

## SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT ("**Agreement**") is made and entered into as of this \_\_\_ day of August, 2016 (the "**Effective Date**") by and among Cardinal Cavalry LLC, a Delaware limited liability company ("**Cardinal**"), Carson Holdings, LLC, a Delaware limited liability company ("**Carson Holdings**"), the Carson Reclamation Authority, a California Joint Powers Authority created pursuant to California Government Code Section 6500 *et seq.* ("**Authority**"), the City of Carson, a California municipal corporation ("**City**"), the Successor Agency to the Carson Redevelopment Agency ("**Successor Agency**") and the Carson Public Financing Authority, a public entity ("**Carson PFA**"). Cardinal, Carson Holdings, Authority, City, Successor Agency and Carson PFA are collectively referred to herein as the "**Parties**". Authority, City, Successor Agency and Carson PFA are collectively referred to herein as the "**Governmental Parties**".

### RECITALS

A. On May 18, 2015, the Authority, Successor Agency and Carson Marketplace, LLC, a Delaware limited liability company ("**CM**"), entered into that certain Settlement, Release and Indemnity Agreement ("**SRIA**"), pursuant to which, among other things, the Authority agreed to acquire and acquired that certain property consisting of approximately 157 acres of land located in the City of Carson, as more particularly described on Exhibit "A" attached hereto and incorporated herein ("**157-Acre Property**");

B. Pursuant to the SRIA, the Authority assumed certain agreements and obligations related to the 157-Acre Property, including without limitation the implementation of the remediation plan for the 157-Acre Property, the assumption of the obligations pursuant to the California Recycle Underutilized Sites (**CALReUse**) grant of \$5 million for remediation activities at the 157-Acre Property and the Owner Participation Agreement ("**OPA**") between CM and the Carson Redevelopment Agency ("**Carson RDA**") (predecessor in interest to the Successor Agency) dated July 25, 2006, as amended;

C. In March 2015, the City and Carson Holdings entered into that certain Deposit and Reimbursement Agreement ("**Reimbursement Agreement**") pursuant to which Carson Holdings was required to reimburse the City for certain costs related to the review, processing, preparation and approval of entitlements for Carson Holding's proposed development of 11 acres of land located in the City of Carson, as more particularly described on Exhibit "B" attached hereto and incorporated herein ("**11-Acre Property**") and the proposed development and use of the surface lot of the 157-Acre Property, as more particularly set forth in the Reimbursement Agreement;

D. On May 18, 2015, CM made and entered that certain Declaration of Covenants, Conditions and Restrictions ("**CC&Rs**") that sets forth certain covenants, conditions and restrictions on the 11-Acre Property, and on May 18, 2015 Carson Holdings acquired from CM the 11-Acre Property;

E. On May 18, 2015, Cardinal and Authority entered into that certain Designation, Transfer and Option Agreement ("**DTO**"), pursuant to which, among other things: Cardinal

E. On May 18, 2015, Cardinal and Authority entered into that certain Designation, Transfer and Option Agreement (“**DTO**”), pursuant to which, among other things: Cardinal designated Authority as its designee to, and Authority agreed to, take title to the 157-Acre Property and assume the agreements set forth in the SRIA; Cardinal agreed to pay the Authority certain “Carry Costs” as defined and set forth in the DTO; as security for the payment of the Carry Costs, Carson Holdings recorded a deed of trust against the 11-Acre Property for the benefit of Authority in the amount of \$ 7.5 million (“**Deed of Trust**”); and Authority granted to Cardinal an exclusive option to lease the surface lot of the 157-Acre Property (“**Option**”) solely for development of an NFL Stadium and other permitted uses;

F. On May 18, 2015, the Authority, Carson Holdings and Tetra Tech, Inc. entered into that certain letter agreement (“**Tetra Tech Letter Agreement**”) pursuant to which, among other things, Carson Holdings agreed to pay certain Tetra Tech costs related to the 157-Acre Property from April 1, 2015 to May 18, 2015, the Authority agreed to pay certain Tetra Tech costs related to the 157-Acre Property after May 18, 2015 and to deposit certain funds in the Design and Construction Environmental Assurance Agreement Trust Account. On October 5 and October 19, 2015, Carson Holdings paid to Tetra Tech the required costs as provided for by the Tetra Tech Letter Agreement;

G. On May 18, 2015, CM and Carson Holdings entered into that certain Partial Assignment and Assumption Agreement pursuant to which CM assigned and Carson Holdings assumed the rights, title, interests, burdens and obligations of CM pursuant to that certain Development Agreement by and between City and CM, dated March 21, 2006 (“**Development Agreement**”), as amended, to the extent, but only to the extent, the Development Agreement and the assumed rights, title, interests, burdens and obligations therein apply to the 11-Acre Property as more particularly set forth in the Partial Assignment and Assumption Agreement;

H. Pursuant to the OPA, the Carson RDA undertook an obligation to provide a total of \$120 million of financial assistance for remediation work on the 157-Acre Property and development of certain public improvements, and pursuant to such obligation \$12.165 million in Series 2009 Bonds were issued on a tax exempt basis by the Carson PFA (“**2009 Carson PFA Bonds**”). Pursuant to the OPA, the Carson RDA also issued \$22.810 million in Project Area No. 1 Tax Allocation Bonds, Series 2009A on a tax-exempt bases (the “**2009 Carson RDA Bonds**”);

I. The 2009 Carson PFA Bonds are payable from, and secured by, payments made by Carson RDA under an Installment Payment Contract (“**Installment Payment Contract**”) between the City, the Carson RDA and the Carson PFA, and lease revenue paid by City if the Carson RDA’s payments are insufficient; under the Installment Payment Contract, among other things, the Carson RDA agreed to pay City an amount equal to the interest rate savings that resulted from Carson PFA’s issuance of bonds (“**Additional Payments**”).

J. In 2015, pursuant to the OPA, the Successor Agency provided an additional \$50.5 million in financial assistance to the remediation of the 157-Acre Property. Pursuant to the OPA and SRIA, on May 18, 2015 the Successor Agency issued the Series 2015A Tax Allocation Bonds and on August 20, 2015 the Successor Agency issued the Series 2015B Tax Allocation Bonds as a publicly offered refunding bond issue for the Series 2015A bonds (collectively, “**2015 Bonds**”). In addition, in 2016, the Carson PFA sought to refinance the 2009 Carson PFA

Bonds and 2009 Carson RDA Bonds on a taxable basis, however, the California Department of Finance (“**DOF**”) rejected the refinancing of the Installment Payment Contract;

K. On January 21, 2016, Cardinal issued a Determination Notice pursuant to the DTO, notifying Authority that in light of the action taken by the National Football League with respect to the proposed development of a NFL football stadium in Carson, Cardinal elected not to proceed with the development of an NFL Stadium in Carson and relinquished the Option;

L. On March 4, 2016, Carson Holdings transmitted a notice of termination of the Reimbursement Agreement to the City;

M. A dispute arose between the DOF and the City, Successor Agency and the Carson PFA concerning the 2009 Carson PFA Bonds and the denial by DOF of the enforceability of certain obligations relating to the 2009 Carson PFA Bonds, including the enforceability of the Installment Payment Contract and payment of the Additional Payments.

N. On or about May 27, 2016, City, Successor Agency, and the Carson PFA filed a Petition for Writ of Mandate and Complaint for Declaratory Relief and Injunctive Relief entitled *City of Carson; et al. v. Cohen; et al.*, Sacramento County Superior Court Case No. 34-2016-80002359, against the DOF and other parties, challenging DOF’s denial of the enforceability of the Installment Payment Contract and the payment of the Additional Payments (“**Litigation**”); and

O. On \_\_\_\_, 2016, City, Successor Agency, and the Carson PFA entered into a settlement agreement with DOF whereby the parties to the Litigation agreed to settle all outstanding claims related to the issues raised in the Litigation.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

### **AGREEMENT**

1. Settlement. As provided for by this Agreement, the Parties desire to fully settle all outstanding claims, burdens, obligations, liabilities, costs and expenses associated with the various agreements and issues involving the Parties. Within five (5) business days of mutual execution and delivery of this Agreement and concurrent with the reconveyance of the Deed of Trust as provided for in Section 3, Carson Holdings shall pay to the Governmental Parties the following:

(a) pay to City as full and final settlement of the Claims (as defined in Section 4) released herein the amount of \$1,823,952.00; provided, however, that in the event that the City receives, directly or indirectly, any Additional Payments during a period of ten (10) years following the Effective Date, the City shall pay to Carson Holdings a refund in the

amount(s) received by the City up to \$1,400,000 within thirty (30) days of City's receipt of the funds;

(b) pay to Authority \$ 5,179,504.00 as full and final settlement of the Claims released herein; and

(c) pay to Successor Agency and Carson PFA \$1,000.00 each as full and final settlement of the Claims released herein.

2. Cooperation with Buyer of 11-Acre Property. City, Authority and Successor Agency understand that Carson Holdings may sell its interests in the 11-Acre Property to a prospective buyer ("**Buyer**"). City, Authority and Successor Agency agree to cooperate with Buyer and Carson Holdings in Buyer's review and proposed development of the 11-Acre Property and to execute any further documents, including without limitation any estoppel certificates or certificates of compliance, as may be requested by Buyer and/or Carson Holdings to effectuate the transfer to Buyer of Carson Holdings' rights, title, interest, burdens and obligations related to the 11-Acre Property, and the Development Agreement applicable to the 11-Acre Property. Further, City acknowledges and agrees that the 11-Acre Property is located within The Boulevards at South Bay Specific Plan ("**Specific Plan**") and that, pursuant to the Specific Plan, apartments, townhomes and condominiums that are to be developed more than 300 feet from the freeway pavement edge are automatically Permitted Uses, as set forth in the Specific Plan, without any special limitations, and do not require any approval of the planning manager, conditional use permit or City Council approval, and that non-residential structures, such as, for example, ancillary uses and commercial uses, and parking developed within 300 feet of the freeway pavement edge do not require a conditional use permit. The City agrees that development of the project reflected on the conceptual plans attached as Exhibit "C" does not require a conditional use permit. Carson Holdings understands that applications for the proposed construction of structures and site improvements on the 11-Acre Property are subject to site plan and design review as set forth in the Specific Plan. The Parties further agree that pursuant to the Specific Plan, the mitigation measures attached thereto, and the Development Agreement, the fees and Project Public Improvements requirements to which development of the 11-Acre Property is subject are set forth on Exhibit "D". Carson Holdings shall provide Buyer a copy of Exhibit D during the period for Buyer's evaluation of the 11-Acre Property prior to the close of escrow for the transfer of the 11-Acre Property to Buyer.

3. Reconveyance of Deed of Trust. Within five (5) business days of mutual execution and delivery of this Agreement and concurrent with the payment of the amounts provided by Section 1, Authority shall deliver to Carson Holdings a full and unconditional reconveyance of the Deed of Trust in a form acceptable to Carson Holdings and in form suitable for recording, including full execution and notary acknowledgement. Authority agrees to execute any further documents as may be requested by Carson Holdings to effectuate the recording of the reconveyance of the Deed of Trust and release of the Deed of Trust and to cooperate with Carson Holdings in effectuating the reconveyance of the Deed of Trust.

4. Release of Claims by City, Authority, Successor Agency and Carson PFA. City, Authority, Successor Agency and Carson PFA on behalf of themselves and their successors, assigns, agents, and employees hereby waive, release, discharge and relinquish Cardinal and

Carson Holdings and their respective predecessors, successors, affiliates, assigns, officers, directors, shareholders, members, managers, agents, employees, parent and subsidiary organizations, attorneys and partners (collectively, the “**Released Parties**”) from any and all suits or controversies, claims, causes of action, burdens, obligations, liabilities, damages, losses, judgments, awards, settlements, fines, penalties, costs and expenses (including, without limitation, attorneys’ fees and costs and expenses of investigation) whatsoever, whether or not founded in fact or in law (collectively, “**Claims**”), to the extent concerning, arising out of, or relating to the 157-Acre Property, the 11-Acre Property, the Reimbursement Agreement, the Development Agreement, the CC&Rs, the DTO, the Tetra Tech Letter Agreement, the Option, the CALReUse grant, the OPA and the bonds issued pursuant thereto, including without limitation the 2009 Carson PFA Bonds, the 2009 Carson RDA Bonds, the 2015 Bonds, the refinancing or attempted refinancing of any of the foregoing bonds, and any and all related and ancillary agreements (collectively, the “**Released Matters**”).

5. Waiver of Civil Code Section 1542. CITY, AUTHORITY, SUCCESSOR AGENCY AND CARSON PFA, EACH ON ITS OWN BEHALF AND ON BEHALF OF ITS SUCCESSORS, ASSIGNS, AGENTS AND EMPLOYEES, EXPRESSLY WAIVES ALL RIGHTS UNDER CALIFORNIA CIVIL CODE SECTION 1542 WITH RESPECT TO THE FOREGOING RELEASED MATTERS, WHICH PROVIDES THAT:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”

Initials:            City: \_\_\_\_\_            Authority: \_\_\_\_\_  
Successor Agency: \_\_\_\_\_            Carson PFA: \_\_\_\_\_

City, Authority, Successor Agency and Carson PFA each warrant and represent that it has executed this Agreement with full knowledge of any and all rights which it may have by reason of any of the matters described herein. City, Authority, Successor Agency and Carson PFA each hereby further assumes the risk of mistake of fact in connection with the true facts involved in connection with the matters described herein, and with respect to any facts which are now unknown to them relating thereto. City, Authority, Successor Agency and Carson PFA each warrants and represents that in executing this release each has relied on legal advice from its attorney that the terms of this release and its consequences have been completely read and explained to each party by its attorney, and that each of City, Authority, Successor Agency and Carson PFA fully understands the terms of this release.

6. Indemnity. The City, Authority, Successor Agency and Carson PFA shall each protect, indemnify, defend and hold harmless the Released Parties from and against any and all claims, liabilities, damages, losses, fines, penalties, judgments, awards, settlements, costs and expenses (including, without limitation, attorneys' fees and costs and expenses of investigation) which arise out of or relate directly or indirectly in any way to the OPA, the 2009 Carson PFA Bonds, the 2009 Carson RDA Bonds, the 2015 Bonds, and any ancillary agreements related thereto, or work performed or funds due or paid to any parties pursuant to the Reimbursement Agreement, the DTO, or the Tetra Tech Agreement.

7. Attorneys' Fees. In the event of any action or proceeding between the Parties hereto arising from or in any way connected with this Agreement, the prevailing Party in such action or proceeding, in addition to any other relief which may be granted, whether legal or equitable, shall be entitled to recover its reasonable attorney's fees from the losing Party. Attorney's fees shall include attorney's fees on any appeal, and in addition a Party entitled to recover its attorney's fees shall be entitled to recover all other reasonable costs for investigating such action, taking depositions and discovery and all other necessary costs which are incurred in such litigation. All such fees and costs shall be deemed to have accrued on commencement of such action and shall be enforceable whether or not such action is prosecuted to judgment.

8. Counterparts. This Agreement may be executed simultaneously or in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or electronic mail transmission shall be as effective as delivery of a manually executed original counterpart.

9. Authority. Each person executing this Agreement on behalf of a Party hereto warrants that (i) such Party is duly organized and existing, (ii) such person is 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) entering into this Agreement does not violate any provision of any other agreement to which said Party is bound.

10. Integrated Agreement. This Agreement, including exhibits, constitutes the entire agreement between the Parties respecting the matters set forth herein, and expressly supersedes and revokes all previous or contemporaneous agreements, representations, warranties, statements, promises, and understandings, whether oral or written, between the Parties as to the subject matter hereof.

11. Further Instruments. In addition to the acts, deeds, and instruments recited herein and contemplated to be performed, executed, acknowledged, or delivered by either or both of the Parties, whenever requested to do so by the other Party, each Party shall perform, execute, acknowledge, and deliver or cause to be performed, executed, acknowledged, or delivered any and all further acts, deeds, conveyances, assignments, confirmations, satisfactions, releases, powers of attorney, instruments of further assurance, approvals, consents, and all further instruments and documents as may be necessary, expedient, or reasonably required, in order to complete all conveyances, transfers, sales, and assignments under this Agreement, and to do all other acts and to execute, acknowledge, and deliver all documents as requested in order to carry out the intent and purpose of this Agreement.

12. Choice of Law. This Agreement shall be construed and interpreted both as to validity and to performance of the Parties in accordance with the laws of the State of 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.

13. Notices. Any notice required to be given hereunder shall be made in writing and shall be given by personal delivery, certified or registered mail, postage prepaid, return receipt required, or electronic mail, at the addresses specified below, or at such other addresses as may be specified in writing by the parties hereto:

|                          |  |
|--------------------------|--|
| <b>City:</b>             | City of Carson<br>701 E. Carson Street<br>Carson, CA 90745<br>Attn: Mayor and Mayor Pro-Tem<br>Email:  |
| copy to:                 | Aleshire & Wynder, LLP<br>18881 Von Karman Avenue, Suite 400<br>Irvine, CA 92612<br>Attn: Sunny Soltani, Esq.<br>Email: ssoltani@awattorneys.com   |
| <b>Authority:</b>        | Carson Reclamation Authority<br>701 E. Carson Street<br>Carson, California 90745<br>Attn: Executive Director<br>Email:                             |
| copy to:                 | Aleshire & Wynder, LLP<br>18881 Von Karman Avenue, Suite 400<br>Irvine, CA 92612<br>Attn: Sunny Soltani, Esq.<br>Email: ssoltani@awattorneys.com   |
| <b>Successor Agency:</b> | Successor Agency to Carson Redevelopment Agency<br>701 E. Carson Street<br>Carson, California 90745<br>Attn: Chair<br>Email:                       |
| copy to:                 | Aleshire & Wynder, LLP<br>18881 Von Karman Avenue, Suite 400<br>Irvine, CA 92612<br>Attn: David Aleshire, Esq.<br>Email: daleshire@awattorneys.com |



**Carson PFA:** Carson Public Financing Authority  
Carson, California 90745  
Attn:  
Email:

copy to: Aleshire & Wynder, LLP  
18881 Von Karman Avenue, Suite 400  
Irvine, CA 92612  
Attn:  
Email:

**Cardinal Cavalry:** Cardinal Cavalry LLC  
4020 Murphy Canyon Road  
San Diego, California 92123  
Attention: Jeanne Bonk  
Email: jeanne.bonk@chargers.nfl.com

copy to: Latham & Watkins LLP  
355 South Grand Avenue  
Los Angeles, California 90071-1560  
Attn: George J. Mhlsten, Esq.  
Email: george.mhlsten@lw.com

**Carson Holdings:** Carson Holdings, LLC  
c/o Cardinal Cavalry LLC  
4020 Murphy Canyon Road  
San Diego, California 92123  
Attention: Jeanne Bonk  
Email: jeanne.bonk@chargers.nfl.com

copy to: LA XVIII Stadium Company, LLC  
1220 Harbor Bay Parkway  
Alameda, California 94502  
Attn: Dan Ventrelle  
Email: dventrelle@raiders.com  
Latham & Watkins LLP  
355 South Grand Avenue  
Los Angeles, California 90071-1560  
Attn: George J. Mhlsten, Esq.  
Email: george.mhlsten@lw.com

14. Waiver. No waiver of any provision of this Agreement nor consent to any deviation by any Party shall in any event be effective unless the same shall be in writing and signed by the Party against whom enforcement is sought and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

15. Successors and Assigns: This Agreement shall be binding upon the Parties' respective officers, directors, commission members, trustees, agents, employees, representatives, attorneys, departments, divisions, sections, successors and assigns.

16. Modifications. This Agreement may be amended or modified only by an instrument in writing that by its express terms refers to this Agreement and which is duly executed by the Parties hereto.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed as of the day and year first above written.

**CITY OF CARSON:**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**AUTHORITY:**

**CARSON RECLAMATION AUTHORITY,**  
a California Joint Powers Authority created  
pursuant to California Government Code Section  
6500 *et seq.*

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**SUCCESSOR AGENCY TO THE CARSON  
REDEVELOPMENT AGENCY:**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

[Signatures continued on next page]

**CARSON PUBLIC FINANCING AUTHORITY:**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

ATTEST:

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

Its: City Clerk

APPROVED AS TO FORM:

Aleshire & Wynder, LLP

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

Its: General Counsel

**CARDINAL CAVALRY LLC:**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

*[Signatures continued on next page]*

**CARSON HOLDINGS, LLC:**

By: CARDINAL CAVALRY LLC  
Its: Member

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

By: LA XVIII STADIUM COMPANY, LLC  
Its: Member

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_