

Proposed Deal Terms for Lease of District's Property in Carson

In 1999, County Sanitation District No. 8 of Los Angeles County (the "District") leased to the City of Carson ("City") approximately 0.23 acres (the "1999 Lease") at the southwest corner of the 32-acre property (the "Property") owned by the District immediately north of the District's Joint Water Pollution Control Plant ("JWPCP"). The Property currently serves as a buffer between the JWPCP and nearby residential areas and is the site of future wastewater treatment and ancillary facilities. The 1999 Lease expires in 2029. The City desires to lease an additional 10 acres (approximately) of the Property (the "Lease"). Below are the terms and conditions of the Lease:

1. Proposed Lease

A. Lease Approval Process – The District will draft the Lease and provide it to the City for review within 6 months after the City provides written notification that it is ready to enter into the lease. The commencement date of the Lease will be after the Lease has first been approved by City Council and then approved by the District's Board of Directors.

B. 1999 Lease – The 0.23-acre area that is the subject of the 1999 Lease would be incorporated into the Leased Premises under the Lease, and the 1999 Lease would be terminated.

C. Leased Premises – The Leased Premises would consist of the Property's 10.471-acre parcel (APN 7330-007-906) adjacent to Carriage Crest Park, including the 0.23-acre area currently leased to the City, as shown on the attached exhibit. The easterly extent of the Leased Premises would allow the City to construct an access road into the Leased Premises and Carriage Crest Park from the Moneta Avenue cul-de-sac. The lease of the Leased Premises would be on an "as is", "with all faults" basis.

D. Permitted Use – The permitted use of the Leased Premises would be limited to City purposes consistent with the District's maintenance of buffer property, including recreation, sporting uses, and ancillary facilities (e.g., parking, storm water management) and no other purposes.

E. Assignment and Sublease – Upon prior written consent of the District, the City may assign the Lease, sublease the Leased Premises, or hire a private contract operator as long as use is consistent with the Surplus Land Act, the Permitted Use, provides for a community benefit, and includes reasonable access to the public including access to residents from outside of the City.

F. Lease Term – The Lease term would be 20 years plus three 10-year options for the City to extend the Lease.

G. Termination – At any time after 17 years from the commencement date of the Lease, the District would have the right to terminate the Lease for construction of wastewater treatment or ancillary facilities by providing 36 months' prior written notice to the City. The City would have to remove all improvements from the Leased Premises at its sole cost. If the City does not remove all improvements and vacate the Leased Premises within 36 months of receiving notice by the District, the City shall pay the District \$2,000 per calendar day for every day that it continues to occupy the Leased Premises.

H. Rent – The monthly base rent would be \$500 per acre per month, starting on the first day of the month that the City starts construction of improvements on the Leased Premises or no later than 18 months after the commencement of the Lease, whichever occurs first. Base rent would increase annually on each anniversary of the effective date of the Lease according to any increase in the Consumer Price Index but the base rent would not be less than the base rent payable prior to the year immediately preceding such anniversary. In addition, the District would reserve the right to reevaluate the rent prior to each 10-year extension period, if exercised by the City.

I. Access – City and users of the Leased Premises would not be allowed to access the Leased Premises from the other portions of the District’s Property.

J. Fence – City would construct a fence, acceptable to the District, along the boundary between the Leased Premises and the remainder of the District’s Property.

K. Utilities, Improvements, Security, Taxes – All at City’s sole cost.

L. Indemnification, Environmental Issues – City would indemnify, defend, and protect the District from and against claims arising from the use of the Leased Premises.

M. Permitting, Entitlements, California Environmental Quality Act (CEQA) Compliance – City would obtain all permits and secure any necessary entitlements to construct improvements on the Leased Premises and to operate the Leased Premises. In addition, City would be responsible for compliance with the provisions of CEQA and, as necessary, act as the lead agency.

N. Signage – City would install signage, acceptable to the District, at the Leased Premises indicating use of Lease Premises is in partnership with the District and that Lease Premises is the site of future wastewater treatment facilities.

O. Repair and Maintenance – City would be responsible for all repair and maintenance of all aspects of the Leased Premises. The District would have no responsibility for repair or maintenance. The City would restore the Leased Premises and remove all improvements (at the District’s request) upon Lease termination or expiration.

P. Insurance – City would obtain and maintain insurance in such amounts and in such form as required by the District.

Q. Additional Terms – The Lease will contain additional standard and customary terms and conditions.

The above-described provisions are non-binding upon the City and the District, and entry into the Lease is subject to the written approval of the City Council and the District’s Board of Directors.