



# City of Carson Report to Redevelopment Agency

June 15, 2011  
New Business Consent

**SUBJECT: CONSIDER AUTHORIZING THE CARSON REDEVELOPMENT AGENCY TO LEASE THE 0.43-ACRE PARCEL OF PROPERTY LOCATED AT 21208 SHEARER AVENUE FROM THE CITY OF CARSON (CARSON CONSOLIDATED PROJECT AREA).**

Submitted by Clifford W. Graves  
Economic Development General Manager

Approved by Clifford W. Graves  
Interim Executive Director

## **THIS IS A JOINT AGENDA ITEM**

### **I. SUMMARY**

The subject of this report is a ground lease (Exhibit No. 1) by and between the Carson Redevelopment Agency (Agency) and the city of Carson (City) for the approximately 0.43-acre parcel of City-owned property located at 21208 Shearer Avenue (Site) (Exhibit No. 2), within the Carson Consolidated Project Area. The Agency will lease the Site, which it is developing as a park, from the City through a ground lease that will be for a 20 year period at a rate of \$57,222.00 per year with an annual increase of 3%.

### **II. RECOMMENDATION**

TAKE the following actions:

1. APPROVE the Lease Agreement by and between the Carson Redevelopment Agency and the city of Carson, which will become effective upon transfer of lease funds from the Agency to the city of Carson.
2. AUTHORIZE the Agency Chairman to execute the Lease Agreement following approval as to form by the Agency Counsel.

### **III. ALTERNATIVES**

1. MODIFY the Lease Agreement as the Agency Board may require.
2. TAKE another action the Agency Board deems appropriate.

### **IV. BACKGROUND**

In March 2011, the Agency conveyed title of the Site to the City with the intention of developing a neighborhood passive park (Park) at the Site. While the Agency will develop the Park, the City will operate and maintain it. However, due to the history of the Site, the Agency is compelled to maintain a level of oversight regarding activities in and around it. To that end, the Agency desires to lease the

Site, even as it develops the Park, from the City for a term of 20 years at an effective rate of \$57,222.00 per year with an annual increase of 3%.

The Agency has been involved with the Site for more than 25 years. During that time it has sold the Site and then re-acquired it from the buyer due to the existence of environmental contamination. In 2006, the Agency remediated the soil on the property to a depth of 13 feet below grade. However, the Regional Water Quality Control Board (RWQCB), the environmental oversight agency for the Site, wanted the Agency to make further investigations into the condition of the ground water below the Site. Believing such action unwarranted, the Agency filed suit against the RWQCB to make it relent, and was successful. The RWQCB then issued the Agency a no-further-action (NFA) letter, dated August 11, 2010, for the Site soil to a depth of 13 feet. Other environmental covenants and land use restrictions, which must be observed in perpetuity, were also placed on the Site by the RWQCB. Leasing the Site will, among other things, allow the Agency to preclude activity in or on the Park that could jeopardize the covenants and restrictions, as well as help monitor future development adjacent to the Site, again, to ensure compliance with the NFA letter.

The Agency will make a one time, lump sum advance lease payment of \$1,144,448.00 representing the entire amount due for the 20 year lease period to the City upon authorization of the Agency Board. The lease payment was derived, based on an appraisal, by Goeppner and Associates dated June 3, 2011, for the fair market value of the land and the cost of improvements. The analysis was performed by the Agency's economic consultant, Keyser Marston Associates, and is attached as Exhibit No. 3.

**V. FISCAL IMPACT**

The Agency will expend \$1,144,448.00 in tax increment bond funds to lease the Site from the City and the City will receive those funds as payment in full for a 20 year lease term.

**VI. EXHIBITS**

1. Lease Agreement between the Carson Redevelopment Agency and the City of Carson. (pgs. 4-15)
2. Vicinity Map. (pg. 16)
3. Lease payment analysis by Keyser Marston Associates. (pgs. 17-19)

Prepared by: Jeff F. Westbrook, Redevelopment Manager and Amelia Soto,  
Redevelopment Analyst

Reviewed by:

City Clerk	City Treasurer
Administrative Services	Development Services
Economic Development Services	Public Services

**Action taken by Redevelopment Agency**

Date \_\_\_\_\_ Action \_\_\_\_\_

## LEASE AGREEMENT

### SUMMARY PAGE

This Summary Page ("Summary Page") is attached to and made a part of that certain Lease Agreement by and between the city of Carson as Landlord, and the Tenant listed below dated as of June 15, 2011.

TENANT	Carson Redevelopment Agency
TRADE NAME	Carson Redevelopment Agency
TENANT'S ADDRESS	
PREMISES ADDRESS	21208 Shearer Avenue, Carson, CA 90745
INITIAL LEASE TERM	20 years
COMMENCEMENT DATE	Deposit of Funds into Escrow by Tenant
RENT	\$1,144,448.00 for 20 year term.
PLACE OF PAYMENT	Ms. Jackie Acosta, General Manager, Administrative Services  City Hall 701 East Carson Street Carson, CA 90745
MAKE CHECK PAYABLE TO	City of Carson
PERMITTED USE	Open space/park

This Lease is dated for reference purposes as of the 15th day of June, 2011, (Effective Date) and is being entered into by and between the city of Carson, a public body, corporate and politic ("Landlord"), whose address is 701 East Carson Street, Carson, California 90745, and the tenant ("Tenant") identified on the Summary Page.

**1. CERTAIN GUIDELINES FOR INTERPRETATION OF THIS LEASE.**  
When used in this Lease:

**1.1** At a party's expense means at that party's sole cost and expense, without contribution by the other party. Whenever a party is obligated under this Lease to perform any act and no mention is made of cost sharing or reimbursement with respect to that act, then the party obligated to perform the act shall do so at its expense.

**1.2** In the context of any party giving approval (or disapproval) or consent to any action, the term "consent" or "approval" means prior written approval, signed by the party giving the approval. Any approval may be given, withheld completely or given upon specified conditions, all in the sole and absolute discretion of the party having the right of approval, except as maybe otherwise expressly provided herein with respect to any specific approval right.

**1.3** The term "City" means the city of Carson, California.

**1.4** The term "shall" means "must" or "is required to."

**1.5** The term "including" means "including but not limited to."

**1.6** The term "Law" means any statute, regulation, rule, ordinance, decision or order of any federal, state, regional, county, city, municipal or other governmental or quasi-governmental entity or authority of any kind having jurisdiction.

**1.7** Any reference to a Section, Subsection, Paragraph, Subparagraph or clause refers to the same within this Lease.

**2. DEMISE OF PREMISES; ACKNOWLEDGEMENT OF TERMINATION OF PRIOR LEASE.** Landlord hereby agrees to lease to Tenant, and Tenant hereby agrees to lease from Landlord, the Premises, for the Lease Term, subject to existing covenants, conditions, restrictions, easements and encumbrances. The "Premises" means all of the real property and improvements located at the address of the Premises set forth on the Summary Page, and more particularly described in Exhibit "A" attached hereto.

**2.1 Covenant of Quiet Enjoyment.** Provided Tenant is not in default and keeps and performs the covenants and agreements of Tenant contained in this Lease, Tenant shall have the right to preclude the use of the Premises for any use or activity contrary to the covenants and restrictions placed upon the Premises by the Regional Water Quality Control Board (RWQCB).

**2.2 Condition of Premises.** The parties acknowledge that Tenant has leased and been in possession of the Premises for a number of years prior to the Commencement Date. Accordingly, Tenant shall be deemed to have accepted the Premises in an “as is” physical and environmental condition. Tenant shall be deemed to have waived any warranty of condition or habitability, suitability for occupancy, use or habitation, fitness for a particular purpose or merchantability, express or implied relating to the Premises. Landlord shall have no obligation to make any repairs or improvements to the Premises.

**2.3 Lease Term; Holdover Tenancy.** “Lease Term” means the period commencing on the Commencement Date and expiring twenty (20) years after the Commencement Date. There shall be two five (5) year options to extend the Lease Term at a new rent rate to be agreed by the parties as the market rate at the time of the exercise of the option. Tenant must provide written notice of intent to exercise option sixty (60) days prior to lease termination and parties shall agree to the option rental amount thirty (30) days prior to the lease termination in order for the option to be exercised. In the event Tenant holds over after expiration of the Lease Term, this Lease automatically shall revert to a month-to-month lease subject to all of the same terms and conditions set forth herein, excepting only that (a) Landlord shall have the right to terminate said holdover tenancy sixty (60) days after delivery of written notice of termination to Tenant and (b) Tenant shall have the right to terminate said holdover tenancy sixty (60) days after delivery of written notice of termination to Landlord. The Lease Term shall include, upon any extension of this Lease, the period of the Extension Term or Terms.

### **3. RENT AND OTHER PAYMENTS.**

**3.1 Rent.** Tenant shall pay to Landlord, without offset, deduction or abatement, rent for the full Lease Term in the amount specified as Rent in the Summary Page. Rent shall be payable for the full twenty year term in advance within thirty (30) days of the Effective Date.

### **4. USE OF THE PREMISES.**

**4.1 Limitation on Use by Tenant.** Tenant shall use the Premises only for open space and as a neighborhood passive park (the “Permitted Use”).

**4.3 Compliance with Laws.** Nothing shall be done or kept on the Premises in violation of any Law. The Premises shall be used and maintained in compliance with all Laws.

**4.4 Waste or Impairment of Value.** Nothing shall be done or kept in the Premises which might impair the value of the Premises, or which would constitute waste.

**4.5 Hazardous Use.** Landlord and Tenant agree as follows with respect to the existence or use of “Hazardous Material” on the Premises:

**A. Prohibition of Hazardous Material.** Tenant shall not cause or permit any Hazardous Material to be brought upon, kept, created or used in or about the Premises by Tenant or its agents, employees, contractors or invitees other than as is reasonably necessary in the conduct of the Permitted Use. If the presence of Hazardous



Materials on or about the Premises caused or permitted by Tenant results in contamination of the Premises or any portion of the property surrounding the Premises (the "Adjacent Property"), or if contamination of the Premises by Hazardous Material otherwise occurs, then Tenant shall protect, indemnify, defend and hold Landlord, its agents and contractors harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or loss (including without limitation diminution in the value of the Premises or any portion of the Adjacent Property, damages for the loss or restriction on use of space or of any amenity of the Premises or the Adjacent Property, damages arising from any adverse impact on marketing of space within the Premises or the Adjacent Property and sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees which arise during or after the Lease Term as the result of such contamination (hereafter collectively the "Contamination Costs"). This indemnification of Landlord by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal, or restoration work required by any federal, state or local governmental agency or political subdivision because of Hazardous Material present on or under the Premises or the Adjacent Property.

**B. Definition of "Hazardous Material".** As used herein, the term "Hazardous Material" means any hazardous or toxic substance, growth or waste which is or becomes identified or regulated as such by any local or regional governmental authority, the State of California, the United States Government or any other governmental subdivision or entity with authority including, without limitation, any material or substance which is defined or identified in the California Health and Safety Code, California Administrative Code, Federal Water Pollution Control Act, Federal Resource Conservation and Recovery Act, Comprehensive Environmental Response Compensation and Liability Act, Clean Water Act, or the Superfund Amendments and Reauthorizations Act. Landlord acknowledges and accepts that Tenant may keep and use in the Premises general office supplies typically used in the ordinary course of business (such as copier toner, liquid paper, glue, ink and cleaning solvents), but only if such materials are used in the manner for which they were designed, in accordance with all Laws relating to Hazardous Materials, and in accordance with the highest standards prevailing in the industry for such use, and then only in such amounts as may be normal for use in the Premises.

**4.10 Restrictions on Exterior Signs and Exterior Lighting.** Tenant shall erect, maintain, repair and replace at Tenant's expense, such exterior signs as may be permitted by Landlord. No exterior signs shall be erected by Tenant without the approval of Landlord. Approval shall include approval of location, size, style of lettering, design, copy, materials, installation details, color, and logo design. No exterior lighting shall be permitted on the Premises except as approved in writing by Landlord.

**5. FURNISHING OF UTILITIES.** Tenant shall arrange and pay for the furnishing of gas, water, sewer, drainage, electrical and telephone, and all refuse collection, and other utilities and services as may be required by Tenant in the use of the Premises, including the placement and connection of any necessary utility meters. Tenant shall directly pay for such services, and the inability of Tenant to obtain or to continue to receive such services for any reason shall not relieve Tenant of any of its obligations under this Lease.

6. **MAINTENANCE AND REPAIR.** Landlord shall perform and pay for the maintenance, repair, and replacement when necessary (collectively, "Maintenance"), of the improvements on the Premises.

7. **ALTERATIONS OF THE PREMISES.** Tenant shall not alter, add to, remove or demolish any improvements on the Premises

8. **ASSIGNMENT OR SUBLETTING.** Tenant shall not make or permit a Transfer by Tenant without Landlord's consent.

9. **OTHER COVENANTS OF TENANT.**

9.3 **Other Encumbrances.** Tenant shall not obtain any financing secured by Tenant's interest in the Premises and shall not encumber the Premises or Tenant's interest therein. Tenant shall keep the Premises free from all liens and encumbrances except liens and encumbrances created by Landlord.

9.9 **Waiver by Tenant.** Tenant waives and releases any claims Tenant may have against the Indemnified Parties for loss, damage or injury to person or property sustained by Tenant or anyone claiming by, through or under Tenant resulting from any cause whatsoever other than Landlord's gross negligence or willful misconduct, including without limitation any claim arising out of fire, explosion, collapse, steam, gas, electricity, leaking water, or sewer system blockages.

10. **TENANT'S INSURANCE.** Tenant shall obtain and keep in force during the Lease Term, at its expense, the following insurance:

10.2 **Liability Insurance.** "Liability Insurance", meaning a Commercial General Liability policy of insurance protecting Tenant and Landlord (as an additional insured) against claims for bodily injury, personal injury and property damage based upon, involving or arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be on an occurrence basis providing single limit coverage in an amount not less than \$3,000,000.00 per occurrence. The policy shall not contain any intra-insured exclusions as between insured persons or organizations, but shall include coverage for liability assumed under this Lease as an "insured contract" for the performance of Tenant's indemnity obligations under this Lease. The limits of said insurance required by this Lease or as carried by Tenant shall not, however, limit the liability of Tenant nor relieve Tenant of any obligation hereunder. Tenant may, alternatively, have primary coverage in an amount not less than \$1,000,000.00 and excess or umbrella coverage in an amount equal to the difference between \$ 3,000,000.00 and the amount of the primary coverage.

10.3 **General Insurance Provisions.** All insurance obtained by Tenant shall be with California admitted insurers with a rating in "Best's Insurance Guide" of at least "A-"; shall name Landlord and the holder of any mortgage or deed of trust encumbering the Premises as insured parties, as their interests may appear; and Tenant shall provide, by certificate of insurance or otherwise, that the insurance coverage shall not be canceled or altered except upon thirty (30) days' prior written notice to Landlord and the holder of any such mortgage or deed of trust.



Without affecting any other rights or remedies, Tenant and Landlord each hereby waive all rights of recovery against the other and against the officers, employees, agents and representatives of the other, on account of loss by or damage to the waiving party of its property or the property of others under its control, to the extent that such loss or damage is insured against under any insurance policy which either may have in force at the time of the loss or damage. Landlord and Tenant agree to have their respective insurance companies issuing property damage insurance waive any right to subrogation that such companies may have against Landlord or Tenant, as the case may be, so long as the insurance is not invalidated thereby.

**10.4 Insurance Proceeds.** The proceeds of any Casualty Insurance, other than casualty insurance maintained by Tenant on Tenant's Property, shall be paid to and become the property of Landlord, subject to any obligation of Landlord to repair and restore the Premises: Landlord and Tenant shall cooperate with each other in the collection of any insurance proceeds which may be payable in the event of loss, including the execution and delivery of proof of loss, declarations and other actions required to effect recovery.

**11. DEFAULTS BY TENANT.** Each of the following shall constitute a "Default by Tenant":

**11.2 Violation of Lease Terms.** Tenant fails to meet its Gross Sales Level or comply with any other term in this Lease applicable to Tenant, and such failure to comply continues for a period of thirty (30) days after notice thereof by Landlord or, if such failure to comply cannot be diligently cured within thirty (30) days, if Tenant does not in good faith commence to cure such failure to comply within thirty (30) days or does not diligently proceed therewith to completion.

**11.3 Execution and Attachment Against Tenant.** Tenant's interest under this Lease or in the Premises is taken upon execution or by other process of Law directed against Tenant, or becomes subject to any attachment at the instance of any creditor or claimant against Tenant and said attachment is not discharged or disposed of within sixty (60) days after levy.

**12. LANDLORD'S REMEDIES.** Upon the occurrence of any Default by Tenant, and only so long as such Default shall remain uncured, Landlord shall have the right, at Landlord's election, then or at any time thereafter, to exercise any one or more of the following remedies:

**12.1 Cure by Landlord.** Landlord may, at Landlord's option but without obligation to do so, and without releasing Tenant from any obligations under this Lease, cure the Default by Tenant in such manner and to such extent as Landlord deems necessary or desirable

**12.2 Termination of Lease and Damages.** Landlord may terminate this Lease, effective at such time as may be specified by written notice to Tenant, and demand (and recover) possession of the Premises from Tenant. Tenant shall remain liable to Landlord for the following:

A. The worth, at the time of the award, of the remaining rent that had been earned at the time of termination of this Lease;

B. The worth, at the time of the award, of the amount by which the unpaid rent that would have been earned after the date of termination of this Lease until the time of award exceeds the amount of the loss of rent that Tenant proves could have been reasonably avoided;

C. The worth, at the time of the award, of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of the loss of rent that Tenant proves could have been reasonably avoided; and

D. Any other amount, and court costs, necessary to compensate Landlord for all detriment proximately caused by Tenant's default.

"The worth, at the time of the award" is to be computed by allowing interest at an annual rate equal to three percent (3%) plus the discount rate charged member banks by the Federal Reserve Bank of San Francisco, as of the twenty-fifth (25th) day of the calendar month immediately preceding the Default by Tenant.

**12.3 Repossession and Reletting.** Landlord may reenter and take possession of the Premises or any part thereof, without notice, and repossess the same and expel Tenant and any party claiming by, under or through Tenant, and remove the effects of both, without being liable for prosecution on account thereof or being deemed guilty of any manner of trespass, and without prejudice to any remedies for collection of rent or for other breaches of this Lease. No such reentry or taking possession of the Premises by Landlord shall be construed as an election by Landlord to terminate this Lease unless a written notice of such intention is given to Tenant. No notice from Landlord hereunder or under a forcible entry and detainer statute or similar Law shall constitute an election by Landlord to terminate this Lease unless such notice specifically so states.

**12.4 Remedies Cumulative; Time for Action.** Exercise of any of the remedies of Landlord under this Lease shall not prevent the concurrent or subsequent exercise of any other remedy provided for in this Lease or otherwise available to Landlord at law or in equity. Actions or suits for the recovery of amounts and damages payable under this Lease may be brought by Landlord from time to time, at Landlord's election, and Landlord shall not be required to await the date upon which the Lease Term would have expired to bring any such action or suit.

**12.5 Recovery of Enforcement Costs.** All expenses incurred by Landlord in connection with collecting any amounts and damages owing by Tenant pursuant to the provisions of this Lease or to enforce any provision of this Lease, including reasonable attorneys' fees, whether or not any action is commenced by Landlord, shall be paid by Tenant to Landlord within fifteen (15) days after receipt of Landlord's demand.

**13. SURRENDER OF PREMISES.** Upon the expiration or earlier termination of this Lease, or on the date specified in any demand for possession by Landlord after any Default by Tenant, Tenant covenants and agrees to surrender possession of the Premises to Landlord, in broom clean condition, as nearly as practicable to the condition existing on the Commencement

Date of this Lease, excepting only (a) ordinary wear and tear, (b) any Changes permitted hereunder, and (c) the removal of Tenant's Property.

#### **14. MISCELLANEOUS**

**14.1 Relationship of Landlord and Tenant.** Nothing contained herein shall be deemed or construed as creating the relationship of principal and agent or of partnership or of joint venture by the parties hereto, it being understood and agreed that no provision contained in this Lease nor any acts of the parties hereto shall be deemed to create any relationship other than the relationship of landlord and tenant.

**14.2 Covenants Independent.** This Lease shall be construed as if the covenants herein between Landlord and Tenant are independent, and not dependent, and Tenant shall not be entitled to any offset against Landlord if Landlord fails to perform its obligations under this Lease.

**14.3 Notices and Demands.** All notices, demands, billings, consents and other communications provided for in this Lease shall be in writing and shall be deemed properly given and received when actually given and received or three (3) business days after mailing, if sent by registered or certified mail, postage prepaid, addressed to the party to receive the notice at the address used for such party in the first paragraph of this Lease or at such other address as such party may notify the other of in writing.

**14.4 No Implied Waiver.** No failure by Landlord to insist upon the strict performance of any term contained in this Lease, no failure by Landlord to exercise any right or remedy under this Lease, and no acceptance of full or partial payment during the continuance of any Default by Tenant, shall constitute a waiver of any such term, right or remedy, a waiver of any such Default by Tenant, or a waiver of any right Landlord may have to recover possession of the Premises.

**14.5 Entire Agreement.** Each party agrees that it has not relied upon or regarded as binding any prior or contemporaneous agreements, negotiations, representations, or understandings, whether oral or written, except as expressly set forth herein. This Lease, together with the documents and exhibits referred to herein, embodies the entire understanding among the parties, merges all prior discussions or communications among them and constitutes the final, complete and exclusive statement of the terms of the parties' agreement. No party shall be bound by any covenants, conditions, representations or warranties other than as expressly stated in this Lease.

**14.6 Modifications in Writing.** No amendment or modification of this Lease, and no approvals, consents or waivers by Landlord under this Lease, shall be valid or binding unless in writing and executed by the party to be bound.

**14.7 Binding Effect.** Subject to the provisions herein restricting transfers and assignments, this Lease shall run with the Premises, and shall be binding upon and inure to the benefit of all of the parties and their executors, administrators, devisees, heirs, representatives, permitted assigns and other successors.



**14.8 No Third Party Beneficiaries.** The parties to this Lease intend that nothing contained in this Lease shall create or vest any rights in any individuals or entities who are not directly parties to this Lease unless they are approved assignees. Any agreement herein to pay any amount of money or to assume any liability, whether expressed or implied, shall be only for the benefit of the parties to this Lease and their approved assignees, and such agreements and assumptions shall not enure to the benefit of any obligee of any indebtedness of a party to this Lease, nor to any other party.

**14.9 Interpretation.** This Lease shall be construed as a whole in accordance with its fair meaning and shall be construed as if jointly drafted by both Landlord and Tenant. Captions are for convenience only and shall not be used in construing meaning. As used in this Lease, the masculine, feminine or neuter gender, and the singular or plural number, shall be deemed to include the other whenever the context or particular circumstances so indicate or require. This Lease and all the schedules or exhibits incorporated herein by reference shall be interpreted in accordance with the Laws of the State of California in effect at the time of execution of this Lease, irrespective of its conflicts of Laws rules. The Summary Page attached to this Lease and the Exhibits and Addenda attached to this Lease shall be deemed incorporated in this Lease by this reference. In the event of any inconsistency between such Summary Page and the terms and provisions of this Lease, the terms and provisions of the Summary Page shall control.

**14.10 All Terms Material.** The parties hereby expressly acknowledge and agree that each and every term and condition of this Lease is of the essence of this Lease, constitutes a material part of the bargained-for consideration without which this Lease would not have been executed, and is a material part of the Lease.

**14.11 Severability.** Notwithstanding the Section entitled "All Terms Material" above, in the event that any provision or any part of any provision of this Lease as applied to any party or to any circumstance shall be adjudged by a court of competent jurisdiction to be void or unenforceable for any reason whatsoever, then such provision shall in no way affect (a) any other provisions of this Lease, which shall be modified, if necessary, to the minimum extent necessary to preserve their validity, (b) the application of any such provision under circumstances different from those adjudicated as unenforceable by the court, or (c) the validity or enforceability of the Lease as a whole.

**14.12 Independent Advice of Counsel.** The parties hereto, and each of them, represent that in negotiating and executing this Lease they have relied solely upon their own judgment, belief and knowledge, and the advice and recommendations of their own consultants and independently selected legal counsel, concerning the nature, extent and duration of their rights and obligations under this Lease, and that they have not been influenced by any representations or statements made by any other parties or their representatives, except as otherwise expressly set forth in this Lease.

**14.13 Authority.** Each of the parties represents and warrants that it has all authority necessary to execute this Lease and no consents or approvals of any other parties are necessary for this Lease to be binding.

**14.14 Attorneys' and Experts' Fees.** Should any party hereto retain counsel or other experts in connection with matters arising out of or related to this Lease, including the institution of any action or proceeding concerning the negotiation, interpretation, validity, performance or breach of any provision hereof, for any legal or equitable remedy, then, if said matter is settled by dismissal or final judicial determination (which term includes arbitration), the prevailing party or parties (whether at trial or on appeal) shall be entitled, in addition to such other relief as may be granted, to be reimbursed by the losing party or parties for all costs and expenses incurred thereby, including court costs and attorneys' and experts' fees and costs for the services rendered to such prevailing party by accountants, appraisers and other service providers.

**14.15 Time of the Essence.** The parties to this Lease acknowledge and agree that the times specified herein have been selected because prompt performance of all obligations is a material part of the bargained-for consideration underlying this Lease, and without which this Lease would not have been executed. Time is of the essence.

**14.16 Survival of Provisions.** Notwithstanding termination of this Lease, any provisions hereof which require observance or performance by Landlord or Tenant subsequent to termination shall survive termination.

**14.17 No Recordation.** This Lease shall not be recorded.

**15. FORCE MAJEURE.** The time for performance of any act required to be performed under this Lease shall be extended as a result of delays not exceeding ninety (90) days in the aggregate that are caused by strikes, lockouts, natural disasters, wars, acts of God, fire or other casualty, inability to obtain labor or materials, or any other reason or cause not within the performing party's reasonable control. This Section does not apply to the payment of rent and any other amounts payable by Tenant under this Lease.

{Signatures follow on next page}

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed on the day and year first above written.

LANDLORD:

CITY OF CARSON  
a municipal corporation

\_\_\_\_\_  
Mayor Jim Dear

ATTEST:

\_\_\_\_\_  
City Clerk Helen S. Kawagoe

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney

TENANT:

CARSON REDEVELOPMENT AGENCY  
a public body, corporate and politic

\_\_\_\_\_  
Chairman Jim Dear

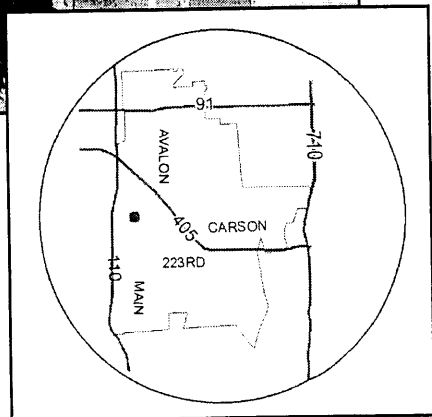
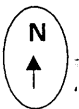
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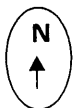
\_\_\_\_\_  
Agency Secretary Helen S. Kawagoe

APPROVED AS TO FORM:

\_\_\_\_\_  
Agency Counsel

EXHIBIT "A"





VICINITY MAP

21208 SHEARER AVENUE

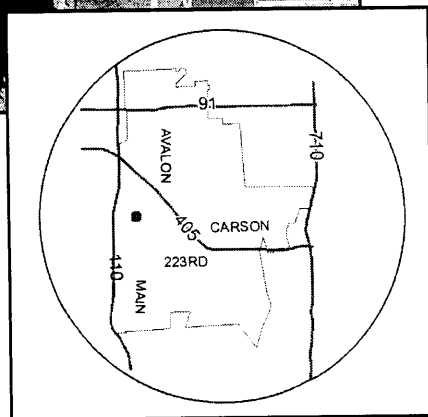


EXHIBIT NO. - 2





KEYSER MARSTON ASSOCIATES  
ADVISORS IN PUBLIC/PRIVATE REAL ESTATE DEVELOPMENT

MEMORANDUM

ADVISORS IN:  
REAL ESTATE  
REDEVELOPMENT  
AFFORDABLE HOUSING  
ECONOMIC DEVELOPMENT

SAN FRANCISCO  
A. JERRY KEYSER  
TIMOTHY C. KELLY  
KATE EARLE FUNK  
DEBBIE M. KERN  
ROBERT J. WETMORE  
REED T. KAWAHARA

LOS ANGELES  
KATHLEEN H. HEAD  
JAMES A. RABE  
PAUL C. ANDERSON  
GREGORY D. SOO-HOO  
KEVIN E. ENGSTROM  
JULIE L. ROMNEY  
DENISE BICKERSTAFF

SAN DIEGO  
GERALD M. TRIMBLE  
PAUL C. MARRA

**To:** Jeff Westbrook, Redevelopment Manager  
Carson Redevelopment Agency

**From:** James Rabe

**Date:** June 3, 2011

**Subject:** Computation of Prepaid Park Lease

At your request, Keyser Marston Associates, Inc. (KMA) has prepared an estimate of the prepaid rent for the Carson Redevelopment Agency (Agency) to pay the City of Carson (City) for the lease of a park for 20 years. It is our understanding that the Agency is obligated to lease the park for a period of 20 years. Rather than make annual lease payments, the Agency wishes to make a single initial lease payment to the City. The Agency has requested that KMA provide the Agency with input on the appropriate initial lease rate, lease escalations and the prepaid lease amount.

KMA represents a number of public agencies with respect to public ground leases and we have reviewed a number of appraisals that evaluate public ground leases. Based on that information, KMA has determined that public ground leases are generally structured to provide an initial annual return on value (or cost) of between 8.0% and 10.0%. For purposes of this analysis, KMA believes that the lease rate should be at the lower end of the range, as there is very little risk associated with the lease of the property.

Ground leases also contain rent escalation factors. The rent escalations can be annual, every five years or every 10 years. The rent escalations are typically based on CPI, but can be fixed increases. Another alternative is to base the adjustments on the gross receipts of the property. That is not appropriate in this case. For purposes of this lease, KMA has assumed an annual CPI adjustment and has assumed a 3.0% annual CPI increase, which is consistent with the long-term CPI for the Los Angeles metropolitan area.

**To:** Jeff Westbrook, Carson Redevelopment Agency  
**Subject:** Computation of Prepaid Park Lease

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It is our understanding that the property has been appraised as open space or park land and has a value of \$118,780. The costs or value of the park improvements are estimated at \$596,500 for a total park value of \$715,280 as shown in Table 1. Using the 8.0% lease rate identified above, the initial annual lease payment is \$57,222. As discussed above, the annual lease payments would increase at 3.0% per annum. As shown in Table 1, the total lease payments over 20 years, assuming a 3.0% CPI, would be \$1,537,587.

If the Agency prepays the lease then the lessor (the City) will be able to set aside the funds and accrue interest so that the City can receive the same rental flow. Given current interest rates and the annual withdrawal of funds, KMA estimates that the City might achieve an overall interest rate of 3.0%. This is approximately the current yield on 10-year US treasury bonds, a very secure yield. Discounting the lease revenues at 3.0% indicates a prepayment amount of \$1,144,448, as shown in Table 1.

Based on the above, KMA has estimated that an appropriate lease prepayment is \$1,144,448.

Attachment

TABLE 1

**COMPUTATION OF PREPAID RENT  
CARSON PARK PROJECT  
CARSON, CALIFORNIA**

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<u>Year</u>		Open Space Land Value	\$118,780
		Park/Building Construction	\$596,500
Year 1	\$57,222	Total Value	\$715,280
Year 2	\$58,939	Annual Lease Rate	8.00%
Year 3	\$60,707	Annual Lease Payment	\$57,222
Year 4	\$62,528	Annual CPI Adjustment	3.00%
Year 5	\$64,404		
Year 6	\$66,336		
Year 7	\$68,327		
Year 8	\$70,376		
Year 9	\$72,488		
Year 10	\$74,662		
Year 11	\$76,902		
Year 12	\$79,209		
Year 13	\$81,585		
Year 14	\$84,033		
Year 15	\$86,554		
Year 16	\$89,151		
Year 17	\$91,825		
Year 18	\$94,580		
Year 19	\$97,417		
Year 20	<u>\$100,340</u>		
Total	\$1,537,587		
Prepayment based on 3.0% 10-year US Treasury yield	<b>\$1,144,448</b>		

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