



Legislation Text

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File #: 2018-678, Version: 1

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**Report to Carson Reclamation Authority**

Tuesday, September 04, 2018

Consent

**SUBJECT:**

**FIRST AMENDMENT TO CONVEYANCING AGREEMENT BY AND BETWEEN THE CARSON RECLAMATION AUTHORITY AND CAM-CARSON LLC; AND, AUTHORIZE THE EXECUTIVE DIRECTOR TO EXECUTE A RIGHT OF FIRST NEGOTIATION WITH CAM-CARSON, LLC FOR CELLS 1, 3, 4 AND 5 AT THE CONCLUSION OF THE CURRENT DEVELOPER RFQ PROCESS**

**I. SUMMARY**

This First Amendment to the Conveyancing Agreement provides CAM-Carson, LLC ("Developer") the mechanism to provide a letter of credit in the amount of Eleven Million Dollars (\$11,000,000) as security to guarantee the performance of Developer's obligations under the Conveyancing Agreement, which is intended to be used as the "additional payment" in the event of a Default by Developer as provided for by Sections 17.5.2 and 17.5.3 of the Conveyancing Agreement (such letter of credit, together with any replacements, substitutes, or renewals thereof, the "Letter of Credit"). The Amendment also establishes the terms and conditions under which the Authority may draw under the Letter of Credit.

All other provisions of the Agreement remain in effect.

The Board is also asked to consider a Right of First Negotiation letter with the Developer where at the conclusion of the Invitation to Propose process, the Authority does not select a developer for all or any portion of the Remaining Property, the letter agreement would grant to the Developer a Right of First Negotiation to initiate a conceptual planning process and enter into an Exclusive Negotiating Agreement to be the master vertical developer of the Remaining Property (or any part thereof for which a Developer has not been selected).

**II. RECOMMENDATION**

TAKE the following actions:

1. APPROVE a First Amendment to a Conveyancing Agreement by and between the Carson Reclamation Authority and CAM-CARSON, LLC, a Delaware limited liability company, in a form acceptable to Authority Counsel; and
2. AUTHORIZE Chairman to execute such Agreements;
3. AUTHORIZE the Executive Director to execute a Right of First Negotiation letter for Cells 1, 3, 4 and 5, in a form acceptable to Authority Counsel.

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### **III. ALTERNATIVES**

Take another action deemed appropriate by the Board.

### **IV. BACKGROUND**

The Authority is being asked to consider entering into a First Amendment to a Conveyancing Agreement (the "Amendment") with the Developer. Under the terms of the Agreement, the Authority will convey to Developer approximately 41 net acres of the Surface Lot of Cell 2 and certain easement areas ("Cell 2 Surface Lot"), and will retain approximately 5.3 acres lying along the I-405 Freeway and between the freeway and the Cell 2 Surface Lot ("Embankment Lot"). The Authority will also convey certain easement rights to Developer for purposes of construction, operation and use of the Project and Project signage.

The Agreement also provided that, in the event of default by Developer, the Developer would be required to make a payment in the amount of Eleven Million Dollars (\$11,000,000) to the Authority. This First Amendment to the Conveyancing Agreement provides Developer the mechanism to provide an irrevocable letter of credit in the amount of \$11,000,000 as security to guarantee the performance of Developer's obligations under the Conveyancing Agreement, which is intended to be used as the "additional payment" in the event of a Default by Developer as provided for by Sections 17.5.2 and 17.5.3 of the Conveyancing Agreement (such letter of credit, together with any replacements, substitutes, or renewals thereof, the "Letter of Credit"). The Amendment establishes the terms and conditions under which the Authority may draw under the Letter of Credit.

Since the coordinated development of the Remaining Property together with the Los Angeles Premium Outlets on Cell 2 would be beneficial to all parties, including the Authority and the City, the Board is asked to consider a Right of First Negotiation letter with the Developer. If, at the conclusion of the Invitation to Propose process (by rejection, expiration or otherwise, without any further extensions of the process) (the "RFP Expiration"), the Authority does not select a developer for all or any portion of the Remaining Property, then this letter agreement would grant to the Developer a Right of First Negotiation to initiate a conceptual planning process and enter into an Exclusive

Negotiating Agreement to be the master vertical developer of the Remaining Property (or any part thereof for which a Developer has not been selected). CAM-Carson is prepared to work with the Authority to develop a conceptual development plan, budget and financing plan for the Remaining Property within approximately 6 months following notice to Developer of the RFP Expiration (the "Conceptual Planning Period"). During the Conceptual Planning Period, the Developer would undertake a process working with the Authority and would expect to deliver to the Authority an initial conceptual plan within about 90 days. Following delivery of the initial conceptual plan, they would conduct one or two planning meetings over a 30 day period with the Authority to discuss planning concepts and potential development scenarios and then revise the initial conceptual development plan, budget and financing plan and submit a final conceptual plan, budget and financing plan to the Authority and City for review and approval within 60 days.

At the conclusion of the Conceptual Planning Period, the parties could then proceed with the negotiation of an Exclusive Negotiating Agreement to provide for the potential development of the Remaining Property.

## **V. FISCAL IMPACT**

There is no fiscal impact to the Authority of this change.

## **VI. EXHIBITS**

1. First Amendment to a Conveyancing Agreement by and between the Carson Reclamation Authority and CAM-CARSON, LLC, a Delaware limited liability company (pgs. 4-10)
2. Right of First Negotiation letter (pgs. 11-12)

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