

COOPERATION AGREEMENT

between

CITY OF CARSON,
a California Charter City

and

CARSON RECLAMATION AUTHORITY,
a California Joint Powers Authority

APPROVED

_____, 2022

COOPERATION AGREEMENT

THIS COOPERATION AGREEMENT (“**Agreement**”) is entered into as of _____, 2022, by and between (i) CITY OF CARSON, a California municipal corporation (“**City**”) and (ii) the CARSON RECLAMATION AUTHORITY, a California joint powers authority (the “**CRA**” or “**Authority**”). City and Authority are sometimes individually referred to herein as a “**Party**” and collectively as the “**Parties**”. Carson Goose Owner, LLC (“**Developer**”) hereby joins in this Agreement solely with respect to the terms and conditions applicable to Developer under this Agreement.

ARTICLE I INTRODUCTION.

1.1 **The 157 Acre Site.** The Authority acquired, and currently owns, approximately 157 gross acres of real property in the City of Carson, as shown on the Site Map attached hereto as **Exhibit A** (the “**157 Acre Site**” or “**Site**”), known as the former Cal-Compact Landfill. The 157 Acre Site is divided into five Cells (as defined below) as shown on **Exhibit A**. The 157 Acre Site has also been vertically subdivided into a surface lot (the “**Surface Lot**”) and a subsurface lot (the “**Subsurface Lot**”), which lots are referenced as Parcel 1 (Subsurface Lot) and Parcel 2 (Surface Lot) of Parcel Map No. 70372 (per the map filed in Book 377 Pages 76-89, inclusive, of maps in the Office of the County Recorder for Los Angeles County (the “**Official Records**”)), as shown on **Exhibit B**, attached hereto.

1.2 **Environmental Conditions of the 157 Acre Site and Regulatory Documents Governing the Site.** The 157 Acre Site was operated as a landfill prior to the incorporation of the City in 1968. As a result, the Site has soil, soil vapor and groundwater contamination (“**Existing Environmental Condition**”) that requires remediation, monitoring and mitigation and the waste and poorly compacted soils require various improvements to allow for vertical development. Since the closure of landfill operations in 1965 the Site has remained undeveloped, despite various development proposals and transfers of the 157 Acre Site to various developers each of whom were ultimately unable to develop the Site due to the substantial costs of, and liability for, the environmental remediation and geotechnical enhancements required to enable the 157 Acre Site to be developed. On October 25, 1995, the California Department of Toxic Substances Control (“**DTSC**”) approved a remedial action plan (as further defined below, the “**RAP**”) for portions of the 157 Acre Site, which RAP requires the installation, operation and maintenance of the Remedial Systems (as defined below). In addition, development of the 157 Acre Site (as a former landfill) will require installation of building protection systems, including below-ground and above-ground improvements, such as venting systems and gas monitoring systems, as well as any necessary methane monitoring and venting equipment within any buildings developed on the Site (the “**BPS**”). In addition to the RAP, certain Consent Decrees were issued for the 157 Acre Site by DTSC in December 1995, October 2000, and January 2004 in order to resolve claims made regarding the resolution of the contamination issues afflicting the Site (the “**Consent Decrees**”); the 1995 Consent Decree applies to the remedial obligations for the Upper Operable Unit of the Site. In addition, the development of the 157 Acre Site is subject to the terms and conditions set forth in that certain document entitled Management Approach to Phased Occupancy (File No. 01215078.02), approved by DTSC in April 2018 (the “**MAPO**”) and that certain letter regarding phased development matters, issued by DTSC to the Authority, dated October 17, 2017 (the

“**Phased Development Letter**”), each of which allow for phased development and occupancy of each Cell rather than the overall Site as a whole. DTSC also entered into a Compliance Framework Agreement, dated as of September 28, 2006, with the former Site owner, Carson Marketplace LLC (“**CM**”), as amended by the First Amendment to Compliance Framework Agreement dated as of December 31, 2007 (as so amended, the “**CFA**”) for the purpose of setting forth a plan for addressing the environmental conditions afflicting the 157 Acre Site, and to establish financial assurances for the implementation of the RAP, including long-term operation and maintenance of the Remedial Systems. The CFA continues to be binding on the 157 Acre Site and any owner or licensee of the Site and the DTSC continues to have certain oversight rights concerning the development of the 157 Acre Site and agreements affecting the Remedial Systems continue to be subject to DTSC approval.

1.3 **Authority Formation and Remediation of the 157 Acre Site.** The City determined that there were a number of former landfill and other sites with the need for remediation in the City, including the 157 Acre Site, and that a substantial need existed to establish an entity to perform such remediation and which could operate ongoing Remedial Systems, without putting the City’s general fund and taxpayer dollars at risk for such remediation expenses. Accordingly, the Authority was formed in January 2015 as a joint powers authority of the Carson Housing Authority and Community Facilities District 2012-1 and Community Facilities District 2012-2 under the provisions of the California Joint Powers Act (Govt. Code Sections 6500 *et seq.*), in order to, among other things, acquire and pursue remediation and potential future development of the 157 Acre Site and relieve the City of any liability for Site remediation and environmental issues. Thereafter, on May 20, 2015, the Authority acquired the Site from CM and has since pursued the remediation of the Site in compliance with the RAP and sought out developers with whom to enter into agreements for the development of the Site.

1.4 **Development Plans for the 157 Acre Site.** The Authority previously worked with various developers for the development of the 157 Acre Site and a number of development projects were previously proposed for the Site, including a mixed-use regional retail and entertainment project and a National Football League Stadium. While those projects have not proceeded, on September 6, 2018, the Authority entered into a Conveyancing Agreement and the City entered into a Development Agreement with CAM-CARSON, LLC (“**CAM**”), for the disposition and development of a high-end fashion outlet retail center on Cell 2 of the 157 Acre Site (“**Cell 2 Project**”). Construction of the Cell 2 Project elements commenced in September 2018, but has stalled due to various disputes between the Authority and CAM regarding project costs and outstanding payments. The Cell 2 Project is currently proposed to be reinitiated through certain new agreements between CAM, the City and Authority.

1.5 **Prior Process for Selection of Developer and Prior Agreements with Developer.** The Authority, through a request for proposal (“**RFP**”) issued by the Authority, dated June 28, 2016, and a second RFP dated October 25, 2017, solicited some thirty-five developers to consider development of Cells 1, 3, 4, and 5. Neither of those selection processes were ultimately successful, however, on October 3, 2019, the Authority issued an Invitation to Propose for Cells 3, 4, and 5 on the 157 Acre Site (the “**Remainder Cells**”), which consists of approximately 96 acres. Following receipt of seven development proposals from various development teams, multiple interviews and negotiations with each of the teams, Faring Capital, LLC, a Delaware limited liability company (“**Faring**”), was selected by the Authority to move forward and negotiate

a potential development project on the Remainder Cells. Those negotiations culminated with the Authority, City and Faring entering into that certain Option Agreement, dated as of December 17, 2020 (as amended, modified or supplemented from time to time, the “**Option Agreement**”), among other related documents/agreements. The Option Agreement (and other related agreements) were assigned by Faring to Carson Goose Owner, LLC, an affiliate of Faring (together with any successors or assigns of Carson Goose Owner, LLC, the “**Developer**”) by virtue of that certain Assignment of Option Agreement and Joint Escrow Instructions dated January 19, 2021.

1.6 **The Project.** Developer’s proposed project on the Surface Lot of the Remainder Cells (also referenced herein as the “**Developer Property**”) will consist of the following (as more particularly described in the 2022 SEIR): (i) an 11.12 acre community amenity and commercial area with a variety of programmed passive and active open spaces, including, among other uses, retail, restaurants, a performance stage and pavilion and event lawn, a dog park, and other community-serving uses (known and referred to as the “**Carson Country Mart**”), (ii) up to six light industrial buildings (providing for e-commerce/fulfillment center uses and distribution center/parcel hub uses) consisting of a maximum of 1,567,090 square feet total, inclusive of 75,000 square feet of associated office space; and (iii) associated signage (the “**Project**”).

1.7 **Future Cell 1 Development; Coordination of Development Projects.** The developer for Cell 1, which comprises approximately 15 acres (the “**Cell 1**”) has not yet been formally selected, but the Authority will ultimately enter into agreements with a developer (the “**Cell 1 Developer**”) for the development of Cell 1, and will need to facilitate cooperation between the Cell 1 Developer, Developer and CAM (or the then-applicable Cell 2 developer) to achieve integrated projects amongst all Cells to maximize the development potential of the 157 Acre Site.

1.8 **Entitlements; Environmental Review.** The 157 Acre Site was originally entitled for development by CM pursuant to The Carson Marketplace Specific Plan, approved on February 8, 2006, and amended on April 5, 2011 (as so amended, the “**Boulevards Specific Plan**”). The Boulevards Specific Plan was further amended on April 3, 2018, and renamed “The District at South Bay Specific Plan” (as so amended, the “**2018 Specific Plan**”). Pursuant to the terms and conditions of the Option Agreement, the Developer completed a subsequent amendment to the 2018 Specific Plan, which was approved by the City Council concurrently with the Council’s approval of this Agreement (as so amended, the “**Specific Plan**” or “**2022 Specific Plan**”).] Extensive environmental review was previously undertaken pursuant to the California Environmental Quality Act, Section 21000 *et seq.* of the California Public Resources Code (“**CEQA**”) for the 157 Acre Site in connection with the approval of the Boulevards Specific Plan in 2006, the 2018 Specific Plan, and the 2022 Specific Plan (the “**CEQA Review**”), which included various EIRs and Addenda thereto, including a Final Supplemental Environmental Impact Report specific to the Project, approved by the City Council concurrently herewith (the “**SEIR**” or “**2022 SEIR**”).

1.9 **Consideration Paid by Developer to the Authority for the Property.** Pursuant to the terms and conditions of the Option Agreement, Developer has agreed to pay the Authority, among other amounts, consideration in the amount of \$45M (the “**Purchase Consideration**”) for the Developer Property.

1.10 **Project Development Agreement.** In order to enable the construction of the Project by Developer in accordance with the 2022 Specific Plan and 2022 SEIR and ensure certain community benefits are realized by the City for its approval of the Project and to vest certain development rights in favor of Developer with respect to the Project, the City and Developer have entered into that certain “**Development Agreement**” dated as of _____, 2022. **Capitalized terms used but not otherwise defined herein shall have the meaning ascribed thereto in the Development Agreement.**

1.11 **Public Benefits of the Project.** The development of the Project is expected to realize significant community public benefits, including, without limitation, the following:

(a) *Community Benefits.* Pursuant to the terms and conditions of the Development Agreement, Developer has agreed to provide the following in community benefits to the City (among others, including those specified in the 2022 SEIR):

(i) *Affordable Housing.* The Developer shall assist the City in its supply of affordable housing by one of the following affordable housing public benefit options: (i) participate in any adopted City-wide affordable housing program, (ii) record a deed restriction committing to construct at least 100 units of Lower Income (at or below 80 percent of the Area Median Income) affordable housing off-site either within the Specific Plan area (e.g., PA 1 or PA 2) or at another off-site location anywhere else in the City, or (iii) pay an in lieu affordable housing fee of \$3.11 per square foot of the Project’s light industrial floor area.

(ii) *Avalon Wall.* Developer shall pay a fair share contribution to the rehabilitation and beautification of the wall along the east side of Avalon Blvd. from E. University St. to Elsmere Dr. (“**Avalon Wall**”), not to exceed 30 percent of the total cost and in no case in excess of \$3,000,000, however, such funds shall be refunded to Developer (or its designated assignee) if they remain unused for the rehabilitation/beautification of the Avalon Wall by January 31, 2032.

(iii) *Public Art.* The Project shall implement on-site public art features as set forth in Section 6.10 of the 2022 Specific Plan.

(b) *Overcoming Constraint of Remediation Cost.* The 157 Acre Site is one of the largest undeveloped properties along the I-405 in Los Angeles County. This continued blight and vacancy is due to the extraordinary remediation costs required prior to any vertical development. While the DTSC-approved RAP was approved in 1995, the Remedial Systems necessary for the overall 157 Acre Site still remain incomplete. Despite decades of efforts by prior developers and by the Authority to remediate and develop the Site, all have failed to-date since they have not been financially feasible due to the substantial environmental remediation costs required to develop the former landfill. Accordingly, the Project represents a unique opportunity to develop a significant portion of the 157 Acre Site and remediate the underlying soil, soil vapor and groundwater issues afflicting the Remainder Cells (which constitute a majority of the Site).

(c) *Community Amenity and Gathering Area.* The Project includes the Carson Country Mart, which will consist of approximately 11.12 acres that will serve to benefit the local community and provide a regional draw for visitors to the Site, based on the commercial uses, restaurant uses, programmed areas, open space and community amenities included within the Carson Country Mart. Such uses are intended to help establish the 157 Acre Site as a community and regional focus of social activity, which will help to provide a new community center for the City.

(d) *Job Generation.* The Project entails a land use and infrastructure plan that will support the creation of a major job center in the City and significantly improve the City's jobs to housing balance. The Project is proposed to provide substantial economic and employment opportunities for the community, with a goal of generating approximately 2,000 new direct construction jobs, with another 3,000 indirect and induced, as well as approximately 4,600 new permanent jobs.

(e) *Carry Costs.* As part of Developer's agreement with Authority under the Option Agreement, Developer has agreed to reimburse Authority for its proportional share of the Carry Costs (as defined in the Development Agreement) associated with the Authority's operation and maintenance of the Remedial Systems and other costs of holding and maintaining the 157 Acre Site, which will substantially assist the Authority in its ongoing operations and maintenance of the Site.

1.12 **Nature of Transaction.** The Authority was created to ensure the remediation of contaminated properties within the City of Carson, and the agreements between the Authority and the City and Developer with respect to the Remainder Cells will serve as a model for establishment of private/public partnerships to carry out development of such properties with specifically defined roles for the parties. As the City does not want to incur liability for the preexisting soil and groundwater contamination on the 157 Acre Site, all work done in the contaminated soil is the responsibility of its owner, Authority, however, under the terms of the Development Agreement and the Option Agreement, the Developer shall be responsible for all Remedial Systems construction, BPS construction, Site Development Improvements and other construction upon the Remainder Cells to enable the vertical development of the Project. Further, Developer shall contract with the Authority regarding the construction / installation of the Offsite Improvements (described in **Exhibit C** attached hereto)(**"Offsite Improvements"**).

1.13 **Summary of Obligations.** The roles of the Authority, Developer, and City are generally described as follows (all of which are defined in more detail herein and under the Option Agreement and the Development Agreement):

(a) *Authority:* The Authority has agreed to transfer the Developer Property to Developer pursuant to a Grant Deed, in accordance with the terms and conditions of the Option Agreement, and shall oversee Developer's performance of work on the Remainder Cells, including the construction/installation of the Remedial Systems within the Subsurface Lot of the Remainder Cells, construction of the BPS, and the construction / installation of various subsurface and surface improvements in order to make the Remainder Cells developable, described and defined in the Option Agreement as the **"Site Development Improvements"**. Authority shall retain ongoing responsibility for operation and maintenance of the Remedial Systems (following their

construction by Developer) as required by DTSC (subject to the terms and conditions of the Option Agreement). As described in Section 1.12 above, by a separate agreement with the Developer, Authority will contract with the Developer regarding the construction of the Offsite Improvements

(b) *Developer:* The Developer shall be responsible for constructing/installing (i) the Remedial Systems and the BPS, as necessary to cap the landfill and remove gas and contaminants which could pollute the air or pose a health or safety risk underlying the Remainder Cells (which work includes remediating and preparing the Remainder Cells for development, including, without limitation, the relocation and mitigation of trash layers and excavation and grading necessary to install such systems, all in accordance with the RAP, the 1995 Consent Decree, the MAPO, the Phased Development Letter, the CFA, City ordinances, and all other DTSC requirements/regulations applicable to the 157 Acre Site; (ii) the Site Development Improvements (including, without limitation, the Sub-Foundation Work, Utility Work, and Foundation Work), (iii) if applicable, the Offsite Improvements, subject to a separate agreement between the Authority and the Developer (or its designee); and (iv) the Project on the Developer Property, subject to the Conditions of Approval. As described in Section 1.11(e) above, in addition, Developer shall reimburse Authority for its proportional share of the Carry Costs incurred by the Authority with respect to the 157 Acre Site.. After becoming an owner of the Property, Developer will be responsible for payment of impositions under the Citywide CFD and Sitewide CFDs/Amended Sitewide CFDs as set forth in the Development Agreement.

(c) *City:* The City shall be the land use authority providing approval to Developer of the Project entitlements, the 2022 Specific Plan (and any amendments/modifications/administrative approvals thereto), the Development Agreement (and any modifications, amendments, or administrative approvals thereto), and to undertake environmental review pursuant to CEQA and approve mitigation measures and development applications for the Project, and corresponding conditions of approval, modifications / changes to the SEIR and the SEIR Mitigation Measures applicable to the foregoing. In addition, while the City would typically have the responsibility to construct and provide public infrastructure and services on, over and in the 157 Acre Site, including the Offsite Improvements, pursuant to this Agreement, the City is contracting with the Authority to ensure the construction of the Offsite Improvements. The Offsite Improvements shall be funded with monies from City, Authority, and funds paid by Developer, as more particularly described below. City, by this Agreement, is agreeing to provide to Authority its allocation of Measure R and Measure M bond funds issued by the City against local return revenues received from the Los Angeles Metropolitan Transportation Authority (“**Metro**”) in order to pay for a portion of the costs required for the Offsite Improvements. The City Charter specifically enables the City to coordinate provisions and agreements, such as this Agreement, with other agencies, such as the Authority, for the installation of streets, utilities, and other public improvements, and cooperate with other agencies, such as the Authority, in the formulation and administration of the City’s economic development assistance programs, which programs include encouraging private investment and providing public infrastructure within the City. Moreover, pursuant to the City Charter, the City has the authority to empower the Authority to take such actions as are necessary to incentivize private investment upon the 157 Acre Site, by the grant of public resources, reduction of regulatory burdens, infrastructure financing, and utilization of alternative procurement strategies, among other things.

As such, the City has the ability to transfer the Bond Funds (as defined below) to the Authority to enable the construction of the Offsite Improvements.

1.14 **General Terms.**

(a) *City's Payment / Transfer of Measure R / M Bond Funding.* Since the Authority's resources are insufficient to pay all costs of the Offsite Improvements, City hereby commits to pay / transfer the amount of \$22.4 million of the Measure R / M Bond Funding (the "**Bond Funds**") to the Authority that the City issued to fund transportation projects / transit infrastructure within the City, for the purpose of constructing the Offsite Improvements.

(b) *Construction Standards.* Authority agrees to ensure the construction of the Offsite Improvements under in compliance with all applicable laws, including the Prevailing Wage Law, and City building, construction and environmental standards.

(c) *Insurance.* The Option Agreement and the Development Agreement detail the specific insurance programs that are required to be maintained with respect to the Project (the "**Insurance Programs**"). The City shall have the insured status on such Insurance Programs as set forth in a final executed Insurance Administration Agreement between the Authority and Developer, the general form of which is set forth as an exhibit to the Development Agreement. On or prior to the commencement of work on the Offsite Improvements, the Authority shall provide the City with certificates of insurance evidencing commercial general liability, builder's risk or, as applicable, property insurance, and contractors pollution insurance with terms, conditions and limits as may be reasonably required by the City. Such insurance shall name the City as an additional insured and shall provide for advance written notice to the Authority and the City prior to any cancellation or nonrenewal of such policies.

1.15 **Term.** The term of this Agreement shall be concurrent with term of the Development Agreement and/or the Option Agreement (including any amendments/supplement agreements thereto), whichever extends longer, and shall commence on the Effective Date (the "**Term**").

ARTICLE II CONSTRUCTION OBLIGATIONS.

2.1 **Offsite Improvements.** Authority shall fulfill certain obligations of City in accordance with the SEIR and the Project Agreements by enabling the constructing the Offsite Improvements as set forth herein and in the Option Agreement and Development Agreement. Additionally, except for the portion of Stamps Drive south of Lenardo Drive (and other private roads within PA3 as set forth in the Specific Plan), which will be maintained by the Developer, all roads and other Offsite Improvements built by Authority (and its contractors/consultants) on the 157 Acre Site, after formal acceptance by City or Authority (as applicable) will be maintained by the City or Authority (as applicable) as public streets and improvements. City / Authority hereby agrees to accept such improvements if properly constructed hereunder in accordance with all City standards and will (i) be responsible for all liability claims for public use not resulting from the contamination, and (ii) accept ownership of such improvements. City or Authority (as applicable) will maintain such roadway systems in a finished and attractive manner conducive to the success of the Project.

2.2 **Contract Administration.** Authority shall retain the exclusive right to contract with and direct the work of its contractors constructing the Offsite Improvements. Authority must undertake the work as a public agency subject to all laws of the State of California, as well as ordinances of the City of Carson, and such requirements shall not make the City liable for the Authority's acts, or the condition of the Site (including the Surface Lot and Subsurface Lot). To this end, Authority agrees as follows:

2.2.1 *Contract Administration.* To perform the construction contract administration for all Offsite Improvements, which shall include actual construction, contract administration, materials testing and construction surveys. Authority may utilize RE Solutions, LLC and/or Developer as its development manager or general contractor for the construction/installation of the Offsite Improvements, and / or an engineering or construction management consultant team that includes a licensed Civil Engineer and a construction inspector or other representative.

2.2.2 *Plans and Specifications.* To use plans and specifications prepared in accordance with the RAP, CFA, DTSC requirements and regulations, City ordinances, and other applicable laws, and to obtain City's approval of the construction terms and costs (which approval may be granted administratively through the Public Works Director and/or the Community Development Director).

2.2.3 *Allowance for Alternative Bidding / Contracting Procedures.* All construction work required for the Offsite Improvements shall be awarded in compliance with all applicable laws, including the City Charter and other City standards and policies, to the extent applicable. To that end, the City understands and agrees that pursuant to the City Charter, the Authority is authorized to utilize alternative procurement strategies and contracting methods and procedures to enable the construction and completion of the Offsite Improvements, given the substantial public benefits the City will derive from the completion of such Offsite Improvements, which are required to allow for the remediation and development of the 157 Acre Site, which has been a goal of the City for the past fifty years. As such, to the extent required, the Authority may utilize alternatives to traditional public bidding procedures for the Offsite Improvement work.

2.2.4 *Security.* Authority shall require its contractors to provide such work and performance security, including, without limitation, bonds securing performance, labor and materials, and other such bid bonds as typically required under City policies for the award of public construction contracts.

2.2.5 *Final Inspections and Payment Accounting.* City may inspect and accept or reject any of the Offsite Improvements constructed by Authority, both during performance or when completed for purposes of ensuring regulatory and legal compliance with local, state and federal laws, building codes, and, to the extent relevant, the RAP or other DTSC requirements/regulations. City shall reject or finally accept any portion thereof within thirty (30) days after submittal to City. Authority shall furnish City, within one hundred twenty (120) calendar days after final payment to any construction contractor for the Offsite Improvements, a final accounting of the total costs, including an itemization of actual unit costs and actual quantities.

2.2.6 *Access to Books and Records.* City shall at all times have the right to inspect and audit the books and records of Authority to assure that all work has been performed and disbursements have been made properly.

2.3 **Standards of Work Applicable to Offsite Improvements.** Authority shall at all times faithfully, competently and to the best of its ability, experience and talent, perform all services described herein. Authority covenants that it shall follow the highest professional standards in performing the work required hereunder and that all materials will be of good quality, fit for the purpose intended.

2.3.1 *Compliance with Law.* Authority shall render all work hereunder in accordance with all ordinances, resolutions, statutes, rules, and regulations of the City and any Federal, State or other governmental entities having jurisdiction over such work, as in effect at the time service is rendered.

2.3.2 *Licenses, Permits, Fees and Assessments.* Authority (or its contractors) shall obtain such licenses, permits, registrations, and approvals as may be required by law for the performance of the work required by this Agreement. Authority shall indemnify, defend and hold harmless City, its officers, employees or agents of City, against any fees, assessments, taxes penalties or interest levied, assessed or imposed against City as a result of the work performed by the Authority under this Agreement or otherwise pursuant to the terms and provisions provided hereunder.

2.3.3 *Protection and Care of Work and Materials.* Authority shall adopt reasonable methods, during the life of this Agreement to furnish continuous protection to the work, and the equipment, materials, papers, documents, plans, studies and/or other components thereof to prevent losses or damages, and shall be responsible for all such damages, to persons or property.

2.3.4 *Assurance of Non Discrimination During Construction.* The Authority agrees that there shall be no discrimination against, or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, sexual orientation or gender preference, national origin, or ancestry in the performance of the Offsite Improvements or any other work performed by the Authority under this Agreement, and shall assume compliance with this provision from its contractors, subcontractors, and other performing work on the site. The Authority shall take affirmative action to ensure that employees are treated during employment without regard to their race, color, creed, religion, sex, marital status, sexual orientation or gender preference, national origin, or ancestry.

2.3.5 *Assurance of Payment of Prevailing Wages.* Authority shall ensure the payment of prevailing wages as required by law, as described in California Labor Code § 1720 with respect to the construction and performance of the Offsite Improvements. Authority acknowledges and agrees that should any third party, including, but not limited to, the Director of the Department of Industrial Relations (“**DIR**”), require Authority or any of its contractors or subcontractors to pay the general prevailing wage rates of per diem wages and overtime and holiday wages determined by the Director of the DIR under Prevailing Wage Law, then Authority shall indemnify, defend, and hold City harmless from any such determinations, or actions (whether legal, equitable, or administrative in nature) or other proceedings, and shall assume all obligations

and liabilities for the payment of such wages and for compliance with the provisions of the Prevailing Wage Law.

ARTICLE III FUNDING OF OFFSITE IMPROVEMENTS.

3.1 Offsite Improvements to be Directly Funded Through Bond Funds, Authority and Developer. The Offsite Improvements will be funded through the City's provision of the Bond Funds to the Authority, and by the Authority, and the Developer, as follows:

3.1.1 *Public Infrastructure Obligations.* Pursuant to this Agreement, Authority is agreeing to coordinate and ensure the construction of the Offsite Improvements on behalf of the City as described above, which, after delivery and acceptance, shall be operated and maintained by the Authority in accordance with the terms and conditions herein (except as requires for the signals, sewer, and stormwater improvements included within the Offsite Improvements, which shall be maintained by the County of Los Angeles and its agencies/districts). The total estimated cost of such Offsite Improvements is approximately \$45,000,000 (however, such amount is simply an estimate and there may be contingencies and/or increases in the costs of the Offsite Improvements, in which case, the Authority and Developer shall be responsible to pay for such contingencies/increases in the same manner as otherwise set forth herein and/or in the Option Agreement). As set forth above, City shall be obligated to contribute \$22.4M of the Bond Funds to the construction of the Offsite Improvements pursuant to its allocation of Measure R/M Bond funding. Pursuant to the terms and conditions of the Development Agreement and/or the Option Agreement, the Developer has agreed to reimburse the City/Authority for the costs of Offsite Improvements, which reimbursements shall be paid to the Authority within thirty (30) days after receipt of an invoice for any Offsite Improvement costs; provided, however, that Developer's responsibility for the total costs of the Offsite Improvements shall be limited to sixty percent (60%) of the total costs of the Offsite Improvements (less the portion of such costs provided by the City to fund the Offsite Improvements pursuant to the Bond Funds), subject to the terms and conditions of Exhibit C attached hereto. Authority shall coordinate the payment for the remaining forty percent (40%) of the construction costs for the Offsite Improvements (less the portion of such costs provided by the City pursuant to the Bond Funds), which must be paid to the same extent and manner provided above for the Developer's reimbursements for the costs of the Offsite Improvements (i.e., within 30 days after receipt of an invoice for any Offsite Improvement costs).

3.2 Prompt Payment. Where one of the Parties hereto is required to make a payment to the other, payments shall be made promptly, and, unless otherwise specified, in no less than thirty days after the date of delivery of written request for payment supported with appropriate documentation. Any payment not made within thirty days of the due date thereafter accrues interest compounded monthly at the rate of 8% per annum.

3.3 No Use of CFD Funds. The parties agree that no portion of the Citywide CFD and the Sitewide CFDs/Amended Sitewide CFDs (as defined in the Development Agreement) shall be used to reimburse the Authority or any other entity for the costs of construction / installation of the Offsite Improvements.

ARTICLE IV CITY ADMINISTRATIVE OBLIGATIONS.

4.1 City Appointment of City Personnel to Authority. Pursuant to this Agreement, City hereby agrees to appoint certain City staff and administrative personnel to serve the Authority for the purposes of rendering the staffing services needed by Authority in order to construct / complete the Offsite Improvements and its other obligations under the Option Agreement. City personnel appointed to the service of Authority for performance of its obligations under the Project Agreements include, without limitation, the following personnel: the City Manager, the Community Development Director, the Public Works Director, and the City Engineer (the “**Personnel**”), and such other personnel as the City Manager may from time to time designate, which Personnel may charge their time to work performed on the Offsite Improvements at standard City rates (with no additional markup). By entering into this Agreement and performing its obligations hereunder, City does not assume and shall not become responsible in any way for the performance of any Authority obligations arising out of the Project Agreements.

4.2 Provision of Services. City shall provide the Personnel to Authority and shall make such Personnel available as may be reasonably determined by Authority under the Project Agreements. At all times during the term of the Project Agreements, Authority shall be solely responsible for determining the number and identity of the Personnel for managing, overseeing and performing the work required of Authority under the Project Agreements, and for determining the timing, means and methods of such work.

4.3 Replacements. In the event that any of the Personnel become unavailable to work on Authority’s obligations, or Authority desires additional Personnel from City, then City shall in cooperation with Authority seek qualified replacements or new Personnel as may be reasonably requested by Authority from time to time, and to recommend to Authority alternative or new qualified Personnel to replace the existing Personnel, as applicable, which Personnel shall be selected by Authority in its sole discretion. Existing or new Personnel may consist of third-party professional services consultants or contractors retained by City. City shall not provide to Authority any Personnel that are not approved for hire by Authority.

4.4 Personnel Work Product. City Personnel shall at all times be subject to the sole and exclusive direction of Authority in connection with the administrative activities and obligations of the Authority under the Project Agreements. To the extent Personnel produce any work product, including intellectual property, relating to Authority or the Project, such work product shall be the sole and exclusive property of Authority.

ARTICLE V INSURANCE AND INDEMNITIES.

5.1 Insurance Programs. Authority and/or Developer, as applicable, will cause the Insurance Programs to be maintained. At all times, the City shall have such insured status on the Insurance Programs as set forth in the Insurance Administration Agreement.

5.2 Indemnity and Release Obligations. Authority shall protect, defend, indemnify, release and hold harmless City and its elected officials, officers, employees, volunteers and agents (“**Indemnified Parties**”) from and against any and all losses, claims, litigation, administrative action, or other adversarial proceeding (“**Claims or Litigation**”) arising out of or resulting in any

way from: (i) Authority's performance of this Agreement or the Project Agreements (as applicable), including the performance of any Personnel working on Authority's behalf, (ii) any claims for personal injury, loss, or damage arising during construction or thereafter due to Developer's construction, development or operations upon the Remainder Cells or Authority's (or its contractor's) construction, development or operations of the Offsite Improvements; (iii) any repair, cleanup or detoxification, or preparation and implementation of any removal, remediation, response, closure, or other plan (regardless of whether undertaken due to governmental action) concerning any hazardous waste and/or household hazardous waste (as such terms will be broadly defined) deposited after the commencement of construction upon the Remainder Cells or of Offsite Improvements, and (iv) claims pursuant to Section 107(e) of the Comprehensive Environmental Response, Compensation and Liability Act, "CERCLA", 42 U.S.C. Section 9607(e), or California Health and Safety Code Section 25364, the Resource Conservation and Recovery Act, "RCRA", 42 U.S.C. Sections 6901 et seq. or other similar federal, state or local law or regulation resulting from Developer's or the Authority's actions or those of its/their contractors, tenants, or invitees. Such indemnification shall not cover any Claims or Litigation due to the negligence or willful misconduct of the Indemnified Parties or to the extent the Indemnified Parties have received compensation from an insurance carrier for the full amount of such claims.

5.2.1 Notwithstanding the foregoing, it is acknowledged and agreed that the obligations of Authority under this Section shall not apply to the extent that coverage for defense and payment of loss is provided to City, as applicable, under any of the Insurance Programs.

5.2.2 Authority shall remain obligated to fully defend and indemnify City for Claims or Litigation not otherwise offset by the Insurance Programs or Developer's indemnity/defense obligations in other Project Agreements.

5.3 Authority's Contractors' Claims. In the event any of Authority's contractors, sub-contractors or other parties retained by Authority provides a notice of intent to make a claim against Authority relating to this Agreement or the Offsite Improvements, Authority shall, in accordance with Authority's procedures, notify City of the notice of intent and City shall cooperate with Authority, at Authority's expense, in analyzing and resolving the claim within a reasonable time; provided, however that Authority shall not cause City to become a party to any such claim.

5.4 Survival. All indemnity provisions set forth in this Agreement shall survive termination and/or expiration of this Agreement for any reason.

ARTICLE VI DEFAULTS & ENFORCEMENT.

6.1 Disputes; Default; Cure Periods. Either Party's failure or unreasonable delay to perform any term or provision of this Agreement constitutes a default. In the event of a default, the injured Party shall give written notice of such default to the defaulting Party, specifying the default and stating how such default may be cured (a "**Notice of Default**"). Delay in giving such notice shall not constitute a waiver of the default. If the defaulting Party fails to cure the default within thirty days after receipt of a Notice of Default, or, if the default is of a nature that cannot be cured within thirty (30) days, the defaulting Party fails to commence to cure the default within said thirty (30) days and thereafter diligently prosecute such cure to completion, then the non-defaulting party shall have the right to seek all judicial relief caused by such default.

6.2 Equity. Due to the complex nature of the transaction contemplated herein for the purpose of remediating the landfill condition of the Remainder Cells, developing the Offsite Improvements, and facilitating community benefits for the City as described above, and due to the difficulty and speculative nature of establishing certain legal damages, or special, consequential or other damages in the event of a default, the Parties agree that in any action for relief by the Parties or any third party benefitting from the transactions contemplated herein, equitable relief shall also be available to the Parties or such third party.

6.3 Legal Actions. Either Party may institute a legal action to require the specific performance or injunction of any default for any uncured default, or to obtain any other equitable remedy consistent with the purpose of this Agreement. The following provisions shall apply to any such legal action:

6.3.1 *Jurisdiction and Venue*. Legal actions must be instituted and maintained in the Superior Court of the County of Los Angeles, State of California. The Parties specifically waive any rights provided to them pursuant to California Code of Civil Procedure §394 or federal or state statutes or judicial decisions of like effect.

6.3.2 *Applicable Law*. The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

6.3.3 *Attorneys' Fees*. In the event that any action or proceeding is commenced by either the Authority or City against the other to interpret or enforce any provision of this Agreement, the prevailing party in any such action or proceeding shall be entitled to recover from the non-prevailing party, in addition to all other relief to which the prevailing Party may be entitled, the prevailing party's reasonable attorneys' fees and litigation costs, including fees for use of in-house legal counsel by a Party, as established by a court of law. Recoverable costs and fees shall include those incurred on appeal and in the enforcement of any judgment.

6.4 Enforcement by Third Party Beneficiary. The Parties agree that Developer is an intended third party beneficiary of the provisions of this Agreement solely with respect to the required transfer of the Bond Funds by City to Authority, pursuant to the provisions set forth in Section 1.14(a) and 3.1 above. In the event of any failure by City to timely make such required payment/transfer of the Bond Funds provided herein to Authority, and if Authority fails to timely act to obtain the Bond Funds from City, Developer shall have the same rights as the Authority hereunder to enforce Authority's rights against City in order to recover the full amount of the Bond Funds for the construction/development of the Offsite Improvements.

ARTICLE VII MISCELLANEOUS

7.1 Amendment of Agreement. Any amendment, modification, waiver or release to or of this Agreement shall only be by written agreement between the Parties.

7.2 Restrictions on Transfer. Neither Party hereto shall transfer or assign its rights, obligations or interests under this Agreement, directly or indirectly, voluntarily or by operation of law, without the prior written approval of the non-transferring Party subject to the transfer provisions of the Project Agreements.

7.3 Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

7.4 Consent. Whenever consent or approval of any Party is required under this Agreement, that Party shall not unreasonably withhold, delay or condition such consent or approval unless a different standard is otherwise provided by a specific provision of this Agreement.

7.5 Notices and Demands. All notices, demands, consents, requests and other communications required or permitted to be given under this Agreement shall be in writing and shall be deemed conclusively to have been duly given (i) when hand delivered to the other Party; (ii) upon receipt by the Party to which notice is sent when placed in the US mail, with postage fully prepaid, registered or certified mail, return receipt requested, (iii) the next business day after such notice has been deposited with an overnight delivery service reasonably approved by the Parties (Federal Express, Overnight Express, United Parcel Service and U.S. Postal Service are deemed approved by the Parties), postage prepaid, addressed to the Party to whom notice is being sent as set forth below with next business day delivery guaranteed, provided that the sending Party receives a confirmation of delivery from the delivery service provider, or (iv) if via email, on the date such correspondence is sent, so long as written notice is separately given pursuant to one of the means set forth above. The notice addresses of the Parties are as follows:

Authority: Carson Reclamation Authority
701 East Carson Street
Carson, California 90745
Attention: Executive Director
Email: jraymond@carsonca.gov
Telephone: (310) 952-1773

With a copy to: Aleshire & Wynder LLP
18881 Von Karman Avenue, Suite 1700
Irvine, CA 92612
Attention: Sunny Soltani, Esq.
Email: ssoltani@awattorneys.com
Telephone: (949) 223-1170 ext. 5407

City: City of Carson
701 East Carson Street
Carson, California 90745
Attention: City Manager / Community Development Director
Email: DRoberts@carsonca.gov / snaaseh@carsonca.gov
Telephone: (310) 952-1730 / (310) 952-1770

The Parties may designate another/alternative address for receiving notice from time to time by giving notice pursuant to the terms and conditions set forth in this Section 7.5.

7.6 Nonliability of Officials and Employees. No board member, official, contractor, consultant, attorney or employee of either Party shall be personally liable to the other, in the event of any default or breach by either Party under this Agreement, or for any amount which may become due to a Party or to its successors or assignees, or on any obligations arising under this Agreement.

7.7 Entire Agreement. With the exception of the identified Project Agreements, this Agreement contains all of the terms and conditions agreed upon by the Parties. No other understanding, agreement, oral or otherwise, shall be deemed to exist or to bind the Parties hereto. All prior written or oral agreements, memoranda of understanding, proposals and the like are superseded by this Agreement.

7.8 Interpretation. City and Authority acknowledge that this Agreement is the product of mutual arms-length negotiation and drafting and that both Parties have been represented by legal counsel in the negotiation of this Agreement. Accordingly, the rule of construction which provides that ambiguities in a document shall be construed the drafter of that document shall have no application to the interpretation and enforcement of this Agreement.

7.9 Successors and Assigns. The terms, covenants and conditions of this Agreement shall be binding upon and inure to the benefit of the Parties hereto and their voluntary and involuntary successors and assigns.

7.10 Third Party Beneficiaries. Developer (and its successors and assigns) shall be considered a third party beneficiary under this Agreement. Except for Developer, no other person or entity not a signatory to this Agreement shall have any rights or causes of action against any Party to this Agreement as a result of that party's performance or non-performance under this Agreement.

7.11 Severability. City and Authority declare that the provisions of this Agreement are severable. If it is determined by a court of competent jurisdiction that any term, condition or provision hereof is void, voidable, or unenforceable for any reason whatsoever, then such term, condition or provision shall be severed from this Agreement and the remainder of the Agreement enforced in accordance with its terms provided that the intent of the Parties is preserved by such severance, it being understood that the provision of the Bond Funds from the City to Authority is a material term of this Agreement.

7.12 Further Acts and Releases. City and Authority each agree to take such additional acts and execute such other documents as may be reasonable and necessary in the performance of their obligations hereunder.

7.13 Relationship of Parties. The Parties shall not be deemed in a relationship of partners or joint ventures by virtue of this Agreement, nor shall either Party be an agent, representative, trustee or fiduciary of the other. Neither Party shall have any authority to bind the other to any agreement.

7.14 Authority. The persons executing this Agreement on behalf of the Parties hereto warrant that (i) such Party is duly organized and existing, (ii) they are duly authorized to execute

and deliver this Agreement on behalf of said Party, (iii) by so executing this Agreement, such Party is formally bound to the provisions of this Agreement, and (iv) the entering into this Agreement does not violate any provision of any other Agreement to which said Party is bound or law or regulation applicable to such Party. This Agreement shall be binding upon the successors and assigns of the Parties.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto shall be deemed to have executed this Agreement as of the date first written above.

CITY OF CARSON, a California Charter
City

By: _____

Name: Lula Davis-Holmes

Title: Mayor

Attest:

Name:

Title: City Clerk

APPROVED AS TO FORM:

Sunny K. Soltani

City Attorney

**CARSON RECLAMATION
AUTHORITY**, a California Joint Powers
Authority

By: _____

Name: Lula Davis-Holmes

Title: Chair

Attest:

By: _____

Name:

Title: Authority Secretary

APPROVED AS TO FORM:

Sunny K. Soltani

Authority Counsel

JOINDER

The terms and provisions set forth in this Cooperation Agreement are acknowledged and agreed to by Developer pursuant to its signature below:

DEVELOPER

CARSON GOOSE OWNER, LLC

By: _____

Name: _____

Title: _____

EXHIBIT A

Site Map
[Attached]

EXHIBIT B

Designation of Parcels

[Attached]



EXHIBIT C**Offsite Improvements****I. OFFSITE IMPROVEMENTS**

Refer to the Street Plan for Lenardo and Stamps, titled County of Los Angeles Department of Public Works City of Carson Street Improvement Plan, prepared by Michael Baker International for detail.

A. Lenardo Drive and a portion of Stamps Road

1. Wet Utilities Necessary for Lenardo Drive Construction¹
2. Paving, Landscaping, Street & Traffic Lights, Dry Utilities Necessary for Lenardo Dr. Construction
3. Other Contractor Costs (on Paving, Landscaping, Street & Traffic Lights, Dry Utilities Costs)²
4. Plan Check and Permits Fees, Governmental Fees and Assessments³
5. Costs for Testing and Inspection
6. Geotechnical Design & Observation, Structural Design, Civil Design, Landscape Design
7. Landfill Gas Suppression or Mitigation Operations⁴
8. Relocation/ Reconsolidation of /Waste into Landfills⁵
9. Regulatory Compliance (AQMD/DTSC/Regional Board)⁶
10. Buffer Zone: Primary Methane Barrier & Design⁷
11. Project Labor Agreement (PLA) Premium (if City-bid project)⁸
12. Project Management and Soft Cost Contingency
13. Payment Bonds⁹

¹ Includes water, recycled water, sewer, and storm drain.

² Either (1) Subcontractor Default Insurance (SDI) at 1.35% of these costs, Contractor's fee and Contractor's contingency or (2) traditional bonding at approx. 2% of the costs

³ These also include utility company design and approval.

⁴ Note: Environmental Contractor(s) would perform Health & Safety work including methane suppression during intrusive activities.

⁵ This assumes that there may be a small amount of waste along the edge of the roadway that would need to be relocated on site by Environmental Contractor(s).

⁶ Includes AQMD and DTSC oversight as well as SWPPP compliance.

⁷ If Lenardo Dr. construction proceeds before Cell 1 or Cell 2 work is completed, it is likely a buffer zone would need to be designed and installed as part of the street construction project.

⁸ City of Carson has entered a Project Labor Agreement with regional trade unions. If this is a City project, would need to bid it as a PLA project.

⁹ Public Works projects require a payment bond, which becomes a project cost.

B. **Other Offsite Improvements / Costs**

1. Installation of Landfill Gas System in Lenardo Dr.¹⁰
2. City Personnel costs, legal fees and costs, and associated administrative costs
3. Contractor / General Contractor insurance costs (including GL and Builders Risk)

II. **COST IMPACTS**

The Authority and Developer shall negotiate in good faith an amendment to the Option Agreement detailing the terms and provisions with respect to any cost impacts imposed on the Authority with respect to the Offsite Improvements, that are directly caused by Developer's construction / performance of, or changes to, the Remedial Systems, BPS, Site Development Improvements, or the Project, and payment responsibilities therefore.

¹⁰ There are 13 GCCS vaults and associated gas collection lines that are located in Lenardo and would need to be installed at the time the street is constructed. This is not directly a street cost, but overall a remedial system cost.