



July 5, 2017

This Side Letter is by and between the **CITY OF CARSON**, a general law city & municipal corporation (“City” or “Carson”), and **TESORO REFINING & MARKETING COMPANY LLC**, a Delaware limited liability company, authorized and doing business in California (“Tesoro”). City and Tesoro may be referred to, individually or collectively, as “Party” or “Parties.”

The Parties have entered into that certain **Community Benefits Agreement** (the “CBA”) which acknowledges and agrees, among other terms, that Tesoro shall be required to apply to the City for the necessary “ATS CUP” (as that term is defined in the CBA). The CBA further acknowledges and agrees that, in its consideration of the AST CUP application(s), the City retains “its sole, constitutional, and statutory discretion” to approve, conditionally approve, or deny the same.

This Side Letter is entered into by City while expressly reserving its rights to recommend to a decision-making body such conditions of approval for the AST CUP that City Staff deems as either within the scope of the City’s regulatory authority or as reasonable (or both). This Side Letter is entered into by Tesoro while expressly reserving its rights to object to any AST CUP conditions of approval that City Staff may recommend to a decision-making body, or as such body may adopt, as either beyond the scope of the City’s regulatory authority or as unreasonable (or both).

In the interest of having some understanding of the scope of potential conditions of approval, however, the parties have met and conferred regarding the typical or customary conditions of approval that City Staff would consider in its processing of the AST CUP application(s) and in preparing its recommendations to the Carson Planning Commission and/or the City Council for considerations and possible action by either or both decision-making bodies. The Parties have agreed to undertake a collaborative process to, in good faith, attempt to jointly recommend the same to the appropriate decision-making body for consideration and possible action.

Specifically, a sample of the possible conditions of AST CUP approval(s) the Parties will mutually discuss and, in good faith, seek agreement upon the following topics (among others which may arise during the course of application review) for inclusion in the AST CUP to be recommended to the appropriate decision-making body :

1. The Parties will, in good faith, seek to jointly agree upon and identify the necessary plan(s), including any necessary site plan(s), landscape plan(s), and/or improvement plan(s) for the AST CUP to be submitted by Tesoro for review and consideration by City Staff.

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2. The Parties will, consistent with City's Master Plan of Bikeways, consider whether a dedication will be necessary to allow enough right-of-way along Wilmington Boulevard to create two 12' travel lanes and 8' parking lane plus a 6' bike lane. This condition may be considered for entire frontage of the Carson Refinery as defined in the CBA.
3. City Staff acknowledges and agrees that the City has received, through the CBA, an 'in-lieu' fee such that City Staff will not recommend that proposed utilities be considered for undergrounding for the entire perimeter of the "Property" as that term is defined in Resolution No. 17-088.
4. City Staff acknowledges and agrees that the City has received, through the CBA, an 'in-lieu' fee such that City Staff will not recommend that all existing distribution lines with 12KV or less be considered for undergrounding along the perimeter of the "Property" as that term is defined in Resolution No. 17-088.
5. The Parties will consider upgraded landscaping along the south side of Sepulveda Boulevard within Carson Refinery as that term is defined in the CBA.
6. The Parties will consider installation, rehabilitation, and maintenance of the landscaping and irrigation along Wilmington Avenue from Lomita to 223rd.
7. The Parties will consider installation of new sidewalk and landscaping along the north side of Sepulveda from Wilmington to Alameda.
8. The Parties will consider installation or rehabilitation and maintenance of all fences and gates along Wilmington Avenue from Lomita to 223rd.
9. The Parties will consider replacement of existing sidewalks, curb, and gutter, driveways that are damaged along the entire perimeter of the Carson Refinery as that term is defined in the CBA.
10. The Parties will consider landscape plan(s) for enhancement at the North East and South East corner of the Wilmington and Sepulveda Streets to make a strong urban design statement for the area consistent with the northwest corner of Wilmington and Sepulveda.
11. The Parties will consider landscape plan(s) for enhancement of the entry to the refinery at Wilmington and 223rd to make a strong urban design statement for the area.
12. The Parties will consider landscape plans for the entire boundary of the of the "Property" as that term is defined in Resolution No. 17-088.

13. The Parties will consider such additional conditions of approval as the AST CUP application(s) may warrant including, but not limited to, construction phasing, hours of construction, and dust, debris, and construction materials noise suppression.

With respect to submission of the AST CUP application(s) to any decision-making body of the City for consideration and possible action, the Parties understand, and expressly agree, that this Agreement does not waive or limit the City's exercise of its police powers as defined by law (which police powers the Parties acknowledge and agree cannot be contractually waived), nor does anything in this Side Letter waive or limit the exercise of discretion resident in the Carson Planning Commission or the Carson City Council.

ACKNOWLEDGED & AGREED TO:

TESORO:

TESORO REFINING & MARKETING
COMPANY LLC

By: _____

Its: _____

By: _____

Its: _____

APPROVED AS TO FORM:

By: _____

Its: _____

CITY:

CITY OF CARSON

By: _____

Its: City Manager

ATTEST:

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ACKNOWLEDGED & AGREED TO:

TESORO:

TESORO REFINING & MARKETING
COMPANY LLC

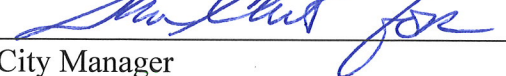
By: _____
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By: _____
Its: _____

APPROVED AS TO FORM:

By: _____
Its: _____

CITY:
CITY OF CARSON

By:  _____
Its: City Manager

ATTEST:

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FOR
Crystal M. Gause Senior Deputy
By: Donesha M. Gause, CMC
Its: City Clerk

APPROVED AS TO FORM:

[Signature]
By: Sunny K. Soltani, City Attorney

[END OF SIGNATURES]