously found to be appropriate to recommend to the City Council for approval.

ARTICLE 3 AGREEMENT

NOW THEREFORE, in consideration of the mutual promises set forth in this Agreement, the Parties agree as follows:

3.1 **Transfer of Economic Development Benefit Contribution**

3.1.1 The City hereby agrees to directly transfer the amount of \$21,000,000 (the “**Economic Development Benefit Contribution**”) to the CRA within ten (10) business days following the execution of this Agreement, but in all cases prior to March 11, 2024, which the CRA shall hold in a separate interest-bearing trust account for the benefit of CAM as provided for in this Agreement.

3.1.2 CRA hereby agrees to immediately deposit the Economic Development Benefit Contribution into the escrow account (the “Escrow Account”) proposed to be established pursuant to the terms and conditions set forth in the Second Amendment to Conveyancing Agreement and the escrow instructions provided for therein, which shall provide, among other things, that the Economic Development Benefit Contribution shall not be released to CAM until the Litigation is dismissed and the mutual releases are executed as provided for in Section 1.1.4 of the Second Amendment to Conveyancing Agreement and that eleven million dollars (\$11,000,000) of the Remediation Escrow Deposit will be reserved for the construction and installation of certain Remedial Systems necessary to provide a buffer zone upon Cell 2 (including liner, geomembrane, gas control and collection system laterals, and any needed gas vaults) within Cell 2 of up to 20 feet of the edge of the western and southwestern boundary of Cell 2 adjacent to Lenardo Drive and Stamps Road, as required by the Department of Toxic Substances Control (“DTSC”) in order to allow for the construction of Lenardo Drive and Stamps Road and the Remainder Site (as defined in the Conveyancing Agreement) (the “Buffer Zone Work”). In addition, these escrow instructions shall authorize the City to audit the Escrow Account, at its reasonable discretion and on an annual basis, to verify the Economic Development Benefit Contribution funds are utilized in a manner consistent with the terms of this Agreement.

3.1.3 Notwithstanding anything to the contrary hereunder, CRA shall be obligated to repay to the City the full Economic Development Benefit Contribution (with all applicable interest earned thereon) to the City in the event that either (i) CAM elects to discontinue with the proposed Cell 2 Project and gives notice to the CRA that it seeks to terminate the Second Amendment to Conveyancing Agreement (and any related amendments), or (ii) the Economic Development Benefit Contribution has not been deposited in the Escrow Account within six (6) months following the Effective Date of this Agreement.

3.2 **Waiver of Claims.** In addition to the public benefits the City will receive as noted in Sections 2.12 and 2.21 and elsewhere in this Agreement and the dismissal of the Litigation as provided for by the Second Amendment to Conveyancing Agreement, as further incentive for the City to provide the [Economic Development Benefit Contribution], after the CRA’s deposit of the Economic Development Benefit Contribution into the Escrow Account,, CAM hereby waives any claim that the Economic Development Benefit Contribution or City’s participation in this Agreement supports an alter ego theory in any current or future disputes or litigation between CAM and the City and CAM agrees this Agreement, any of its provisions, nor any payments made pursuant to same is evidence of an alter ego claim with respect to the City and the CRA.

The provisions of this Section 3.2 shall survive the termination or expiration of this Agreement.

3.3 **Transfer of the Subsidy to the CRA.** Within five (5) days of the Effective Date of this Agreement, the City shall provide a subsidy of Five Million Dollars (\$5,000,000) (the “**CRA Subsidy Amount**”) to the CRA to be used to pay costs for the implementation of the Infrastructure Improvements (including, as applicable, costs of design, planning, contracting for, construction of the Infrastructure Improvements, work necessary to provide a buffer zone upon Cell 1, Site maintenance costs, and all other ancillary costs and expenses associated with same), which the CRA shall hold in a separate interest bearing trust account for such use. Notwithstanding anything contained herein, no portion of the CRA Subsidy Amount shall be utilized for any work that would qualify as environmental remediation work required to be performed by CRA for closure or post-closure of the Site pursuant to the Environmental Regulatory Requirements governing the Site (collectively, the “**Environmental Closure Activities**”).¹ It is the intention of the Parties that the CRA shall at all times remain the responsible party at law for the Environmental Closure Activities and the CRA shall maintain full and unfettered control of the Site with respect to all aspects of the planning and performance of the Environmental Closure Activities. The City may audit the Escrow Account, at its reasonable discretion and on an annual basis, to verify the CRA Subsidy Amount is utilized in a manner consistent with the terms of this Agreement.

3.4 **Term and Termination.** This Agreement shall become effective as of the Effective Date and shall remain in effect through January 1, 2026, except with respect to any terms and provisions that expressly survive the termination or expiration of this Agreement (“**Term**”) [or unless earlier terminated pursuant to the terms of Section 3.1.3].

3.5 **Indemnification.** CRA agrees to indemnify, defend, protect, hold harmless, and release the City, its elected bodies, agents, officers and employees (collectively referred to in this paragraph as “**Indemnified Parties**”), from and against any and all claims, losses, proceedings, damages, causes of action, liability, costs, or expense (including attorneys’ fees and witness costs) arising from or in connection with the Infrastructure Improvements, the Environmental Closure Activities and/or any terms or provisions set forth in this Agreement, or otherwise caused by any negligent act or omission or willful misconduct of the CRA in connection with the transactions and actions contemplated by this Agreement. This provision shall survive the termination or expiration of this Agreement.

3.6 **Interpretation.** Each Party has reviewed this Agreement, and any question of doubtful interpretation shall not be resolved by any rule or interpretation providing for interpretation against the drafting Party. This Agreement shall be construed as if all of the Parties drafted it. The captions and headings contained herein are for convenience only and shall not affect the meaning or interpretation of this Agreement.

3.7 **Miscellaneous.** This Agreement along with the Conveyancing Agreement, Cell 2 Cooperation Agreement, that certain Development Agreement between CAM and City dated September 6, 2018, and all related exhibits and agreements to such foregoing agreements, constitute the entire agreement between the Parties with respect to the subject matter hereof. No alteration, modification, amendment or interpretation of this Agreement shall be binding unless in writing and signed by all Parties hereto. If any provision of this Agreement or application to any Party or circumstances shall be determined by any court of competent jurisdiction to be invalid

¹ To be discussed

and unenforceable to any extent, the remainder of this Agreement or the application of such provision to such person or circumstance, other than those as to which it is so determined invalid or unenforceable, shall not be affected thereby, and each provision hereof shall be valid and shall be enforced to the fullest extent permitted by law. This Agreement shall be construed and enforced in accordance with the internal laws of the State of California without regard to conflict of law principles.

3.8 **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument. Signatures transmitted electronically (e.g., by PDF form) shall be deemed originals for all purposes of this Agreement and shall constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto have duly executed and delivered this Agreement as of the date first written above.

CITY OF CARSON

APPROVED AS TO FORM:

By: _____
David C. Roberts, City Manager

By: _____
Name: Sunny K. Soltani
Title: City Attorney

Attest:

Name: _____
City Clerk

CARSON RECLAMATION AUTHORITY

APPROVED AS TO FORM:

By: _____
John Raymond, Executive Director

By: _____
Name: Sunny K. Soltani
Title: Legal Counsel

Attest:

Name: _____
Authority Secretary

CAM-CARSON, LLC, a Delaware limited liability company

By: _____
Name: _____
Title: _____

