



Legislation Text

File #: 2022-836, Version: 1

Report to Carson Reclamation Authority

Monday, October 03, 2022

Consent

SUBJECT:

**AMENDMENT TO OPTION AGREEMENT BETWEEN THE CARSON RECLAMATION
AUTHORITY AND CARSON GOOSE OWNER, LLC**

I. SUMMARY

The proposed Amendment would change the term of the Option Agreement (Agreement) to extend the term of the Agreement for a period of six (6) months (as it is currently set to expire in December 2022). As part of the consideration for the extension to the term under the Option Agreement, the Developer has agreed to pay the entire premium for the CRA's renewal of Property Insurance Policy, which is due this month, as described further below.

II. RECOMMENDATION

1. APPROVE the Amendment Option Agreement and Joint Escrow Instructions (Amendment) between the Carson Reclamation Authority and Carson Goose Owner, LLC; and
2. AUTHORIZE the Chair of the Board to execute the Amendment and all related documents.

III. ALTERNATIVES

TAKE another action the Board deems appropriate.

IV. BACKGROUND

The proposed Amendment is between the Carson Reclamation Authority ("CRA") and Carson Goose Owner, LLC, a Delaware limited liability company ("Developer").

The CRA and Faring Capital, LLC ("Faring") previously entered into an Option Agreement ("Agreement") on December 17, 2020. As was allowed under the terms of the Agreement, Faring assigned all its rights and obligations under the Agreement to the Developer, and Developer assumed those rights and obligations pursuant to an Assignment of Option

Agreement and Joint Escrow Instructions, dated January 15, 2021, between Faring and Developer (the “Assignment”).

Developer has received all Required Approvals, and the Project Determination Date occurred on June 8, 2022.

However, the Closing Date under the Agreement as set forth in Section 6.2 is expected to be delayed, due to no fault of Developer or Faring; other factors have caused such delay, including, the newly proposed settlement of the ongoing litigation among RE|Solutions, LLC (“RES”), CAM-Carson, LLC (“CAM”), the City and CRA, and the re-initiation of the Cell 2 Project by CAM pursuant to certain amendments to the Conveyancing Agreement (between the CRA and CAM) and the Development Agreement (between the City and CAM) approved by the City Council and CRA Board in August 2022. As such, Developer seeks an extension to the term of the Agreement and the Closing Date, as described below, and as a condition to the extension, Developer shall pay to the CRA an amount of approximately \$305,000, to compensate the CRA for its costs of acquiring/procuring a new Property Insurance Policy for the Site. Such payment shall be a condition to the effectiveness of the proposed Amendment.

Under the Amendment, the “Term” of the Agreement shall now expire thirty (30) months after the Effective Date, effectively six months longer than the original term; however, Developer may request one or more extensions of the Term by written request to the CRA, and so long as Developer is proceeding with due diligence and in good faith with respect to the Project and the requirements to enable the Closing. The CRA’s Executive Director is also able to grant such extensions of the Term of up to 360 days cumulatively (provided that any single extension granted by the Executive Director shall not be less than 90 days). Any additional extensions to the Term shall be subject to the approval of the CRA Board, in its reasonable discretion, based on the Developer’s then-current progress and diligent efforts in processing the Project.

V. FISCAL IMPACT

There is no cost to the CRA for the extension of the Term of the Option Agreement. As consideration for such extension, however, the Developer has agreed to pay 100% of the cost of the CRA’s proposed Property Insurance Policy renewal, currently estimated at nearly \$305,000 (the actual cost of same will be paid for by Developer pursuant to the Amendment).

VI. EXHIBITS

1. Amendment to Option Agreement with Carson Goose Owner, LLC. (pgs. 3-8)

Prepared by: John S. Raymond, Executive Director