

## **TERM SHEET**

This Term Sheet (“Term Sheet”) contains the basic provisions to be included in a Public Private Partnership Agreement (“P3 Agreement”), between 3M Billboards, LLC, a California limited liability company (“3M”), and the City of Carson, a California charter city (“City”), and is dated effective as of October \_\_\_\_, 2022 (the “Effective Date”), which will provide the terms and conditions for which 3M will be authorized to build and operate digital sign infrastructure within the City. 3M and the City shall be referred to herein collectively as “Parties” or any of them individually as “Party.”

### **1. SCOPE OF 3M’S BILLBOARD PROJECT**

(a) Carson-Skyline Spectacular Sign shall consist of a single unique large format digital outdoor advertising display (“Spectacular Sign”) to be located on property mutually selected / approved by 3M and the City near the Southbay Pavilion. The size/scale shall be negotiated and included in the P3 Agreement.

(b) Networked Displays / Street Billboards (“Networked Displays”): Shall consist of a maximum of fifteen (15) billboards located on public or private property mutually agreed to by 3M and the City (with final approval of the locations and size/scale, subject to approval by the City Council). Up to ten (10) percent of the time on the Networked Displays may be used on a monthly basis by the City to communicate emergency messages (drunk driver, amber alerts, accidents) as well as community announcements for local, non-profit events in the City of Carson. In addition, local merchants within the City with income below \$1,000,000 per year would be offered a 50% reduction of standard billboard rates.

### **2. GENERAL TERMS**

The following must be complete within 6 months following the Effective Date of this Term Sheet, with an extension granted by Director of the Community Development Department for up to 3 months if 3M is proceeding in good faith and has made substantial progress on the following:

- 3M must identify and secure a lease for a site for the Spectacular Sign;
- 3M must obtain written preliminary approval from CalTrans stating it is feasible to obtain final permits from CalTrans if the entitlements and location for the Spectacular Sign are approved by the City;
- 3M must file applications for a Development Agreement and Zone Change with the City for the Spectacular Sign; and
- 3M must provide a Proforma for City’s review and approval for both the Spectacular Sign and the Networked Displays.

3M shall concurrently work on the Networked Displays locations, applications, and approvals from CalTrans, but those do not need to be finalized within the 6 month timeframe set forth above as they will be further defined in the P3 Agreement.

In addition, following the Effective Date, the Parties shall negotiate the specific terms and conditions of the P3 Agreement, which shall include the terms and conditions contained herein,

for approval by the City Council. The P3 Agreement will include a provision requiring 3M to make a good faith deposit to the City evidencing 3M's commitment to the project in an amount to be negotiated by the Parties (which deposit shall be recoverable by 3M if the terms and conditions in the P3 Agreement are satisfied).

### **3. PROFIT SHARING AND MINIMUM ANNUAL GUARANTEE**

The Parties initially agree to split net profit realized from the Spectacular Sign and all Networked Displays on a 20 / 80 basis if located on private property or 35 / 65 basis if located on public property. The minimum annual guarantee amount ("MAG") to the City is \$145,000 for the Spectacular Sign. The MAG for Networked Displays shall be determined at a later time. The P3 Agreement shall provide specific start dates for when the MAG will begin to accrue in favor of the City.

However, the City will hire/contract with a financial consultant to review the Proforma and provide an analysis and recommendation on the profit sharing arrangement and confirm if the terms proposed are reasonable and in line with similar billboard project deals (including the 20/80 split on private property and 35/65 on public property as originally proposed by 3M and whether the basis of the profit share should be based on gross profit rather than net profit). The cost of the financial consultant shall be at the expense of 3M.

The P3 Agreement shall include audit rights in favor of the City to confirm the profit share and/or the MAG due to the City, and/or any signage built and operated by 3M or any leases entered into thereto.

### **4. APPROVALS FOR LOCATION/SIZE/SCALE OF SIGNAGE**

The City Council shall be the primary approval body for the Spectacular Sign and Networked Displays, including the location of the signs and scope and size/scale of the signage as set forth under the P3 Agreement.

Minor decisions regarding the exact / specific placement of the poles and supporting infrastructure shall be delegated by the City Council to the City Manager (or his designee) as shall be set forth under the P3 Agreement.

### **5. CEQA COMPLIANCE**

The P3 Agreement shall provide for terms and conditions regarding CEQA compliance with respect to the location, size, orientation, and number of such signs. In the event that the CEQA / environmental review reveals a detrimental environmental impact that cannot be reasonably mitigated in the sole discretion and judgment of the City, then the City shall have no further obligation to issue permits and allow the construction of the Spectacular Sign / Networked Displays involved in such environmental review.

### **6. INDEMNIFICATION; INSURANCE**

Any lease for signage entered into by 3M and the P3 Agreement itself will include a fulsome indemnification provision by which 3M shall defend, indemnify and hold harmless the City from any and all liabilities and damages or other challenges. 3M shall be responsible for the defense of any litigation challenging any approvals, entitlements, or agreements entered into for the signage, and the payment of all City litigation expenses in accordance with the City's standard conditions of approval. The P3 Agreement will also include provisions requiring 3M to maintain sufficient liability insurance naming the City as an additional insured.

## **7. MISCELLANEOUS**

### **1. Standard Terms**

The P3 Agreement shall contain other standard City terms and conditions to carry out the general terms above-stated.

### **2. Binding Effect**

This Term Sheet shall be fully binding on the Parties and on any successors or assigns of the Parties. 3M's interest in this Term Sheet shall not be transferable in whole or in part to any other person or entity without the approval of the City in its sole and absolute discretion.

### **3. Cooperation**

The Parties shall reasonably cooperate with one another to achieve the objectives and purposes of this Term Sheet.

### **4. Authority**

The person executing this Term Sheet on behalf of 3M warrants that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Term Sheet on behalf of said party, (iii) by so executing this Term Sheet, such party is formally bound to the provisions of this Term Sheet, and (iv) the entering into this Term Sheet does not violate any provision of any other agreement to which said party is bound.

**[Signatures Appear on the Following Page]**

**IN WITNESS WHEREOF**, the Parties hereto have executed this Term Sheet on the date and year first-above written.

**3M Billboards, LLC**

\_\_\_\_\_  
*Name:*  
*Title:*

**City of Carson**

\_\_\_\_\_  
*Name:* Lula Davis-Holmes  
*Title:* Mayor

**ATTEST**

**City Clerk**

\_\_\_\_\_  
*Name:* Dr. Khaleah Bradshaw  
*Title:* City Clerk

**APPROVED AS TO FORM**

**City Attorney**

\_\_\_\_\_  
*Name:* Sunny Soltani  
*Title:* City Attorney