



CITY OF CARSON

NOTICE OF SPECIAL MEETING

CARSON RECLAMATION AUTHORITY

NOTICE IS HEREBY GIVEN that a special meeting of the Carson Reclamation Authority of the City of Carson, California, will be held to discuss the items listed on the attached agenda and to take any actions deemed necessary thereto:

The meeting will be held as follows:

DATE: **Thursday, September 22, 2016**

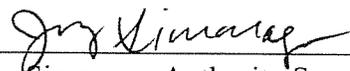
TIME: **4:30 P.M.**

PLACE: **Carson City Hall
Helen Kawagoe Council Chambers
701 E. Carson Street
Carson, California 90745**

All interested parties may be present and be heard. Further information is available by calling the City Manager's Office at 310-952-1729, between the hours of 7:00 A.M. and 6:00 P.M., Monday through Thursday.

**GIVEN BY ORDER OF CHAIR ALBERT ROBLES
OF THE CITY OF CARSON, CALIFORNIA.**

Dated: This 15th day of September, 2016.



Joy Simarago, Authority Secretary



AGENDA

SPECIAL MEETING OF THE CARSON RECLAMATION AUTHORITY

"In accordance with the Americans with Disabilities Act of 1990, if you require a disability related modification or accommodation to attend or participate in this meeting, including auxiliary aids or services, please call the City Clerk's office at 310-952-1720 at least 48 hours prior to the meeting." (Government Code Section 54954.2)

CALL TO ORDER: CARSON RECLAMATION AUTHORITY

ROLL CALL:

**ORAL COMMUNICATIONS: MEMBERS OF THE PUBLIC
(LIMITED TO ITEMS ON THIS AGENDA)**

DISCUSSION

Item No. 1. APPROVING A POLLUTION LEGAL LIABILITY INSURANCE POLICY WITH LIMITS OF LIABILITY IN THE AGGREGATE AMOUNT NO LESS THAN \$25,000,000, PROCURED THROUGH JLT SPECIALTY INSURANCE SERVICES, INC

Recommendations: TAKE the following actions:

1. APPROVE a Pollution Legal Liability Policy offered through Beazley Group, Lloyd's of London Syndicates 623 and 2623 ("Beazley") and procured through JLT Specialty Insurance Services, Inc. with a limit of liability in the aggregate amount of at least \$25,000,000.
2. AUTHORIZE the Chairman to execute any necessary agreements..

ADJOURNMENT



File #: 2016-982, Version: 1

Report to Carson Reclamation Authority

Thursday, September 22, 2016

Discussion

SUBJECT:

APPROVING A POLLUTION LEGAL LIABILITY INSURANCE POLICY WITH LIMITS OF LIABILITY IN THE AGGREGATE AMOUNT NO LESS THAN \$25,000,000, PROCURED THROUGH JLT SPECIALTY INSURANCE SERVICES, INC.

I. SUMMARY

This action approves the renewal of a required Pollution Legal Liability (“PLL”) Policy with a limit of liability in the aggregate amount of at least \$25,000,000.

II. RECOMMENDATION

TAKE the following actions:

1. APPROVE a Pollution Legal Liability Policy offered through Beazley Group, Lloyd's of London Syndicates 623 and 2623 (“Beazley”) and procured through JLT Specialty Insurance Services, Inc. with a limit of liability in the aggregate amount of at least \$25,000,000.
2. AUTHORIZE the Chairman to execute any necessary agreements.

III. ALTERNATIVES

TAKE any other action the Reclamation Authority Board deems appropriate.

IV. BACKGROUND

The CRA obtained title to the former Cal Compact Landfill property located at 20400 Main Street, Carson, California (“Insured Property”) in May, 2015 from Carson Marketplace, LLC (“CM”) pursuant to a Settlement, Release and Indemnity Agreement with CM. The Site has been under remediation since 2008 and was proposed in 2015 as an NFL stadium. The CRA is also the successor to CM under two fixed-price remediation contracts with Tetra Tech, Inc. (the “Remediation Agreements”). The Remediation Agreements are supported by an Environmental

Protection Program Policy issued by American International Specialty Lines Company (“AIG”). The AIG policy is currently the primary financial assurance for the remediation of the Site. The status of the current remedial efforts at the Site, the Tetra Tech contracts, the AIG policy and related matters are briefly described herein.

In connection with the original acquisition of the Site by CM, two (2) additional environmental insurance programs were purchased. A Pollution and Remediation Legal Liability Policy (“PARLL”) was obtained by CM from Indian Harbor Insurance Company (“XL”), which has a limit of liability of \$50 million and a term of ten (10) years, expiring on September 29, 2016. A “follow form” excess policy, with substantially similar terms and providing a limit of liability of \$50 million in excess of the XL PARLL policy was issued by Chubb Custom Insurance Company. In addition, a stand-alone Contractors Pollution Liability policy having a limit of liability of \$25 million per incident and \$50 million in the aggregate was issued by Illinois Union Insurance Company (“Ace”). The term of the CPL policy has been extended through December 21, 2016.

Given the impending expiration of these policies, as well as certain contractual requirements necessitating a continuation of, and/or the procurement of additional, environmental insurance coverage, the CRA is working to procure multiple lines of coverage, which may include any or all of the following: (i) pollution legal liability; (ii) contractors’ pollution liability; (iii) combined pollution legal liability and contractor’s pollution liability; (iv) remediation stop-loss; and (v) excess coverage for some or all of (i) through (iv).

CRA is preparing the Insured Property for mixed-use/commercial development in phases, where each phase represents development of a different portion or “cell” of the Insured Property. To that end, and to satisfy the obligations of the inherited Remediation Agreements with Tetra Tech, CRA needs to procure a pollution legal liability (“PLL”) policy, effective September 29, 2016, that contains coverage terms similar to those provided in XL PARLL policy, but updated to reflect the current conditions on the Insured Property and such proposed development activity. CRA has negotiated a term sheet with Tetra Tech which allows the replacement PLL policy to have a reduced limit of liability of \$25 million during the period prior to large-scale development.

CRA has been negotiating with The Macerich Company to develop one of the five cells (Cell 2), with shovel-in-the-ground development activities for Cell 2 scheduled to begin in approximately October 2017 after receipt of approval of a “Phased Development Plan” from the California Department of Toxic Substances Control (“DTSC”). CRA is also currently soliciting proposal from master developers for the remaining cells (*i.e.*, a single master developer for development of all areas of the Insured Property *other* than Cell 2). The development will now be accomplished in a phased approach, with Macerich developing a retail outlet shopping center on Cell 2

and likely a single master developer overseeing the mixed-use development on the remaining cells. CRA anticipates that it will work closely with both Macerich and the new master developer, but that CRA would remain responsible for the installation of the remaining remedial systems and for all required maintenance and monitoring of those systems, including groundwater and landfill gas extraction, until a Community Facilities District (“CFD”) is formed and sufficiently funded. The CFD would be responsible for the ongoing costs of maintaining and operating the remedial systems after the Development occurs.

The initial development planned for the Insured Property (referred to by Carson Marketplace as “The Boulevards at South Bay”) included a central entertainment complex, 400 for-rent residential units, 1,150 for-sale residential units, 300 hotel rooms, and total retail space of about 1.25 million square feet. The original PARLL policy was written around those uses being developed in a single phase.

The Insured Property was, and remains, approved for the mixed-use development proposed for The Boulevards at South Bay. While the ultimate configuration of the development may be modified slightly from that contemplated for The Boulevards at South Bay, the essential plans for infill mixed-use development remain the same. The only major difference is the staggered or “phased” nature of such development. CRA estimates that the development project will create upwards of \$1 billion in real estate valuation and promote the economic vitality of the area surrounding the Insured Property.

Remediation Agreements

Although certain milestones have already been achieved by Tetra Tech (particularly the installation of the complete groundwater extraction system and partial completion of the landfill gas extraction systems), the Remediation Agreements were not designed to address the phased development now required. Therefore, Tetra Tech and CRA are discussing termination of the Remediation Agreements in order to better address the interplay between the remediation required pursuant to the DTSC’s October 2005 Remedial Action Plan (“RAP”) and the new Phased Development Plan. Accordingly, CRA plans to proceed with alternative contracting mechanisms for completion of the RAP and preparation of the Insured Property for development. CRA and its selected environmental contractor (Tetra Tech may seek to bid on some or all of this work scope) will oversee the remaining remedial activities, including, but not limited to installation of piles, groundwater monitoring and landfill gas monitoring. CRA has engaged SCS Engineers to monitor and oversee Tetra Tech’s current activities and to act as its Owner’s Representative. SCS has been involved with this site in various capacities and on behalf of multiple clients since 1995 and is familiar with remediation systems on-site and the DTSC personnel overseeing the project. SCS will be involved in the completion of the RAP and development activities on the Insured Property and is currently preparing the

new Phased Development Plan and its various counterpart documents.

Broker Selection

In May 2016, the CRA undertook the process of selecting a specialty insurance broker to assist the CRA in procuring the replacement PLL policy and other environmental policies that may be needed to support the phased development. Because of the highly specialized and technical nature of this type of coverage, which extends even to the selection of the broker, the CRA's Special Insurance Counsel handled the RFQ process and participated in the broker interviews. Included in the RFQ process were all of the major insurance brokerages with an environmental lines practice, including:

1. Aon
2. Marsh
3. Willis
4. Alliant
5. JLT

Brokers were required to provide:

1. Descriptions of representative experience involving brokerage of complex pollution insurance programs on brownfield sites, with a particular emphasis on one or more of the following: (a) large-scale redevelopment projects, (b) redevelopment of closed landfills, (c) programs involving multiple lines of coverage and/or high aggregate limits of liability, including limits of at least \$100 million on a single product line and (d) programs involving significant manuscripting of policy language to conform to legal or contractual requirements.
2. Descriptions of representative experience with funded cost-cap program similar to the AIG policy and the use of such products, surety products or guaranteed investment contracts as financial assurance in favor of the Department of Toxic Substances Control for closure and post-closure obligations on closed landfills in California.
3. Description of representative experience with facultative reinsurance programs, quota share or excess policy placements to obtain aggregate limits of more than \$100 million to support projects involving multiple stakeholders or named insureds.
4. The name and office location of each individual licensed insurance broker who will be involved in providing Services and provide a resume or curricula vitae for each individual named.
5. At least two client references with contact information, general scope of

work and dates the service was performed.

Evaluation Process

The following criteria were used in reviewing and comparing brokers:

1. Responsiveness of the proposal to the submission requirements set forth in Section A of the RFQ.
2. Depth of experience: Multiple individuals on each bidding team with complementary skill sets and experience placing complex, high-limit insurance coverage across multiple lines of coverage; members of team with environmental engineering backgrounds (preferably former licensed professional engineers); members of team with significant experience underwriting, negotiating and manuscripting complex environmental insurance programs on behalf of insurance carriers or as brokers, developers or attorneys.
3. Marketplace relationships: Established, long-standing, corporate and individual relationships with multiple environmental insurance carriers who can each provide limits of liability of at least \$25,000,000.

JLT was selected to be the broker on this policy. JLT is also the broker on the Contractor's Pollution Liability policy, which will be helpful at the point when the CRA is ready to procure an Owner Controlled Insurance Program ("OCIP") to cover all of the parties with an insurable interest across the entire site with multiple lines of insurance.

Insurance Solicitation

CRA must procure, prior to expiration of its existing PLL insurance program on September 29, 2016, new PLL coverage that accommodates the phased development approach. Coverage would satisfy the following two conditions:

1. Coverage terms consistent with those provided in the XL PARLL policy.
2. Coverage terms that are consistent with the phased nature of development on the Insured Property, and the fact that certain "cells" within it will receive DTSC approval for development before other cells. It is anticipated that such DTSC approval will require a cell-specific Health Risk Assessment that would establish that (i) an adequate buffer exists between the cells for which active remediation has been completed and any un-remediated or partially remediated cells; (ii) adequate measures are in place to ensure health and safety on the Insured Property generally. The DTSC approval process has been discussed with DTSC. By extension, any "re-opener" coverage - reflected in the PLL policy language - would conform to the regulatory

approval process described therein.

The anticipated environmental insurance program will serve as a “bridge” to the ultimate development of the property according to the mixed-use development plan (the “Bridge PLL”). Once the development of the Insured Property begins, the CRA seeks the right to cancel and rewrite the Bridge PLL into a “Development PLL.” In that manner, the pollution program being sought in this submission will serve as a bridge between the expiring XL/Chubb program and any new pollution insurance program that is specifically tailored to support multiple developers and end users during development of the Insured Property. To that end, the CRA opted to buy a lower limit of liability and shorter term than the original 10 year/\$100 million acquired in 2006 from XL and Chubb. These terms and limits are permitted by the term sheet CRA and Tetra Tech have negotiated and executed. With the option to cancel the Bridge PLL and rewrite for more limit (to accommodate the multiple developers seeking dedicated limits) and a full 10 years (if available), the CRA saves premium in the short term by purchasing less limit and shorter term. The Bridge PLL program would remain in place until large-scale site development begins. CRA also avoids “burning term” on a longer term policy/higher coverage policy (*i.e.*, carrying expensive insurance for a period of time when it is not as useful as it will be during development).

Below is a description of the coverage sought in the RFP for the Bridge PLL program:

Core Coverages

- Pre-Existing Pollution Conditions
 - Cleanup Costs / Remediation Expenses
 - Third Party Bodily Injury
 - Third Party Property Damage
 - *For known conditions, BI, PD and reopener giveback provision upon NFA or comparable document from regulatory agency or upon DTSC certification of completion of each phase of remedial construction (e.g., that a particular cell or portion of the Property is suitable for development and occupancy).*
- New Pollution Conditions
 - Cleanup Costs / Remediation Expenses
 - Third Party Bodily Injury
 - Third Party Property Damage
- Substantively the same coverage as in the existing XL PARLL Policy, updated to reflect the more mature status of remedial activities on the insured property.
- Legal Defense Expenses
- Emergency Response Costs

- Catastrophe/Crisis Management Costs
- Transportation (First party and Third party carrier)
- Non-owned Disposal Sites (Blanket coverage and see NODS Schedule)
- Business Interruption, including loss of rent
 - No co-insurance
 - 3-day wait period
- Contingent Business Interruption

Additional Coverages/Coverage Modifications:

- Definition of Pollutant/Pollution Condition to include affirmative coverage for landfill gas
- Remediation Expense includes governmental, judicial or regulatory orders received by the Insured that are issued to address Pollution Conditions
- Definition of Property Damage includes:
 - Physical injury to or destruction of tangible property, including the resulting loss of use thereof, and including the personal property of third parties; or
 - Loss of use of such property that has not been physically injured or destroyed, including but not limited to third party Business Interruption and Extra Expense; or
 - Diminished third party property damage at locations other than those stated in the Pollution Legal Liability and Remediation Legal Liability Schedule; or
 - Diminished Third Party Onsite Property Value; or
 - Natural Resource Damages
- Diminished Third Party Onsite Property Value - means Claims for diminution of third party property value from future condominium owners, commercial property owners and owners of a newly constructed building on the Insured Property as a result of a new release of landfill contaminants, including landfill gas, which occurs during the Policy Period, subject to an aggregate Retention Amount of \$1,000,000
- Coverage for Diminished Third Party Onsite Property Value does not include first-party diminution in property value as it pertains to Pollution Conditions discovered by an Insured during implementation of the re-development activities, to be completed at the Insured Property
- Definition of Pollution Condition to include medical, infectious and pathological wastes, electromagnetic fields, legionella and low level radioactive waste and material, and illicit abandonment of contained or uncontained pollutants.

- Asbestos and Lead-based paint
 - Cleanup Costs / Remediation Expenses in soil, groundwater, surface water
 - Third party toxic tort liability
 - Inadvertent disturbance

Selected Insurer

JLT sent the PLL solicitation to 16 different insurance markets. Three markets declined to bid at all (Great American, Liberty, Navigators); seven markets declined to bid on participating in the Bridge PLL for providing the primary layer of coverage (Allianz, Allied World, AXIS, Berkley, Endurance, Pioneer, Zurich); and, six markets submitted a quotation of coverage (Aspen, Chubb, Ironshore, XL Catlin, Beazley, and Tokio Marine). For the following reasons, we recommend pursuing the coverage offered by Beazley:

1. Beazley currently has four other Lloyd's of London companies (syndicates) that subscribe to Beazley's underwriting and share in the risk on certain policies, including this one. When the CRA needs to move forward with the Development PLL program, it will be able to directly call upon those syndicates' capacity (*i.e.*, additional limits) to support the Development PLL program. This arrangement has numerous benefits, including: having access to existing companies who already understand the risk, and who rely upon Beazley for the detailed underwriting; avoiding gaps in coverage as a result of exclusions imposed by numerous separate and distinct excess carriers; having one insurance company (Beazley) handle all claims and policy endorsements for the Development PLL, regardless of size or amount; and easier access to other companies within Lloyd's of London for increased capacity, which will be needed for the Development PLL.
2. Beazley has offered the most flexibility in crafting coverage around the Phased Development Plan.
3. Beazley has offered the most flexibility in allowing a cancellation of the Bridge PLL program, without penalty, to be rolled into a Development PLL program.
4. At \$771,799 for five years of coverage and a \$25 million limit of liability, the Beazley quote is competitively priced. All of the other quotes for similar coverage were within 15% of this price, with the exception of XL, which was almost double the price in premium.

Overview of Beazley Policy

This Beazley policy is for a term of five years, or until September 29, 2021, at a cost of \$771,799 for the entire term, plus a Surplus Lines Tax of \$23,153.97 and a Stamping Fee \$1,543.60. The Beazley policy will provide coverage for both pre-existing and new pollution conditions for Remediation Expenses, Third Party Bodily Injury, Third Party Property Damage, Legal Defense Expenses, Emergency Response Costs, Catastrophe/Crisis Management Costs, Transportation (First party and Third party carrier), Non-owned Disposal Sites, Business Interruption, including loss of rent (which has been specifically requested by Macerich), and Diminution of Value coverage, including first-party Diminution of Value coverage.

The CRA will have has a right to cancel and rewrite the policy for a longer term and at a higher dollar amount, under the terms described in this report above. The newly negotiated premium is a relatively small percentage of likely cost of the full Development PLL, and therefore represents a substantial cash flow savings to the CRA at this time.

V. FISCAL IMPACT

Funds for this service are included in the adopted FY 2016/17 budget of the CRA.

VI. EXHIBITS

1. Underwriting Memo from Greenberg Traurig. (pgs. 10-97)
2. Insurance Specifications from JLT Specialty Insurance Services. (pgs. 98-109)

1.

Prepared by: John S. Raymond

Memorandum

TO: Insurance Underwriters
FROM: Grant E. Nichols
Curtis B. Toll
DATE: August 5, 2016
RE: Carson Reclamation Authority Pollution Legal Liability Insurance

I. BACKGROUND AND OVERVIEW

This memorandum outlines the key environmental and development-related issues associated with the proposed development of the former Cal Compact Landfill property located at 20400 Main Street, Carson, California (“Insured Property”).¹ The Insured Property is currently owned by the Carson Reclamation Authority (“CRA”),² a joint powers authority, which took ownership pursuant to a Settlement, Release and Indemnity Agreement with the prior owner, Carson Marketplace, LLC.³ CRA is preparing the Insured Property for mixed-use/commercial development in phases, where each phase represents development of a different portion or “cell” of the Insured Property.⁴ To that end, CRA seeks to procure a pollution legal liability (“PLL”) policy, effective September 29, 2016, that contains coverage terms similar to those provided in its existing policy with Indian Harbor Insurance Company (the “XL Policy”), updated to reflect the current conditions on the Insured Property and such proposed development activity.

CRA has been negotiating with The Macerich Company to develop one of the five cells (Cell 2), with shovel-in-the-ground development activities for Cell 2 scheduled to begin in approximately October 2017 after receipt of approval of a “Phased Development Plan” from the California Department of Toxic Substances Control (“DTSC”). A summary of the regulatory approval

¹ The Insured Property consists of a 157-acre parcel that was the former Cal Compact Landfill. However, the property was initially combined in a Specific Plan and Development Agreement with another parcel, creating a total of 168 acres, with the 11-acre parcel that was not part of the landfill being sold to Cardinal Cavalry, LLC in 2015. CRA seeks insurance coverage only for the 157-acre parcel.

² The Carson Reclamation Authority was established on February 17, 2015 through the adoption of a Joint Powers Agreement and the Bylaws of the Carson Reclamation Authority by the members. The First Amended Joint Powers Agreement of the Carson Reclamation Authority was approved March 17, 2015.

³ Carson Marketplace had taken title to the 168-acre property via the July 25, 2006 (amended in 2008 and 2009) Owner Participation Agreement (“OPA”) among Carson Redevelopment Agency (not to be confused with CRA), Carson Marketplace, and LNR Commercial Property Investment Fund Limited Partnership.

⁴ Attached as Appendix “A” is a Master Site Plan that was originally prepared by Carson Marketplace in 2013. Although this plan is not the precise plan that will be utilized for the ultimate phased development at the Insured Property, it provides a relatively accurate depiction of CRA’s current plans and the phased nature of the anticipated development.

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From: Grant Nichols, Curtis Toll
Date: August 5, 2016
Re: Carson Reclamation Authority

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process of the proposed Phased Development Plan is attached as Appendix "B." CRA is also currently soliciting bids from master developers for the remaining cells (*i.e.*, a single master developer for development of all areas of the Insured Property *other* than Cell 2). A copy of the CRA's Request for Proposals for the master developer is attached as Appendix "C." During development, and as described in more detail below, it is anticipated that CRA will remain responsible for the installation, maintenance and monitoring of all remedial systems at the Insured Property.

A. Environmental History of Insured Property

The environmental issues on the Insured Property are relatively mature, as they (i) result from pollution releases that first occurred over 50 years ago, and (ii) have been the subject of active investigation or remediation since 1995. By way of brief background, the Insured Property was primarily agricultural prior to 1959, at which point landfill operations began and lasted until 1968, although the Insured Property stopped receiving waste in 1965. It has been vacant and basically unused since closure of the landfill in 1965.⁵

Two initial investigations were conducted at the Insured Property in 1978 and 1981, when landfill gases (methane and carbon dioxide) as well as volatile organic compounds ("VOCs") including benzene, toluene, ethylbenzene, and xylenes ("BTEX"), trichloroethene ("TCE"), *cis*-1,2-dichloroethene ("*cis*-1,2-DCE"), 1,2-dichloroethane ("1,2-DCA"), and vinyl chloride; as well as of metals in soil and groundwater were identified. In 1988, the DTSC issued a Remedial Action Order pursuant to California Health and Safety Code 25355.5(a)(1)(B) to fourteen (14) different potentially responsible parties ("PRPs"). The order alleged the existence of a release or threatened release and public nuisance, and required the submittal of a work plan to identify the hazardous substances present and determine the extent of cleanup required.⁶

In 1995, the DTSC entered into a Consent Order and Remedial Action Order with the former landfill owner (BKK Corporation), successor to Cal Compact Inc., for preparation of a remedial action plan ("RAP"), and a Consent Decree with L.A. Metro Mall, LLC and Commercial Realty Projects, Inc., among others, for implementation of the RAP. In the Consent Decree, the DTSC divided the Insured Property into two operable units ("OUs"): the "Upper OU," which includes the soil, waste zone, and the groundwater immediately beneath the Insured Property; and the "Lower OU," which includes the groundwater beneath the Upper OU.⁷ The DTSC established

⁵ See RAP, Section 2.2, pp. 2-1 and 2-2.

⁶ See Lower OU RAP (defined below), Section 2, p. 3.

⁷ The Upper Operable Unit is defined as "the site soils, the waste zone above and within the Bellflower Aquitard, and the Bellflower Aquitard down to, but not including the Gage Aquifer." The Lower OU is defined as "the deeper hydrostratigraphic units beginning with the Gage aquifer and extending down to the Silverado aquifer." See RAP and Lower OU RAP.

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the OU designations in order to prioritize the remedial response to the areas of known impacts (Upper OU) over the areas of the Insured Property with only potential impacts (Lower OU).⁸

Because contamination was known to be present in the Upper OU, the Consent Decree focused on the remediation of the Upper OU and did not address the Lower OU. It did, however, contain provisions for the DTSC to address the investigation and remediation of the Lower OU at a later date. Accordingly, the Upper OU investigations and remediation activities have been addressed independently and separate from the Lower OU activities.⁹

1. Lower OU

As stated in the January 2005 Final Remedial Action Plan for Lower Operable Unit (“Lower OU RAP”), approved by the DTSC pursuant to the DTSC’s revisions to the Lower OU RAP on January 24, 2005, the risk posed by the Lower OU is considered to be minimal. The results from a series of groundwater samples collected in the Lower OU in 1998 and 2000 indicated that no VOCs or metals were present at detectable concentrations in the Lower OU, except for barium and zinc, which were present at levels well below maximum contaminant levels (“MCLs”).¹⁰

The Lower OU RAP concluded that additional remedial investigation of the Lower OU was not warranted. First, the remedial actions for the Upper OU had already eliminated or significantly mitigated the potential for contaminants in the Upper OU to enter and impact the underlying Lower OU,¹¹ and second, results for the baseline sampling event from the Gage aquifer indicated that no VOCs were present at detectable concentrations in the Lower OU and that metals were not present at concentrations in excess of MCLs.

Despite the absence of any constituents above MCLs, for two reasons the Lower OU RAP recommended ongoing groundwater monitoring activities as the sole response activities required for the Lower OU: (1) to ensure compliance with the technical requirements of the Consent Decree (*i.e.*, to avoid doing nothing, when the Consent Decree required at least some remedial activities; and (2) to use the groundwater monitoring results from the Lower OU to assess the effectiveness and success of the Upper OU remedial measures.¹² The duration of the groundwater monitoring program will vary depending on future findings and decisions, but it is

⁸ The RAP actually addresses only the Upper OU. As discussed below, a relatively straightforward “Lower OU RAP” was issued for the Lower OU in order to insure technical compliance with the Consent Decree, despite the fact that the risk posed by the Lower OU was minimal and that no active remediation was required or ultimately conducted there.

⁹ See Lower OU RAP (defined below), Executive Summary, p. ES-1.

¹⁰ See Lower OU RAP, Section 2, p. 4.

¹¹ See Lower OU RAP, Section 4, p. 8.

¹² See Lower OU RAP, Section 4, p. 8.

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expected to extend until 2059.¹³ Regardless, the Lower OU contains no known constituents above MCLs.

2. Upper OU

In response to the earlier investigations, the RAP recommended the following remedial action: (i) containment of the impacted soil and buried waste through the use of a low-permeability or bentonite amended clay cap; (ii) extraction and treatment of the contaminated groundwater; (iii) collection and treatment of the landfill gas; and (iv) long-term environmental monitoring of the groundwater and landfill gas. To that end, the RAP set forth a combination of the following activities:

- Construction of a low-permeability clay cover system for the entire site to contain the buried waste and the impacted soil on-site;
- Installation of groundwater extraction and treatment systems along the downgradient side of the site to intercept/capture groundwater contamination coming from the site. The perimeter groundwater system will also capture offsite migration of the groundwater contamination that exceeds the remedial goals in the RAP;¹⁴
- Installation of landfill gas extraction, control, and treatment system along the perimeter of the site within the waste zone to minimize the potential off-site migration;
- Implementation of long-term monitoring of the groundwater and landfill gases;
- Long-term maintenance of the cap.

On December 31, 2007, Carson Marketplace and Tetra Tech, Inc. entered into two guaranteed fixed-price remediation contracts for completion of the requirements of the RAP: the Fixed Price Design and Construction Environmental Assurance Agreement (“D&C Agreement”); and the Fixed Price Operation and Maintenance Environmental Assurance Agreement (“O&M Agreement”) (together, the “Remediation Agreements”). The Remediation Agreements require Tetra Tech to complete, among other things, design, construction, operation, and maintenance of a landfill cap, landfill gas system, groundwater system, and building protection system, as well as any other design-, construction-, operation- and maintenance-related actions and tasks

¹³ See Lower OU RAP, Section 9, p. 17.

¹⁴ For a breakdown of the remedial goals, see RAP, Table 7.4. The groundwater goals are a mixture of MCLs and risk-based levels (set forth as “preliminary remediation goals, or “PRGs”). The landfill gas goals are referenced as specific concentrations (PRGs) for the 10 landfill gas constituents of concern.

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required by the DTSC or other applicable environmental regulatory authorities. In support of Tetra Tech's obligations in the Remediation Agreements, Carson Marketplace purchased American International Specialty Lines Insurance Company Policy No. EPP 7783922 ("AIG Policy"), a finite cost-cap policy with a limit of liability of \$76.3 million and an original notional commutation account of over \$25,000,000, not including funds growth.¹⁵ The negotiation of the Remediation Agreements also provided for the creation of a trust account with the DTSC (the "Environmental Trust Account") that provides funding for certain obligations in the RAP, runs to the benefit of DTSC, is currently administered by Tetra Tech, and has a current balance of approximately \$32 million.

As discussed in more detail in Section II, Tetra Tech has completed many of the major activities, including the following:

- Construction of a clay cover system around a portion of the site perimeter and a portion of Cells 3, 4, and 5.
- Installation of groundwater extraction and treatment systems.
- Installation of almost half of the extraction wells planned for the site as well as construction and activation of a gas collection and control system (GCCS).

The result of these activities has been a consistent decline in the levels of the constituents of concern (COCs), most notably VOCs and methane, in both the perimeter migration monitoring and landfill surface monitoring (*see e.g.*, the June 2 and July 5, 2016 Tetra Tech Review of Monthly Monitoring Reports outlining levels of VOCs and landfill gases to be well below actionable levels). Similarly, and as discussed in more detail, below, the groundwater extraction systems have rendered every contaminant of concern, with the exception of certain VOCs, below actionable levels.

Since the remedial systems at the Site have effectively contained the COCs within the landfill perimeter, as illustrated by elimination of LFG in the perimeter migration monitoring system as well as reduction of almost all of the groundwater constituent levels to below PRGs, it is possible that CRA will be able to seek and obtain reductions in the frequency and/or duration of the long-term monitoring program at a pace faster than originally anticipated. The Phased Development Plan will provide flexibility for CRA to seek and obtain these reductions with the consent of DTSC.

The activities yet to be conducted as part of the RAP are the following:

¹⁵ The Named Insured under the AIG Policy was later changed, via endorsement, to CRA.

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- Installation of remaining horizontal and vertical landfill gas collection wells. The Insured Property is permitted for up to 360 vertical and horizontal wells and currently has 166 vertical wells installed, 60 of which are operational.
- Completion of landfill cap over the remaining portions of the Insured Property which contain waste. To date, approximately 40 out of 144 acres have been completed.

B. Development-Related History of the Insured Property and Path Forward

The initial development planned for the Insured Property (referred to by Carson Marketplace as “The Boulevards at South Bay”) included a central entertainment complex, 400 for-rent residential units, 1,150 for-sale residential units, 300 hotel rooms, and total retail space of about 1.25 million square feet.¹⁶ In 2015, Carson Marketplace, the City of Carson (“the City”) and the Carson Redevelopment Agency were approached regarding development of an NFL stadium, and the parties reached an agreement with two NFL franchises giving them an option for such development. On January 12, 2016, however, NFL owners decided to instead approve a location in the nearby City of Inglewood. As a result, the two NFL teams proposed for the Insured Property terminated their option.

The Insured Property was, and remains, approved for the mixed-use development. While the ultimate configuration of the development may be modified slightly from that contemplated for the Boulevards at South Bay, the essential plans for infill mixed-use development remain the same. CRA estimates that the development project will create upwards of \$1 billion in real estate valuation and promote the economic vitality of the area surrounding the Insured Property. As discussed in more detail in Section III, the development will now be accomplished in a phased approach, with Macerich developing a retail outlet shopping center on Cell 2 and likely a single master developer overseeing the mixed-use development on the remaining cells. CRA anticipates that it will work closely with both Macerich and the new master developer, but that CRA would remain responsible for the installation of the remaining remedial systems and for all required maintenance and monitoring of those systems, including groundwater and landfill gas extraction, until a Community Facilities District is formed and sufficiently funded (See Section III.C).

Although certain milestones have already achieved by Tetra Tech (particularly the installation of the complete groundwater extraction system and partial completion of the landfill gas extraction systems), Tetra Tech and CRA are discussing termination of the Remediation Agreements in order to better address the interplay between the remediation required pursuant to the RAP and the new Phased Development Plan. Accordingly, CRA plans to proceed with alternative contracting mechanisms for completion of the RAP and preparation of the Insured Property for

¹⁶ Note that a portion of the total 1,550 residential units are on the 11 acres which is not a part of the Insured Property.

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development.¹⁷ CRA and its selected environmental contractor (Tetra Tech may seek to bid on some or all of this work scope) will oversee the remaining remedial activities (including, but not limited to installation of piles, groundwater monitoring and landfill gas monitoring). CRA has engaged SCS Engineers to monitor and oversee Tetra Tech's current activities and to act as its Owner's Representative. SCS is recognized as a national leader in landfill remediation and redevelopment and also has a longstanding institutional knowledge of the Insured Property in particular. SCS has been involved with this site in various capacities and on behalf of multiple clients since 1995 and is familiar with remediation systems on-site and the DTSC personnel overseeing the project. SCS will, of course, continue its involvement through completion of the RAP and development activities on the Insured Property and is currently spearheading the preparation of the new Phased Development Plan and its various counterpart documents.

CRA must procure, prior to expiration of its existing pollution legal liability ("PLL") insurance program on September 29, 2016, new PLL coverage that accommodates the phased development approach.¹⁸ CRA therefore seeks to obtain PLL coverage by that date, which coverage would satisfy the following two conditions (as well as the criteria set forth in the "Policy Specifications" provided by JLT Specialty USA):

- Coverage terms consistent with those provided in the XL PLL Policy and as more particularly described in the Policy Specifications.
- Coverage terms that are consistent with the phased nature of development on the Insured Property, and the fact that certain "cells" within it will receive DTSC approval for development before other cells. As set forth in Appendix "B", it is anticipated that such DTSC approval will require a cell-specific Health Risk Assessment that would establish that (i) an adequate buffer exists between the cells for which active remediation has been completed and any un-remediated or partially remediated cells; (ii) adequate measures are in place to ensure health and safety on the Insured Property generally. The DTSC approval process has been discussed with DTSC (and is set forth in more detail in Appendix "B"). By extension, any "re-opener" coverage – reflected in the PLL policy language would conform to the regulatory approval process described therein.

II. STATUS OF REMEDIATION AT THE UPPER OU

As discussed in Section I, above, the Lower OU RAP limits any remedial activities to be conducted on the Lower OU to groundwater monitoring and, in any event, sampling results have confirmed that that no constituents above MCLs exist in the Gage Aquifer or below. Thus, Tetra

¹⁷ In addition to termination of the Remediation Agreements, CRA plans to either commute the AIG policy, triggering a return of remaining amounts in the notional commutation account, or negotiate a revised updated EPP program with AIG to reflect the desire to conduct remedial activities in accordance with the Phased Development Plan.

¹⁸ CRA's in-force PLL policy is Indian Harbor Insurance Company Policy No. PEC0021227 ("XL PLL Policy"), provided as part of this submission.

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Tech remedial activities have focused solely on the Upper OU. Below is a brief summary of the status of the major components of the remediation of the Upper OU:

A. Groundwater

The RAP provides for construction of a groundwater extraction and treatment system consisting of a line of pump-and-treat extraction wells along the downgradient (western and southern) boundaries of the Insured Property. The groundwater extraction and treatment system includes a line of 29 groundwater extraction wells and 26 monitoring wells. Extracted groundwater is pumped to a treatment system that consists of particulate filtration, air stripping, and activated carbon adsorption. Treated groundwater is subsequently discharged to the municipal sanitary sewer in accordance with the requirements of an industrial wastewater discharge permit. Tetra Tech installed and has been operating the groundwater extraction and treatment system and, in May 2016, completed the Groundwater RACR.

To date, the groundwater extraction and treatment system has been very effective. As outlined in the Groundwater RACR, all of the Remedial Action Goals and Treatment System Regulatory Discharge Criteria, with the exception of certain VOCs, have been met. In fact, recent sampling reports indicate that even the VOC levels are well below actionable levels.¹⁹ A contractor engaged by CRA, will determine, based upon the results of continued testing of the treated groundwater, whether the groundwater treatment system operation can be limited or reduced over time and/or eventually shut down.

B. Landfill Cap

The original plan for the landfill cap at the project site integrated (then) proposed site development into a design/build approach which allowed for portions of the landfill cap to be designed and constructed in areas where no buildings were planned prior to building construction. Thus, portions of the cap could be completed before others.

As the building complexes at the site were designed, the landfill cap design and construction would be coordinated with the building foundation design and construction. The landfill cap design/build process occurred between 2008 and 2012, involved placement of approximately 40 acres of cap, and was focused mainly on perimeter slope and parking lot areas of the site located within Cells 3, 4, and 5. Because the precise placement of the building complexes has not been determined under the PDP, the landfill cap design/build process has so far been limited to those areas. When Macerich (on Cell 2) and the selected master developer (for the remaining cells) finalize their development plan(s), the remainder of the required landfill cap areas will be

¹⁹ See, e.g., Former Cal-Compact Landfill Development Project - Monthly Monitoring Report - May 16 through June 15, 2016 from Christopher Surdzial at Tetra Tech (VOC readings at the perimeter sampling areas ranged from a low of 0 parts per million ("ppm") to a high of 0.9 ppm with a monthly average of 0.2 ppm, which is below the action limit of 10 ppm; VOC readings within the work areas of the Insured Property were all zero).

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constructed (*i.e.*, around the constructed buildings) in the same manner and pursuant to the RAP.²⁰

C. Landfill Gas System

Similar to the groundwater extraction system, installation of the landfill gas extraction wells is dependent upon the location of the building structures under the PDP. To date, approximately 166 out of 360 proposed landfill gas extraction wells have been installed. Approximately 53 of these are operational (*e.g.*, connected to the GCCS). Operational wells are located in Cells 3 and 5. The remaining 113 wells were installed in proposed parking areas of the planned development, and are primarily located in Cells 2 and 4. The remaining 194 wells will be located throughout the remainder of the Insured Property.

Since the GCCS was brought on-line in early 2016, perimeter migration monitoring probes at the site have shown steadily decreasing methane levels to the point where no perimeter probes currently show methane levels in excess of the regulatory threshold of 5 percent by volume. The most recent monitoring data for the 90 monitoring points located around the subsurface perimeter of the Site show only 3 detections for methane, ranging from 0.1 to 0.3% by volume.

Landfill surface monitoring occurs at the site both along the perimeter and within active Site work areas. The most recent monthly report²¹ identified the highest level of methane detected in surface emissions monitoring at the work areas at 310 parts per million by volume (ppmv), which is equivalent to 0.039% by volume. Surface emissions monitoring along the perimeter identified a maximum 90 ppmv (or 0.009% by volume). This is below comparable regulatory thresholds of 500 ppmv for surface emissions at landfills.

III. ONGOING REMEDIAL OBLIGATIONS AND PLANNED DEVELOPMENT

The Insured Property consists of five cells, divided within the interior by haul roads that were constructed on native soil. Under the original development plan, all remedial systems and vertical construction on the five cells were to be simultaneous, with all work completed prior to issuance of a certificate of occupancy for the full build-out of the site. As part of the Phased Development Plan, the DTSC has conceptually approved the installation of remedial systems and vertical construction on a cell-by-cell basis, which will allow for construction and occupancy of parts of the Insured Property to occur prior to the complete build-out and development of the entire Insured Property. As noted above, the first phase of development will occur on Cell 2.²²

²⁰ See February 28, 2015 Tetra Tech Landfill Cap Status Project Memo, submitted to the DTSC on October 28, 2015.

²² Attached as Appendix "C" is CRA's (and Macerich's) proposed timeline for the Cell 2 development.

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A. Phased Development Process with DTSC Generally

The Phased Development Plan recognizes that the remedial components for the entire site have already been approved (landfill gas extraction, building protection system, etc.) but the layout of the remedial systems for each cell may be altered slightly and implemented based on the ultimate approved development plan for each cell of the Insured Property. Following implementation of remedial systems for a given cell, a cell-specific Health Risk Assessment (“HRA”) will be prepared for that cell and submitted to DTSC for its review and approval prior to vertical construction, with the goal of allowing non-hazardous waste site operations (“HAZWOPER”) workers to conduct vertical construction activities on that cell.

It is anticipated that the HRA submission will include (i) a cell-specific risk assessment for construction workers and future tenants/residents resulting from the implemented remedial systems within the developed cell; (ii) a cell-specific risk assessment for such workers and tenants/residents regarding other (neighboring) cells that have not had their remedial systems fully installed at the time of the applicable cell development, but for which mitigation measures or institutional controls may be required to ensure the protection of human health and the environment; (iii) confirmation that the remedial systems were installed in accordance with the RAP; and (iv) any mitigation measures in addition to those required in the RAP that are deemed necessary as a result of the status of the overall site development at the time of HRA approval. No vertical construction activities will take place without DTSC approval of the HRA for a specific cell of the Insured Property.

B. Subdivision of the Insured Property for Development

1. Vertical Subdivision

In an effort to further mitigate environmental risks associated with future development of the Insured Property, Carson Marketplace subdivided the Insured Property into two separate vertical air space lots: a surface lot (the “Surface Lot”) and a subsurface lot (the “Subsurface Lot”), which are referenced as Parcels 1 (Subsurface Lot) and 2 (Surface Lot) of Parcel Map No. 70372.²³ The Subsurface Lot consists of the landfill refuse and contamination, in which the Remedial Systems have been and will be constructed including (i) all of the land within one (1) foot above the landfill cap in all areas outside of the building slabs, (ii) all of the land below the building slabs, and (iii) all improvements now or in the future located below such depth or below the building slabs, including the Remedial Systems. The other lot (the “Surface Lot”) consists of all of the land and airspace above the Subsurface Lot. The goal of the vertical subdivision was to allow development activity on the Surface Lot to occur while remedial activities are undertaken (pursuant to DTSC approval, as explained above) on the Subsurface Lot.

2. Horizontal Subdivision

²³ Parcel Map No. 70372 is attached hereto as Appendix “D.”

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CRA is negotiating with the Macerich Company of Santa Monica, California for Macerich's purchase and development of the Surface Lot on the geographic area of Cell 2 (the "Cell 2 Property").²⁴ The planned development on the Cell 2 Property is a high-end regional fashion outlet shopping center. Note that Parcel Map No. 70372 consolidated as many as ten parcels into the Surface and Subsurface Parcels and consolidated the Surface Parcels into two parcels. Cell 2 shares an assessor's parcel number ("APN") with Cell 1. Cells 3, 4 and 5 share another APN. The Cell 2 Property will contain its own APN for Macerich's development. CRA will further subdivide parcels within the Surface Lot, which parcels then will be developed or leased or sold pursuant to the approved Phased Development Plan. Ownership of the Subsurface Lot will remain with CRA.

C. Funds for Remedial Activities

Once the Remediation Agreements are terminated, CRA will retain the responsibility for completion of the RAP. Funds for such obligations come from a number of sources: (i) approximately \$45 million in operating capital received from bond proceeds now held by CRA (the "Successor Agency 2015B Tax Allocation Bonds"); (ii) an Environmental Trust Account, the balance of which, as of June 30, 2016, is approximately \$32 million (and which can only be used in furtherance of performance milestones established with and approved by DTSC); (iii) the AIG Policy (to the extent of any amounts either received as a result of commutation or that will be available as a result of a renegotiation of the AIG Policy); and (iv) approximately \$5 million of landfill liner, pre-purchased and currently stored on the Insured Property to be installed pursuant to the RAP.

1. Successor Agency 2015B Tax Allocation Bonds

The former Carson Redevelopment Agency committed to assisting the remediation of the Insured Property through an Owner Participation Agreement ("OPA") with Carson Marketplace. The OPA for "The Boulevards at South Bay" was executed on July 25, 2006, and amended in 2008 and 2009. Under the OPA, the Carson Redevelopment Agency (now "Successor Agency") had the obligation to provide a total of \$120 million in financial assistance to remediation work on the Insured Property and the development of certain on- and off-site public improvements. As of May 2015, the payments made pursuant to the remediation of the Insured Property totaled \$69.5 million, leaving an outstanding funding obligation of \$50.5 million payable by the Successor Agency toward Insured Property remediation. More specifically, the Successor Agency was obligated to issue additional bonds and/or provide other assistance totaling the remaining \$50.5 million for remediation and infrastructure.

In April, 2015, the California Department of Finance ("DOF") confirmed that the obligation to provide redevelopment funding remains in place and approved the Successor Agency going

²⁴ Cell 2 is approximately 46.33 acres located directly southwest of the 405 Freeway along the eastern side of the Insured Property. It is bounded to the north by Del Amo Boulevard, the west by Cell 1, the east by the 405 Freeway, and the south by Lenardo Drive.

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forward with a \$50.5 million financing to continue the project. On April 27, 2015, the DOF provided a letter to the Successor Agency stating that based on the DOF's review and application of the law, Oversight Board Resolution No. 15-27, approving the Settlement Agreement, was approved. The "Method of Finance" section of the Settlement Agreement contemplated the issuance of the Series 2015B Bonds in order to refund the Series 2015A Bonds. The issuance of both the Series 2015A Bonds and Series 2015B Bonds was approved by the DOF.

These bonds are not an obligation of the CRA or the City of Carson, but rather, the Successor Agency. The Bonds are repaid solely from "Pledged Tax Revenues." There are no ongoing or current repayment obligations associated with the bonds and they are not part of the City's general obligations.²⁵

2. Community Facilities District

The ultimate mechanism for funding CRA's environmental obligations will be a Community Facilities District ("CFD"), which was created and approved by the City in 2012. It is anticipated that the CFD will collect special taxes from owners of the Surface Lots to fund (i) long-term operation, maintenance and monitoring of the remediation systems, (ii) any unexpected environmental response actions at the Insured Property, and (iii) the administrative expenses of the CFD. The July 10, 2012 Community Facilities District Report outlining the activities and funding for the CFD is attached as Appendix "D."²⁶

Assuming the AIG Policy is commuted, the CFD will be funded initially by a combination of the amounts returned from the notional commutation account, and an up-front payment from Macerich (the amount of which is being negotiated, and which involve returning to Macerich that amount over time via a tax-sharing arrangement regarding special taxes paid on the Insured Property). This funded CFD, whose only purpose is to ensure completion of remediation activities at the Insured Property, will ultimately replace the AIG Policy as the financial assurance mechanism for the remediation effort required by the DTSC. In the event that any required financial assurance obligations remain after the funds from commuting the AIG Policy

²⁵ Pledged Tax Revenues means, with respect to any bond year, all taxes that were eligible for allocation to the Carson Redevelopment Agency with respect to the Insured Property and are allocated to the Successor Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws and that are deposited in the Redevelopment Property Tax Trust Fund ("RPTTF"), excluding (i) the portion of such taxes required to pay debt service on and other pledged obligations related to the existing bonds, but only to the extent that such taxes were pledged to the payment of debt service on or pledged obligations related to the existing bonds, (ii) payments required pursuant to the County Agreement, and (iii) all amounts required to be paid to taxing entities pursuant to Sections 33607.5 and 33607.7 of the Law unless such payments are Subordinate to payments on the 2015 Bonds or any additional Bonds or to the payments owed under any Parity Debt Instrument pursuant to Section 33607.5(e) of the Law and 34177.5(c) of the Dissolution Act. Pledged Tax Revenues will not include County administrative costs allowed under Section 34182 of the Dissolution Law and Section 95.3 of the California Revenue and Taxation Code.

²⁶ Note that the anticipated amounts collected, which are based upon the anticipated mix of development (retail, commercial, residential) may be revised upon the development details of the chosen master developer.

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and from Macerich's initial payment are taken into account, such amounts will come from the operating capital available from the City's 2015 bond issuance.

D. Cell 2 Property Development and Beyond

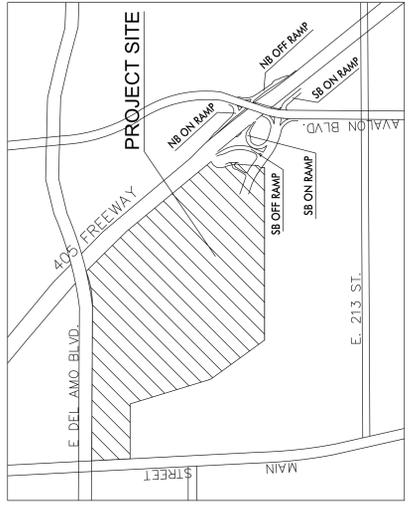
On July 5, 2015 CRA and the City of Carson approved an Exclusive Negotiating Agreement to negotiate with CAM-CARSON, LLC, a Delaware limited liability company (the "Macerich SPE") for the development of a high end fashion outlet mall on Cell 2. CRA will negotiate with the Macerich SPE for the conveyance of the Cell 2 Property and the development of a state-of-the-art, 585,000 square foot regional fashion outlet mall (the "Macerich Project"). As noted above, CRA will further subdivide the Cell 2 Property from the remainder of APN 7336-010-903, which it currently shares with Cell 1.

The Macerich SPE continues to conduct its due diligence on the Insured Property, and the City of Carson and the Macerich SPE will enter into a purchase agreement and a long-term development agreement resulting in the conveyance of ownership of the Cell 2 Insured Property to the Macerich SPE. Development of the Cell 2 Property, as with the other cells, will be subject to the HRA submission and DTSC approval.

CRA has a Request for Qualifications ("RFQ") process underway to seek a master developer for the balance of the Insured Property that does not include the Cell 2 Property. Even if a master developer for Cells 1, 3, 4 and 5 is selected in the next six months, it is likely that any development project for cells outside of Cell 2 would be at least 12-18 months behind the Cell 2 Project in design and entitlement, thus creating the need for a phased development approach for the Insured Property.

E. Environmental Deed Restrictions

The Surface Lots will be subject to certain environmental covenants, conditions, restrictions, limitation, reservations, easements, rights-of-way, liens, charges, and other protective and beneficial provisions, as set forth the Environmental Covenants, Conditions and Restrictions, the Covenant to Restrict Use of the Property: Environmental Restriction, and the Reciprocal Easement and Operating Agreement. The Environmental Covenants, Conditions and Restrictions will establish operation guidelines for owners, tenants and occupants to protect the integrity of the remedial systems and will provide a back-up assessment mechanism for funding unexpected environmental costs in the unlikely event the CFD is not formed or the CFD funds are inadequate.

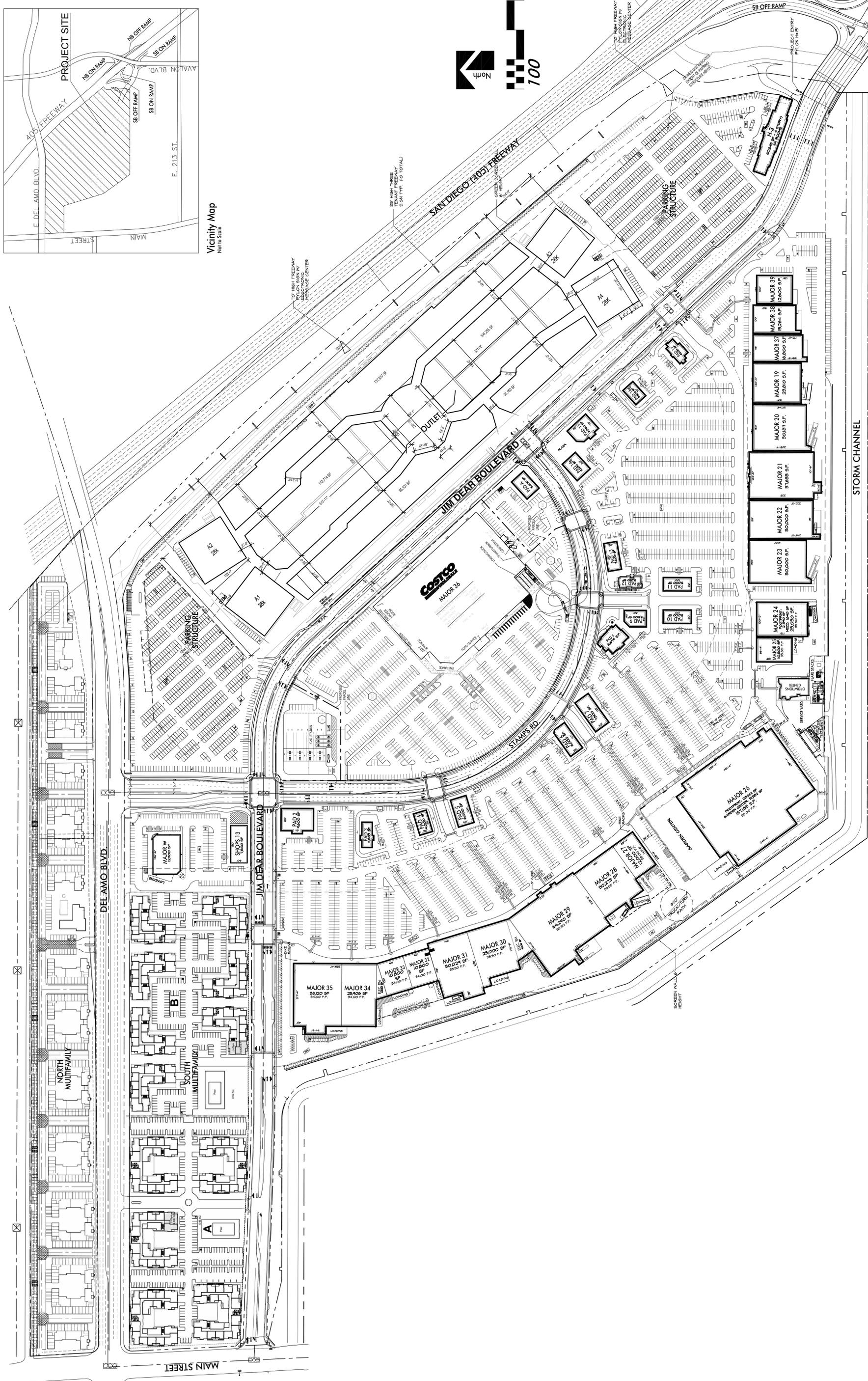


Vicinity Map
Not to Scale



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MASTER SITE PLAN

THE BOULEVARDS AT SOUTH BAY

CARSON, CALIFORNIA

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SCS ENGINEERS

July 25, 2016
File No. 01215078.02

MEMORANDUM

TO: John Raymond, Carson Reclamation Authority

FROM: Ray Huff, Pat Sullivan

SUBJECT: **Conceptual Proposal for Updated Phased Development Plan, Former Cal Compact Landfill, Carson, California**

This memorandum has been prepared by **SCS Engineers (SCS)** to provide the Executive Summary of an updated Phased Development Plan (PDP) Proposal that reflects discussions between SCS, CRA and input from DTSC. The PDP addresses redevelopment of the Former Cal Compact landfill (CCLF) into a multi-use development including retail, commercial, hotel and multi-family residential uses (the Site). A portion of the Site consisting of Cell 2 of the CCLF will be designated as the Factory Outlets of Los Angeles (FOLA). The information contained herein reflects a series of discussions between CRA, SCS and Department of Toxic Substances Control (DTSC) representatives regarding a new and updated Phased Development Plan for the Site. The purpose of this letter is to provide a brief overview of the intended phasing approach, and to provide a summary of work completed to date in support of a phased approach. Based on prior discussions with DTSC personnel on the generalized approach to feasibility of a phased development, work has already begun in earnest on a PDP document, as well as cell-by-cell remediation and development plans. It is anticipated that a full PDP will be finalized and submitted to DTSC before the end of November, 2016.

OVERVIEW

As you are aware, the CCLF is a 157-acre former landfill which is comprised of five refuse filling cells, divided within the interior by haul roads which were constructed on native soil. Under the original development plan, all remedial systems and vertical construction were to happen concurrently for the five cells, with all work completed prior to issuance of a single certificate of occupancy for the full build-out of the site.

Once completed, the full planned development of the CCLF will consist of a multi-use development which may include retail establishments, restaurants, big box stores, a hotel, entertainment facilities, and multi-family residential structures. Since the final development plan is still being determined, a phased development approach will allow for partial build-out and construction of the development, once cell at a time.

DETAIL AND TIMELINE

It is the intent of the PDP approach to allow DTSC to approve remedial systems and vertical construction on a cell-by-cell basis for the CCLF, which will allow for occupancy of the 157-acre site to begin prior to the complete build-out and development of the 157-acre site.

Currently, there is a development proposal for the 46.33-acre Cell 2 portion of the CCLF, which is located along the 405 Freeway. The development of this Cell has been designated as “Phase 1” of the PDP. The current proposed phasing of cell development is provided in **Attachment A**. As shown in Attachment A, the development includes retail, a hotel, as well as a multi-family development. Note that the multi-family development is scheduled for the last phase of site development in order to provide the utmost protection to proposed future residents at FOLA.

The current estimated timeline for development of only Cell 2 spans from 2016 through June 2020. Detail on development milestones for Cell 2 is presented in **Attachment B**. It is assumed that the development for each subsequent “Phase” of the PDP will follow a similar timeline to Phase 1, with an intended complete site build-out completed before January 2026.

CELL-BY-CELL RISK CLEARANCE AND OCCUPANCY APPROVAL

A key component of the PDP will be its phase-by-phase remedial system and vertical construction approval. Under the PDP concept, while the generalized remedial components for the entire site have already been approved (landfill gas extraction, building protection system, etc.), the specific layout of the remedial systems may change from cell to cell based on the proposed development. Under the PDP approach, the proposed remedial systems for each cell will be altered and implemented based on the ultimate approved development plan for each cell. Following implementation of remedial systems for a given Cell, a cell-specific Health Risk Assessment (HRA) will be prepared for that Cell development, which will be evaluated/approved by DTSC prior to commencement of building construction in that cell. The HRA “package” will include a cell-specific evaluation of risks to both construction workers and future commercial workers and customers in regard to both risks from the fully-implemented remedial systems within the developed Cell, but also risks from Cells that have not had their remedial systems fully installed at the time of the proposed Phase development. In addition, the HRA “package” will include confirmation that the remedial systems were installed in accordance with the Compliance Framework Agreement (CFA), Consent decree and as all other applicable documents and legal requirements. The HRA will be submitted to DTSC for review and approval prior to vertical construction (i.e. development/commercial construction of buildings), with the goal of allowing non Hazardous Waste Site Operations (HAZWOPER) workers to conduct vertical construction activities within the proposed development Phase. The HRA package will also specify any additional mitigation measures that are deemed necessary beyond the approved remediation measures that are encompassed in the overall site development.

After DTSC approval of the HRA “package” building construction in the applicable cell will commence. Upon completion of building construction, a Construction Completion Report (CCR) will be prepared and submitted to DTSC for final approval and DTSC concurrence prior to the issuance of a Certificate of Occupancy for the constructed development. DTSC approval of the

CCR is a condition precedent to receipt of a Certificate of Occupancy for any structure at the Site and is the final step/goal for the Cell-by-Cell development process.

The PDP will include a full-risk evaluation of the “phased” conceptual approach, which will address interim risks to construction workers in a Cell undergoing development while other cells may not have the full build-out of remedial systems completed. This risk evaluation will serve as a conceptual framework, validating the proposed cell-by-cell HRA/occupancy approach. It will be submitted as a part of the proposed PDP.

ATTACHMENT A
PHASED DEVELOPMENT LAYOUT – JULY 2016

ATTACHMENT B
PHASE 1 DEVELOPMENT TIMELINE

TIMELINE FOR BROWNFIELD DEVELOPMENT PROJECT (FASHION OUTLETS OF LA)

Milestones	Completion Date
<u>SIGNED EXCLUSIVE NEGOTIATING AGREEMENT (ENA)</u>	<u>July 2016</u>
COMMENCE UPDATE OF PHASED DEVELOPMENT PLAN (PDP).....	July 2016
COMMENCE NEGOTIATION OF DEVELOPMENT AGREEMENT TERMS	July 2016
COMMENCE REFINED DESIGN - ARCH & ENGINEERING	August 2016
COMMENCE DESIGN REVISIONS OF REMEDIAL SYSTEMS	September 2016
COMPLETE NEGOTIATION OF DEVELOPMENT AGREEMENT TERMS	November 2016
COMPLETE UPDATE OF PHASED DEVELOPMENT PLAN (PDP)	November 2016
<u>APPROVE MOU BETWEEN CITY AND MACERICH TO MOVE TO “ADDITIONAL PERIOD”</u>	<u>November 2016</u>
<u>SUBMIT REVISED PDP TO DTSC FOR REVIEW AND APPROVAL</u>	<u>November 2016</u>
COMPLETE REFINED DESIGN - ARCH & ENGINEERING	December 2016
SCHEMATIC DESIGN PROFORMA AND COST PRECON WORK.....	January 2017
<u>APPROVAL OF REVISED PDP BY DTSC (Estimated)</u>	<u>February 2017</u>
COMPLETE DESIGN REVISIONS OF REMEDIAL SYSTEMS	February 2017
COMMENCE FULL DESIGN OF PROJECT, PILE ENGINEERING.....	February 2017
SUBMIT DESIGN REVISIONS OF REMEDIAL SYSTEMS TO DTSC.....	March 2017
COMMENCE PROCESSING OF PLANNING APPROVALS AND PERMITS	March 2017
COMPLETE FULL DESIGN OF PROJECT, PILE ENGINEERING	April 2017
<u>APPROVAL OF DESIGN REVISIONS OF REMEDIAL SYSTEMS BY DTSC</u>	<u>April 2017</u>
COMMENCE PROJECT APPROVAL HEARING PROCESS WITH AGENCIES (PLANNING COMMISSION, CITY COUNCIL).....	June 2017
COMPLETE PROJECT APPROVAL HEARING PROCESS WITH AGENCIES.....	August 2017

**APPROVAL AND EXECUTION OF DEVELOPMENT AGREEMENT,
CONVEYANCE INSTRUMENT**

August 2017

COMMENCE CELL 2 REGRADING	October 2017
COMMENCE PILE FABRICATION	November 2017
COMPLETE CELL 2 REGRADING	November 2017
COMMENCE PILE INSTALLATION AND LINER WITH BOOT	January 2018
COMPLETE PILE FABRICATION	March 2018
COMPLETE PILE INSTALLATION AND LINER WITH BOOT	September 2018
COMMENCE CONCRETE PODIUM	September 2018
COMMENCE PREPARATION OF CELL 2-SPECIFIC HEALTH RISK ASSESSMENT (HRA)	September 2018

**HRA APPROVAL BY DTSC, ALLOWS VERTICAL CONSTRUCTION
WITH NON-HAZWOPER TRAINED WORKER**

January 2019

COMMENCE VERTICAL CONSTRUCTION	January 2019
COMPLETE CONCRETE PODIUM	March 2019
COMPLETE VERTICAL CONSTRUCTION	October 2019
DTSC APPROVES CONSTRUCTION COMPLETION REPORT	November 2019

**RECLAMATION AUTHORITY FILES BROWNFIELD DEVELOPMENT
FINAL REPORT TO CAL ReUSE PROGRAM PURSUANT TO
SECTION 5.3 OF THE GRANT AGREEMENT**

December 2019

START OF TENANT CONSTRUCTION	October 2019
GRAND OPENING	June 2020

Note: Bolded and Underlined milestones represent contractual or regulatory milestones; all others are construction or entitlement-related milestones.

All Dates in “Commence” milestones are the beginning of the month; all dates in “Complete” milestones are the end of the month.

Carson Reclamation Authority

Master Development of the Former
Cal-Compact Landfill Site on the
I-405 Freeway
Request for Qualifications and
Conceptual Proposals

Please Read This Page First

The objective of this Request for Qualifications is to allow the Carson Reclamation Authority (“Authority”) to partner with a Master Developer to develop the majority of the 157-acre former landfill site the Authority acquired in May, 2015. The Master Developer may undertake all of the vertical development on the site, some of it, or only fulfill the “Master Developer” role by completing the remediation, installing the structural piles and building foundation system, and negotiating the development deals with the ultimate builders.

In the interest of time, this is an RFQ process, not an RFP. Proposers should be able to describe their conceptual proposal and articulate how their development concept conforms (or doesn’t) to the Specific Plan, demonstrate the market feasibility of the proposal, and describe their experience in developing such a project on other sites. Furthermore, the Project Site is a former landfill, proposers must be able to demonstrate their familiarity with developing on contaminated land, particularly on landfills, or that they have a strong team of environmental advisors.

This agreement is for **four of the five** former landfill cells on the site, as the Authority believes it has reached agreement with a developer on Cell 2, and has excluded that cell from this RFQ.

In order to improve the flow of information between the Authority and the proposers while maintaining a fair and equitable process, the Authority will use a “Request for Information” or “RFI” process to answer questions developers may have about the project, the project site or the selection process. All questions should be submitted in writing and will be answered by the Authority via addenda to this RFQ which shall be emailed to all registered proposers. If you or your firm plans to respond to this RFQ, *or is even considering responding*, please register in the process as follows:

Send an email to jraymond@carson.ca.us with “Include me in the RFQ process” in the subject line or in the body of the email. You will receive a confirmation by email that you are registered for the process. In addition, if there are other parties within your organization that should be notified of addenda, please include their email address in the body of your email. Only parties that have confirmed their participation will receive email addenda.

Requests for project documents will be filled by creating a repository of documents that may be downloaded.

Request for Qualifications

1. Introduction

1.1 Objective

The Carson Reclamation Authority (“Authority”) is seeking qualifications and conceptual proposals from commercial, retail and residential developers (“Developers”) interested in undertaking the master development of the majority of an approximately 157+ acre parcel located between the Del Amo Bridge and the Avalon Boulevard exit on the I-405 Freeway, which represents over 2,200 linear feet of frontage on one of the nation’s busiest freeways. The parcel is the former Cal-Compact Landfill (“Project Site”). The Authority’s objectives in the project are to develop a quality retail or mixed use destination that would capitalize on the unique proximity to three major freeways and access to the Southern California market, increase sales tax to the City and would increase hotel room nights in the city, thereby increasing Transient Occupancy Tax (TOT) revenues. The proposed development would also create a community amenity and sense of place for Carson and surrounding communities.

The Property is owned by the Carson Reclamation Authority, a joint powers authority (the “Authority”), pursuant to a Settlement, Release and Indemnity Agreement with the prior owner and original awardee, Carson Marketplace, LLC. Since the loss of redevelopment agencies in California in 2012, the creation of Carson Reclamation Authority was necessary for the City to fulfill its obligations under the former Owner Participation Agreement with Carson Marketplace, LLC. Successor agencies are not allowed to undertake any new obligations, and the City itself wanted to be shielded from the potential environmental liability of owning a former landfill site.

The Carson Reclamation Authority was established on February 17, 2015 through the adoption of a Joint Powers Agreement and the Bylaws of the Carson Reclamation Authority by the members. The First Amended Joint Powers Agreement of the Carson Reclamation Authority was approved March 17, 2015. The Authority now owns the Project Site.

The Authority chose to use the RFQ-Negotiate process to increase the quality of proposals received and to assist in selecting its development partner as quickly as possible in order to keep the project within the current development cycle. It is also felt that the RFQ-Negotiate process allows the developer maximum flexibility and creativity in putting together a response to this solicitation.

1.1.1 Mixed Use Project

The Authority desires to negotiate with a developer to construct or facilitate the construction of a high quality retail or mixed use project on the Project Site in order to benefit the City of Carson and be helped by the Project Site’s unique access adjacent to multiple freeways and location within the densely populated South Bay trade area. The Authority’s further objective is that the completed project be a “signature” property for Carson that would establish its own regional reputation for quality and luxury.

Note: The Project Site for the purpose of this RFQ excludes Cell 2 (see map of the landfill cells in Exhibit 3.) The City and Authority have been negotiating with a major shopping center developer and anticipate in the near term entering a separate agreement with that developer, which would not be part of or subject to the Master Developer Agreement which is the subject of this RFQ. That project, on about 40 acres, would be a high end factory outlet mall.

The entire Project Site had been conceptually designed, approved and entitled for a development known as The Boulevards at South Bay, which was designed to create a unique and vibrant center for the City of Carson. Plans were to develop the site with a central entertainment complex (including destination theaters, a live music venue, restaurants, outdoor cafes and a large outdoor promenade area) and up to 400 for-rent residential units, 1,150 for-sale residential units, 300 hotel rooms, and total retail space of about 1.25 million square feet (see “Entitlements” below). The property was located within Carson’s Redevelopment Project Area No. 1, which allowed for residential and commercial development.

In early 2015, the Site was proposed as the location for an NFL stadium, as the City and the Reclamation Authority reached an agreement with the proposed NFL teams, the San Diego Chargers and the Oakland Raiders, proposing the development of an NFL stadium at the Site. Based on the decision of the NFL owners, the stadium will instead be built by the Los Angeles Rams and located in the nearby City of Inglewood.

The Project Site remains approved for the mixed-use development, although the ultimate configuration of the development may be modified from that anticipated by the Boulevards at South Bay. The Development Project could promote infill residential and mixed-use retail development. However, the location and nature of the project components may differ from the previously approved plan, or from developer to developer.

1.1.2 Requested Scope of Developer Activity

Since the end of the NFL project, the Authority has been approached by a number of solid, experienced development firms with a great interest in the Site, some interested in the approved Carson Marketplace plan and others with a different concept. Therefore, the Authority believes it has a number of alternatives it can pursue with respect to the 157 Acre Site, including negotiating directly with prospective developers on individual portions of the Project Site (“Cells”), but the Authority believes there may be some advantages to working with a Master Developer to update the Specific Plan and expedite completion of the land development of the 157 Acre Site in order to attract the type and quality of uses that will offer the greatest long term benefits to the City and its residents.

Given the timing of the negotiations with the Cell 2 developer, however, the Authority has chosen to exclude that Cell from this RFQ.

In furtherance of such a plan, the Authority has issued this RFQ to be able to evaluate different proposals from different developers, and then negotiate the material terms and conditions of such arrangement. These may include:

1.1.2.1 Master Developer Role and Responsibilities

Upon the successful selection of a Master Developer, the Authority will work with the Master Developer to effect revisions as necessary to the existing Specific Plan, Development Agreement, Owner Participation Agreement, Construction Management Agreement and/or other related documentation (the "Development Agreements"). The Development Agreements will task the Master Developer to complete the horizontal development of the 157 Acre Site, including but not limited to assuming responsibility for ongoing carry costs, completion of outstanding remedial work and infrastructure installation as necessary to deliver parcels for vertical construction to individual users. The Master Developer shall: (i) work through the City to update the Specific Plan and other existing Development Agreements; (ii) execute to completion the remediation and horizontal site development (which are integrally related) – including the design, scope and implementation of the remaining remediation work, (ii) complete all off- and on-site improvements needed to provide site delivery to each user of parcels within the 157 Acre Site; and (iii) market, source and execute sales and/or ground lease transactions with buyers and tenants for the different surface parcels pursuant to the updated development plan. The Master Developer may be the vertical developer on any or all of Cells 1, 3, 4 or 5 as well.

1.1.2.2 Completion of Site Remediation

The Master Developer would be responsible for completing the Site remediation:

- The Master Developer and Authority would negotiate a CMA whereby Master Developer will manage on behalf of the Authority the completion of the outstanding Remedial Work (as described below), including the engagement, administration and supervision of environmental and other contractors and project consultants as necessary to obtain HRA certificates from DTSC for closure of each of the 5 landfill cells, finalizing requisite DTSC financial assurances for future operations and maintenance (O&M) of the subsurface portions of the 157 Acre Site.
- Pursuant to the CMA, Master Developer will negotiate and recommend to the Authority modifications to the existing Tetra Tech contract as well as renewals of the current environmental insurance contracts (including the renewal or replacement of the AIG Environmental Protection Program Policy (EPP) and PARLL policies) as necessary to complete the Remedial Work, secure and maintain necessary DTSC approvals and manage the interim operations and maintenance of the existing remedial systems by the environmental contractor. Respondents to this RFQ should describe with specificity their relevant experience as a Master Developer of complex, multi-faceted environmentally contaminated sites and the use of specific forms of environmental and construction insurance to mitigate risk and facilitate an integrated redevelopment for the benefit of multiple parties and insureds. Respondents should also describe their willingness and ability, if any, to assume liability for the remedial work, installation of remedial systems and ongoing O&M activities and to indemnify and hold harmless CRA against the same.

- Authority (subject to any requisite DTSC approvals and to the extent available from existing sources) will make available funds, but not City of Carson General Fund revenues, except pursuant to a tax sharing agreement described in Section 2.1.8 below, from the environmental trust account, the bond proceeds account and any available insurance and/or insurance commutation account proceeds (Available Funding) as necessary to complete the design and construction of the outstanding remedial work for the 157 Acre Site, including but not limited to, outstanding remedial work, piles and pile cap installation for individual vertical uses and any required operations and maintenance (O & M) costs incurred during the development period (all of the above herein referred to as the Remedial Work). The foregoing shall include all hard and soft costs incurred with respect to such Remedial Work.
- Subject to Available Funding, the Master Developer would receive a reasonable fee for services provided by Master Developer pursuant to the CMA, in amount to be determined.

1.1.2.3 Completion of Master Development

Master Developer will, with the input and participation of the Authority, prepare and process updates to the existing Carson Marketplace Specific Plan as needed to:

- Activate the entire Project Site for economic development as soon as currently practicable (provided that no major modifications thereto shall be processed except with the mutual concurrence of Master Developer and Authority).
- Update all Development Agreements to reflect modified Specific Plan, milestones, work previously completed, etc.
- Provide for an Authority-approved enhancement or other amenity to be located within the 157 Acre Site designed for the benefit of the Authority and its residents.

Master Developer and Authority to negotiate a Development Agreement to task Master Developer with the design and development of the balance of the 157 Acre Site less Cell 2 for sale/lease to various component users.

Authority and Master Developer shall negotiate and enter into an Option Agreement providing Master Developer (or affiliate) with the exclusive option to acquire each of the surface parcels located within the 157 Acre Site. Consideration for the Option Agreement by Master Developer shall be deemed to be provided by Master Developer's financial and performance undertakings as described in this ENA (to be superseded by the Development Agreements). The terms of the Option Agreement shall provide for direct participation by the Authority in the Net Proceeds (as discussed below) which become available as a result of the sale or ground lease of each such parcel (or portion thereof) to a User.

1.1.2.4 Monetization of Surface Parcels

One of the objectives of the Authority in selecting a Master Developer would be to assist the Authority in reaping more value from the Site than it may be able to do on its own. There are a number of tasks under this subheading:

- Master Developer to identify and negotiate with users for the sale and/or lease of the residential, retail and other planned vertical developments within the 157 Acre Site. Value to be paid by the users to include:
 - Fair Value for the remediated site delivery to such users; to consist of the fair value of a fully remediated site as entitled and planned for the designated residential, retail or other use(s)
 - Funding of advance deposits for construction of any on-site improvements to be installed by Master Developer, including by way of example: pile/pile cap installation, foundations, surface parking areas, landscaping, etc.
- Authority and Master Developer will share a predetermined percentage of the “Net Proceeds” from the sales and/or ground leasing of the various component parcels of the Project Site. Net Proceeds shall include:
 - All revenue from such transactions, less all design and development costs and expenses incurred by Master Developer (or the Authority) to deliver such parcels to the users thereof, including but not limited to allocated costs of utility and other infrastructure improvements benefitting larger portions of the Project Site, any on- or off-site development costs related to such site as grading, utility installations, pile installations and foundations, remedial expenses not otherwise covered through Available Proceeds, and a reasonable and customary development fee.
 - The specific formulation of Net Proceeds and payment of the participation to the Authority shall be set forth in the Development Agreements; provided that the Authority will share in an agreed-upon amount (in addition to other benefits accruing to the Authority to include property and sales tax sharing accruing as a result of the development of the 157 Acre Site, future CFD revenue and other district financing proceeds. Master Developer will provide regular update reports to the Authority regarding all services performed pursuant to the Development Agreements and ongoing regulatory and other matters affecting the Project Site.

1.2 Proposed Project Site

1.2.1 Site History

The Site is located on the former Cal-Compact Landfill, which consists of five waste cells separated by haul roads which were built on native soil, and which operated from 1959 until approximately 1968. Clean-up of the landfill and implementation of

remediation systems are subject to oversight by the Department of Toxic Substance Control (“DTSC”) through a lawsuit entitled California Department of Toxic Substances Control v. Commercial Realty Projects, Inc., et al., (U.S. District Court, Central District of California, Civil Action No. 95-8773). The court entered a Consent Decree in December 1996; a Consent Decree resolving claims against Atlantic Richfield Company, et al. on March 29, 2001; a Supplemental Consent Decree on March 29, 2001; and, Modifications to Supplemental Consent Decree and Defense Group Decree on March 29, 2001 (collectively, the “Consent Decree.”)

There was also a Remedial Action Plan approved on October 25, 1995, which requires the installation, operation and maintenance of certain remedial systems, including the landfill cap, gas extraction and treatment system, and groundwater collection and treatment system on the Property.

During the life of the landfill, approximately 6 million cubic yards of municipal solid waste (MSW) and 6.3 million gallons of industrial liquid waste were disposed at the site. A portion of the liquid waste was drilling mud from the local oil wells. Wastes that were permitted to be accepted at the landfill included solid organic and municipal waste, drilling fluids, carbide or acetylene sludge, cleanings from interceptors, clarifiers, screen chambers for the treatment of wastewater from vehicle washing, ceramic manufacturing, laundering, and food processing, sludge derived from the softening of water (lime soda process), paint sludge recovered from water and suspended synthetic rubber, carbon black slurry and diatomaceous earth filter agent (residue from filtering steam condensate). Hazardous substances associated with the landfill have been detected in subsurface soil and groundwater on the property. The contaminants of concern include volatile organic compounds, heavy metals, and petroleum hydrocarbons.

As a result of soil and groundwater contamination at the property, resulting from its former use as a landfill, and the materials accepted for disposal, the DTSC classified the former landfill site as a hazardous substances site. Site investigations have detected the presence of Landfill Gas (LFG) as well as volatile organic compounds (VOCs) and metals in soil and groundwater. RAP implementation, initiated in 2008, resulted in the completion of planned soil compaction, grading to the level of the base of the landfill cap membrane system, installation of approximately half of the LFG extraction wells as well as the LFG flare, and installation and startup of the groundwater extraction and treatment system. In addition, the Landfill Operations Center has been constructed, including its building protection system and the landfill cap in this specific area.

1.2.2 Environmental Remediation

The landfill waste and contamination is being addressed under the supervision and oversight of the DTSC pursuant to the Remedial Action Plan for the Upper Operable Unit that was approved by DTSC on October 25, 1995 and subsequent enhancements/refinements thereof (collectively, the “RAP”). The remedy in the RAP requires installation, operation and maintenance of (1) a landfill cap designed to encapsulate the refuse and create a barrier between future improvements and buried refuse, (2) an active gas collection and treatment system, designed to remove landfill

gasses from under the landfill cap, and (3) a groundwater collection and treatment system designed to contain the groundwater plume and treat the extracted groundwater prior to discharge. In addition to the RAP-required remedy, a building protection system consisting of a secondary membrane liner adhered to foundation slabs, passive venting systems, and monitoring equipment will be installed in buildings on the Site. At present, the Authority is responsible for the installation of the the landfill cap, landfill gas system, groundwater system, and building protection system (collectively, the “Remedial Systems”) and has provided a mechanism for long-term operation, maintenance, and monitoring of the Remedial System, as more fully described below. The map of the installed Landfill Gas System is included in Exhibit 2.

1.2.3 Funding and Long-Term Operation

The prior Owner, Carson Marketplace, LLC, retained Tetra Tech, Inc. (“Tetra Tech”), for a period of 20 years, to construct the Remedial Systems, perform long-term operation, maintenance and monitoring of the Remedial Systems, and satisfy other environmental requirements relating to the former landfill refuse under a Fixed Price Operations and Maintenance Environmental Assurance Agreement (“EAA”) dated December 31, 2007. Tetra Tech is an international engineering and consulting firm with approximately 12,000 employees, annual revenues of \$2.2 billion (FY 2010), and net assets in excess of \$748 million.

Tetra Tech’s services for the 20-year period are being performed for a fixed price, which has been pre-funded by Carson Marketplace. The terms and conditions of Tetra Tech’s obligations are set forth in two agreements, the Fixed Price Design and Construction Environmental Assurance Agreement and the Fixed Price Operation and Maintenance Environmental Assurance Agreement (collectively “EAAs”). Under Section X of the EAAs, Tetra Tech has provided a broad indemnity to Carson Marketplace and its assignees (including, now, the Carson Reclamation Authority) for claims and losses arising from Tetra Tech’s performance of the services.

Tetra Tech is obligated to construct the Remedial Systems, perform long-term operation, maintenance, and monitoring of the Remedial Systems, and satisfy environmental requirements relating to the landfill refuse for a fixed price, irrespective of the actual cost of such services. Between funds contributed directly by Carson Marketplace and issuance of remediation-related bonds and cash payments by the Authority of Carson’s Redevelopment Agency, the fixed price has been pre-funded into an escrow account at Wells Fargo Bank (“Wells Fargo”) and an Environmental Protection Program Policy (the “EPP Policy”) that Carson Marketplace has purchased from American International Special Lines Insurance Company (“Insurer” or “AIG”).

The escrow account received funds to provide for construction of the landfill cap, landfill gas system, and building protection system, and the EPP Policy received funds to provide for construction of the groundwater system and operation, maintenance, and monitoring of all Remedial Systems. Wells Fargo and Insurer have paid Tetra Tech as work has been completed based upon the terms of the EAAs, the escrow agreement, and the EPP Policy. Outside of seeking payment from Wells Fargo, as the escrow agent, and Insurer, as the insurer, Tetra Tech has no recourse against Carson Marketplace or other parties for payment of the services it is obligated to provide under

the EAAs. The Authority has assumed the policy from Carson Marketplace. The EPP Policy is what provided the financial assurance that there were funds available to complete the remediation, as required by DTSC.

In addition to providing a mechanism for funding a portion of the fixed payments to Tetra Tech, the EPP Policy provides \$35 million in cost overrun insurance for the work to be performed under the EAAs. The term of the EPP Policy is 20 years (December 31, 2027 is the termination date). If Tetra Tech fails to perform its obligations under the EAAs, the Authority will have the right to access the funds that have been placed in the escrow account and EPP Policy and the right to seek coverage for insured cost overruns.

Unfortunately, both the Tetra Tech contracts and the EPP Policy are closely tied to the 2007 Carson Marketplace development plan and attendant approvals. In light of the risk transfer components of these contracts, changes and amendments are not easily made and will require third party consents from Tetra Tech, AIG and potentially DTSC.

1.2.4 Subdivision of the Site

Carson Marketplace subdivided the Site into two separate vertical air space lots. One lot (the "Remediation Lot") consists of a subsurface lot comprised of the landfill refuse and contamination and in which the Remedial Systems will be constructed including (i) all of the land within one (1) foot above the landfill cap in all areas outside of the building slabs, (ii) all of the land below the building slabs, and (iii) all improvements now or in the future located below such depth or below the building slabs, including the Remedial Systems. The other lot (the "Vertical Lot") consists of the land and airspace above the Remedial Lot.

The Authority, as the successor, will further subdivide parcels within the Vertical Lot, which parcels then will be developed or leased or sold. Owners and lessees of the Vertical Lots will therefore not own or lease environmentally impacted property because the landfill-refuse will remain in the subsurface Remediation Lot. Ownership of the Remediation Lot was to be transferred to a mutual benefit corporation, as described below, but such obligations will now remain with the Authority.

1.2.5 Long-Term Responsibility for Environmental Conditions

One of the original developer's obligations to DTSC was to create a structure for ensuring long-term operation, maintenance, and monitoring of the Remedial Systems. As part of that structure, Carson Marketplace was to establish a non-profit mutual benefit corporation that will have long-term responsibility for environmental conditions at the Site following construction of the Remedial Systems (the "Mutual Benefit Corporation"). In addition to operation, maintenance and monitoring of the Remedial Systems, the Mutual Benefit Corporation would have had responsibility for satisfying any unexpected environmental requirements relating to the form landfill and responsibility for obtaining environmental liability insurance when the PARLL Policy expires in September 2016.

The Authority will maintain ownership of the Remediation Lot and assign its rights and obligations under the EAAs. Unless the current contract structure is revised or terminated, the Authority's environmental obligations (other than supervision and maintaining insurance) will be performed by Tetra Tech pursuant to the EAAs until December 31, 2027, when the EAAs expire.

The mechanism for funding the Authority's environmental obligations was through the formation of a Community Facilities District ("CFD"). The CFD will collect special taxes from owners of the Vertical Lots to fund long-term operation, maintenance and monitoring of the Remediation Systems, to fund any unexpected environmental response actions at the Site, to purchase renewal or replacement environmental liability insurance, to fund the administrative expenses of the CFD, to create appropriate reserves, and, if surplus funds are available, to reimburse the developer for a portion of the pre-funded costs. The CFD will transfer the taxes collected to the Authority.

1.2.6 Environmental Deed Restrictions

The Vertical Lots will be subject to certain environmental covenants, conditions, restrictions, limitation, reservations, easements, rights-of-way, liens, charges, and other protective and beneficial provisions, as set forth the Environmental Covenants, Conditions and Restrictions, the Covenant to Restrict Use of the Property: Environmental Restriction, and the Reciprocal Easement and Operating Agreement. The Environmental Covenants, Conditions and Restrictions will establish operation guidelines for owners, tenants and occupants to protect the integrity of the Remedial Systems and will provide a back-up assessment mechanism for funding unexpected environmental costs in the unlikely event the CFD is not formed or the CFD funds are inadequate.

1.2.7 Regulatory Issues

All regulatory approvals are in place, and regulatory issues do not present any new challenges, as long as the remediation project complies with the RAP. DTSC needs to approve any change in the project.

1.2.8 Liability Issues

There are a number of liability issues that will still be negotiated with the Master Developer of the Project Site, such as the ownership of the pile system (or, conversely, an airspace easement through the debris). Under the EPP Policy with AIG, however, any change to the plan is also reviewed by AIG in addition to needing DTSC approval. As described above, this policy is required as part of the financial assurance portion of the DTSC permit, but is not a Pollution Liability Policy.

Instead, when the Site was purchased in 2006, Carson Marketplace also purchased environmental liability insurance from Indian Harbor Insurance Company ("XL") and Chubb. Among other things, the Pollution and Remediation Legal Liability Policy issued by XL and the Excess Liability Insurance Policy issued by Chubb (collectively, the "PARLL Policy") provide \$100 million of coverage for third party property damage and personal injury claims arising from historical pollution conditions at the Site. The Policy

is due to be expire on September 29, 2016. The amount and coverage terms of a new pollution liability insurance program will be based on the proposed use of the site and the number of insureds sharing an aggregate limit of liability. Pollution policies are sold with a maximum term of ten (10) years, so a forward look at future land uses will be necessary. The pollution liability policies are also required as part of the financial assurance portion of the current DTSC permit.

The Authority renewed a separate stand-alone Contractor's Pollution Liability policy in the amount of \$25 million on December 21, 2015. It covers Tetra Tech, Snyder Langston and their subcontractors and will expire on December 21, 2016

1.3 Long-Term Ground Lease vs. Sale of Surface Parcel

As a public agency and given the complexity of the environmental issues on the subsurface Remediation Lot, the Authority's preference would be to enter long-term ground leases for the Vertical Lots. Nevertheless, it will consider the sale of such lots on a cell-by-cell basis if it is warranted by the transaction.

1.4 Area Amenities

The South Bay's picturesque beaches, pleasant coastal climate, top-rated schools, and thriving business community make it an ideal place to live and work. Featuring more than 23 miles of coastline, the South Bay is home to several well-known stretches of beach, and small craft harbors. Other attractions include the Cabrillo Marine Aquarium, the South Coast Botanic Garden, the Ports O'Call shopping village and the home of the Goodyear Blimp. The South Bay boasts several renowned resorts including the world-class Terranea Resort, and 13 golf courses.

While Carson is well known as an industrial center with unparalleled access to transportation and the Pacific Rim, it is also a culturally diverse community that is attractive place to live and work. The city has more than 120 acres of park land divided into 12 parks, 2 mini-parks and sports/recreational facilities that include 3 swimming pools, a boxing center, a state-of-the art sports complex and the Carson Community Center. These facilities allow the residents of Carson to enjoy a variety of sports, recreational and cultural programs. The city's educational needs are served by Los Angeles Unified School District, and the community has access to 47 church organizations.

1.4.1 CSU Dominguez Hills

Centrally located in Carson, CSU Dominguez Hills features strong and relevant academic programs, dedicated faculty mentors, supportive staff, and attractive campus and student amenities, and is committed to connecting students to an affordable, high-quality and transformative education while providing the community with a vital resource for talent, knowledge, skills and leadership needed to thrive. CSU Dominguez Hills is listed among the top colleges and universities in the country according to a 2014 Time Magazine ranking that is based on criteria the White House plans to use to assess how well institutions serve students. CSU Dominguez Hills was also one of only four universities nationwide to receive the 2014 President's Higher Education Community Service Honor Roll's highest honor, the Presidential Award. The school

won in the general community service category. The university has been named to the honor roll since 2010 and in 2013 was a Presidential Award finalist.

U.S. News & World Report's 2015 annual "Best Colleges" ranks CSU Dominguez Hills 29th among the most ethnically diverse universities in the West offering bachelor's and master's degrees.

U.S. News & World Report also ranked CSU Dominguez Hills 9th among the most economically diverse universities in the West offering bachelor's and master's degrees. The university is scored by the percentage of undergraduates receiving federal Pell grants, which is considered a gauge for how many low-income undergraduates there are on a given campus. The economic data are drawn from each institution's student body for the 2012-2013 school year.

1.4.2 **StubHub Center**

Located in Carson, the StubHub Center is a 125-acre state-of-the-art athletic facility featuring stadiums for soccer, tennis, track & field, cycling, lacrosse, rugby, volleyball, baseball, softball, and basketball among other sports. Designated as an official U.S. Olympic Training Site, the StubHub Center is the nation's most complete training facility for Olympic, amateur, and professional athletes. The stadium is home to Major League Soccer's LA Galaxy and Chivas USA, as well as the US Soccer Federation's (USSF) national team training headquarters and the location of the United States Tennis Association's (USTA) USA High Performance National Training Center. The development is also designated as an official training site for USA Cycling and USA Track & Field. The StubHub Center features a 27,000-seat soccer stadium, 8,000-seat track & field facility, and a 2,450-seat velodrome. Since its opening in 2003, the StubHub Center has hosted some of the finest national and international competitions in the world.

1.4.3 **Porsche Experience Center**

Opening in 3Q 2016, Porsche Motors is constructing a new Porsche Experience Center on a 53-acre site just off the 405 freeway near its intersection with the 110 freeway in Carson. The facility will be the second of its kind in the country and only the fifth in the world, and will feature a test track, a driving skills course, driving simulators, an athletic center, a restaurant, and a Porsche showroom. The project will create 300 jobs in the area, and help establish Carson as a tourist destination.

1.5 **Entitlements**

The entire 157 acre site is subject to the Boulevards at South Bay Specific Plan, which actually covered an additional 11 acre parcel on the north side of Del Amo Boulevard as well. That parcel, shown as Development District 3 below, is not owned by the Authority and not subject to this RFQ. The following is a brief overview of the development standards and guidelines that allow for a potential mixed-use project comprised of approximately 2 million square feet of commercial, a 300-room hotel, and up to 1,550 multifamily units according to The Boulevards at South Bay Specific Plan, which was approved by the City Council of Carson, California,

February 8, 2006 and amended April 5, 2011. The most recent approved site plan corresponding to the Specific Plan, titled SP-44, is included as Exhibit 1.

Potential proposers are advised to review the complete Specific Plan and all related development documents.

Development Districts

Three “Development Districts” have been delineated. Each district has its own zoning, allowed uses, and development standards. The borders of these Development districts can be adjusted as needed to accommodate site plan changes.

- Development District 1 (DD1) is designated for Mixed-Use Marketplace (MU-M) and may contain both for-sale and for-rent residential properties along with neighborhood-serving commercial uses. The residential and commercial uses may be either vertically or horizontally integrated.
- Development District 2 (DD2) is designated for Commercial Marketplace (CM) and may contain a combination of entertainment, large-scale commercial tenants, restaurants, and a hotel.
- Development District 3 (DD3) is designated for Mixed-use Marketplace (MU-M) and may contain a mixture of residential and neighborhood serving commercial uses. DD3 could be dedicated entirely to residential or commercial uses allowed by MU-M so long as maximum square feet or units allowed in DD1 and DD3 are not exceeded.

Permitted Uses

Permitted Uses, uses requiring a Conditional Use Permit, and prohibited uses within The Boulevards at South Bay are detailed in Table 6.1 of the Specific Plan. Those uses not specifically listed in the table are subject to review and are subject to the Interpretation procedure of Section 9172.24 of the Carson Municipal Code (CMC). The Specific Plan allows for the conversion of residential entitlements to multifamily, which is currently anticipated. The following additional special provisions shall apply:

- A. Any single proposed retail store with more than 100,000 square feet (whether contained in one or more buildings) which devotes more than 10% of their floor area to non-taxable goods excluding services such as pharmacy or optician, shall be permitted upon approval of a Conditional Use Permit pursuant to Section 9172.23 of the Carson Municipal Code. This requirement shall not apply to discount membership stores, wholesale clubs, or other establishments selling primarily bulk merchandise and charging membership dues.
- B. A conditional use permit shall be required for any proposed residential use north of Del Amo Boulevard and within 300 feet of the freeway pavement edge.
- C. The Property is subject to an existing statutory Development Agreement vesting the Developer’s rights under the Specific Plan and other land use entitlements through March 21, 2021.

Development Standards

The Boulevards Development Standards are found in Chapter 6 of The Specific Plan. The following are just a few of the standards.

- A. Public Plazas – Each commercial use within the lifestyle and entertainment section area is required to contribute 25 percent of total GLA towards public plaza space.
- B. Public Art – Public art provided shall have a value equal to one half of 1 percent (0.5%) of total building costs (by building permit valuation), excluding land, site development, off-site requirements, and remediation costs.
- C. Freeway Signage – Two Freeway Icons (70') plus ten Freeway Monuments (35').

2. Proposal Format/Contents

2.1 Informal RFQ-Negotiate process.

For the purposes of this proposal, Developers are not required to prepare detailed site plans or elevations, but rather present their firm's qualifications as well as a conceptual design and business development proposal encompassing the features of the proposal based on the current entitlements. The Authority and the Lessor could choose to negotiate with the successful developer based on the firm's qualifications, the conceptual proposal, or a combination of the two. The following list describes the required elements of the proposal:

2.1.1 Cover Letter

Include a cover letter indicating the nature of the developer team: joint venture, corporate developer, Limited Liability Corporation, franchisee, etc. The letter must include the company name, address, email, name, and telephone and fax number(s) of the person(s) authorized to represent the development team. The cover letter should also indicate whether the proposal is for the entire Project Site or one of its components.

2.1.2 Table of Contents

A Table of Contents for all the material contained in the response.

2.1.3 Development Team

Indicate past experience (including level of involvement) within the past five years for this specific type of project. The project team could include principals and employees of the development company; other LLC partners or members, if identified; the architect, if identified; and, the project general contractor, if identified:

2.1.3.1 Company Principals

- Development company's or principals' project experience, especially with major mixed use projects and with projects developed on previously contaminated land

- Specific individuals from the development company assigned to this project; i.e. specific responsibilities and duties, etc.
- Projects completed by the development company with name and telephone number of contact
- Availability of the team and the percentage of their current workload that would be assigned to the project.

Significant development experience, specifically mixed use and/or contaminated land development experience, is desirable from the project principals.

2.1.3.2 Other Development Team Members

- Other development partners' (such as limited- or equity partners or LLC members) experience, especially with mixed use projects and with projects developed on previously contaminated land
- Specific individuals from the other partners assigned to this project; i.e. specific responsibilities and duties, etc.
- Projects completed by the other partners with name and telephone number of contact
- Availability of the team member and the percentage of their current workload that would be assigned to the project.

Significant development experience, specifically major mixed use development experience and with projects developed on previously contaminated land, is desirable from the other development partners, especially if the development company principals lack specific mixed use or contaminated land development experience.

2.1.3.3 Project Architecture Firm (if known)

- If available, please include commitment letter or letter of interest from the proposed Project Architecture Firm in the RFQ response
- Project Architecture Firm's experience, including number of years in operation, number of architects worldwide, number of architects dedicated to retail and mixed use
- Representative mixed use projects designed by proposed Project Architecture Firm
- Proposed Project Architecture Firm contact name and telephone number
- Specific individuals from the Architecture Firm assigned to this project during the development process

2.1.3.6 Project General Contractor (if known)

- If available, please include commitment letter or letter of interest from the proposed Project General Contractor in the RFQ response

- Project General Contractor’s experience, including number of years in operation, dollar value of projects worldwide, number of projects currently under development in the retail sector
- Representative retail projects completed by proposed Project General Contractor
- Proposed Project General Contractor contact name and telephone number
- Specific individuals from the General Contractor assigned to this project during the development process

2.1.4 Conceptual Design Concept

While the “proposal” portion of this RFQ need only be conceptual, the Authority is interested in the Developer’s understanding of the Carson retail and residential markets and approach to the project, and what the proposed amenity package would be. Given that the Authority is likely to enter a separate agreement for the development of a factory outlet mall on Cell 2, this section is for the Developer to propose and discuss the likely set of land uses on Cells 1, 3, 4, and 5. Furthermore, there is an approved site plan that is the basis of the Specific Plan, Development Agreement, Fixed Price Contract with Tetra Tech, Cost Cap Policy with AIG, and the DTSC permit. If the Developer proposes other than what has been already approved, please describe:

- How different from the approved site plan is the proposed project, i.e. is it substantially big box retail, does it contain a residential element, are there cells the Developer would propose to leave for a future development cycle?
- What type of retail would be most suitable for the remaining four cells?
- If the Developer proposes residential for any portion of the site, what is the proposed product type, e.g. apartments vs. for sale condominiums?
- Does the Developer propose any land use not considered in the approved site plan? (This could include any public space such as parks or sports facilities, or certain types of entertainment facilities, or office or non-retail commercial uses. Does the Developer propose leaving approved land uses out of the plan? If so, why?)
- If proposing a hotel, what market segment is the proposed hotel? What market would the Developer anticipate the hotel serving (e.g. business, retail shoppers, users of other entertainment uses in Carson, such as the StubHub Center or Porsche)?

2.1.5 Financing and Ownership Concept

Please describe the ownership/financing structure of the project, including:

- Estimated total project cost
- Estimated construction debt
- Estimated amount of equity contributed to project
- Estimated amount of permanent debt on project

2.1.6 Environmental Consultant

- If available, please include commitment letter or letter of interest from the proposed Environmental Consulting Firm in the RFQ response
- Project Environmental Consulting Firm's experience, including number of years in operation, number of engineers/scientists worldwide, number of staff with expertise in complex brownfield and/or landfill remediation projects
- Representative complex brownfield or landfill remediation projects undertaken by the Project Environmental Consulting Firm in the State of California
- Proposed Project Risk Manager's contact name and telephone number and relevant experience in California

2.1.7 Reserved

2.1.8 Financial Assistance

Upon a successful negotiation, the Authority and Master Developer would execute a Conveyance Instrument which would provide, among other things: (i) the purchase price or lease amount payable by Master Developer to Authority for the conveyance or occupation of the Site by Master Developer; (ii) that Master Developer shall be solely responsible for financing and constructing the Project; (iii) apportionment of costs, and responsibility for, necessary public improvements and City fees incurred in processing the Project (based on the pro forma analysis, the City may assume project offsite public improvement costs); (iv) environmental costs for soils remediation, cap, landfill gas systems, groundwater treatment, and other Remedial Systems needed for Project implementation which shall be the responsibility of the Authority, and (v) apportionment of costs, and responsibility for, onsite utilities, structural piles and foundation slabs (generally the Authority is responsible for the pilings and other parts of the remediation program (subject to the CFD) and the Developer is responsible for foundation slabs).

Tax Sharing. Concurrent with negotiations on the Conveyance Instrument and based on the analysis of the project pro forma by the Authority, the parties could negotiate a Tax Sharing arrangement whereby Master Developer or individual end-user Developers could receive rebates of local sales tax payable by Developer to the City. Such Tax Sharing will be negotiated for the purpose of facilitating Developer's operation of the Project on the Site. For purposes of Tax Sharing, the rebate of local sales tax payable to Developer shall be a negotiated percentage of each dollar paid by Developer upon taxable sales and uses attributable to the operations of the Project and allocated and actually paid to, and received by, the City under the Uniform Local Sales and Use Tax Law (Part 1.5, Division 2 of the California Revenue and Taxation Code). Negotiated terms of Tax Sharing shall include, for a term, without limitation, (i) a requirement setting the City as the situs for all Project retail sales, (ii) mechanisms for maximizing the taxable retail sales attributable to the Project, such as a minimum scope of operations and/or progress schedule of shared tax percentages to reflect actual Project performance, (iii) formulas for adjustment in accordance with project performance, (iv) means for the City/Authority to review and audit records pertaining to Project retail performance and tax calculations, and (v) provisions of indemnity and/or

[Type text]

defense with respect to any third-party challenge to the Tax Sharing arrangement. The available Tax Sharing Revenue may be as much as but not more than 50%, if justified by the pro forma analysis. The Tax Sharing arrangement may be encompassed within the terms of the Conveyance Instrument, or may be memorialized as a standalone agreement.

CFD. Two Community Facility Districts have been established under statutory authority to pay for (i) operation and maintenance of the Remediation Systems, and (ii) the installation of public infrastructure. The CFD fees were based on a study by David Taussig & Associates. The study may need to be updated based on the modifications to the original project for which they were prepared by this Project.

2.1.9 Project Feasibility

As part of this proposal, proposer shall provide a conceptual pro forma showing the estimated budget for the master development and construction of the Project. If Master Developer anticipates seeking any financial assistance from City, including direct financial assistance or installation of offsite public improvements by City, the pro forma must justify the requested assistance showing the Developer's return on investment. The pro forma shall also show the estimated economic return to the City for at least a ten (10) year period after completion of the Project, including payment for land, any participation percentage, all taxes and fees (including proposed Tax Sharing scenarios), and other economic returns to the City as well as jobs and general community benefits.

3. RFQ Evaluation Process

Processing of the RFQ responses will be handled in the following manner:

3.1 Initial Evaluation

All responses will be evaluated to develop a list of interested developers. The Authority may choose a single proposer for further negotiation based on its proposal, or to choose 2 to 3 proposers and have them refine their proposals with more detailed site planning or business terms.

3.2 Interviews

The Authority reserves the right to hold interviews or select a preferred developer without interviews. The recommendation for selection will be made based on qualifications, the soundness of the development proposal, the team's demonstrated experience in the retail or mixed use market, and response to the RFQ.

3.3 Agreements to Develop the Property

Upon conclusion of negotiations, the Authority anticipates that it will negotiate a series of agreements with the Developer that will document the contractual terms of the deal. The final agreement outlining the assistance package would be a Disposition and

[Type text]

Development Agreement concerning any City assistance and a ground lease concerning the use of the Project Site.

II. PURPOSE

The Authority’s objectives in the project are to develop a quality retail or mixed use destination that would capitalize on the unique proximity to three major freeways and access to the Southern California market, increasing sales tax to the City; increase hotel room nights in the city, thereby increasing Transient Occupancy Tax (TOT) revenues; and, create a community amenity and sense of place for Carson and surrounding communities.

III. SCHEDULE

All proposals are due at the offices of the Carson Reclamation Authority by 4:00 p.m. on Tuesday, August 30. Postmarks will not be accepted. Please include one original and three (3) copies. The RFQ process is as follows:

Request for proposals advertised and mailed	Friday, June 24, 2016
Deadline for receipt of questions	Thursday, July 7, 2016
Deadline for receipt of proposals	Thursday, July 28, 2016
Proposer short list	Thursday, August 11, 2016
Interviews	to be scheduled for August 2016
Selection of Master Developer by City Council	First or Second City Council Meeting in September

IV. SCOPE OF SERVICES

Services to be provided by the Master Developer include, but are not limited to the following:

Upon the successful selection of a Master Developer, the Authority will work with the Master Developer to effect revisions as necessary to the existing Specific Plan, Development Agreement, Owner Participation Agreement, CMA (referred to below) and/or other related documentation (the “Development Agreements”). The Development Agreements will task the Master Developer to complete the horizontal development of the 157 Acre Site, including but not limited to assuming responsibility for ongoing carry costs, completion of outstanding remedial work and infrastructure installation as necessary to deliver parcels for vertical construction to individual users. The Master Developer shall: (i) work through the City to update the Specific Plan and other existing Development Agreements; (ii) execute to completion the remediation and horizontal site development (which are integrally related) – including the design, scope and implementation of the remaining remediation work, (ii) complete all off- and on-site improvements needed to provide site delivery to each user of parcels within the 157 Acre Site; and (iii) market, source and execute sales and/or ground lease transactions with buyers and tenants for the different surface parcels pursuant to the updated development plan.

Completion of Site Remediation

The Master Developer would be responsible for completing the Site remediation:

- Master Developer and Authority to negotiate a Construction Management Agreement (CMA) whereby Master Developer will manage on behalf of the Authority the completion of the outstanding Remedial Work (as described below), including the engagement, administration and supervision of environmental and other contractors and project consultants as necessary to obtain HRA certificates from DTSC for closure of each of the 5 landfill cells, finalizing requisite DTSC financial assurances for future operations and maintenance (O&M) of the subsurface portions of the Project Site.
- Pursuant to the CMA, Master Developer will negotiate and recommend to the Authority modifications to the existing Tetra Tech contract as well as renewals of the current environmental insurance contracts (including the renewal or replacement of the AIG and PARLL policies) as necessary to complete the Remedial Work, secure and maintain necessary DTSC approvals and manage the interim operations and maintenance of the existing remedial systems by the environmental contractor. Master Developer will be responsible for working closely with the Authority to define and structure a comprehensive risk management program that will support the completion of the Remedial Work, the required O&M work and the ultimate development of the mixed-use project, including satisfying the long-term financial assurance requirements imposed by DTSC in connection therewith.
- Authority (subject to any requisite DTSC approvals) to make available funds but not City of Carson General Fund revenues, except pursuant to a tax sharing agreement described in Section 2.1.8 above, from the environmental trust account, the bond proceeds account and any available insurance and/or insurance commutation account proceeds (Available Funding) as necessary to complete the design and construction of the outstanding remedial work for the 157 Acre Site, including but not limited to, outstanding remedial work, piles and pile cap installation for individual vertical uses and any required operations and maintenance (OM) costs incurred during the development period (all of the above herein referred to as the Remedial Work). The foregoing shall include all hard and soft costs incurred with respect to such Remedial Work.
- Subject to Available Funding, the Master Developer would receive a reasonable fee for services provided by Master Developer pursuant to the CMA, in amount to be determined.

Completion of Master Development

Master Developer will, with the input and participation of the Authority, prepare and process updates to the existing Carson Marketplace Specific Plan as needed to:

- Activate the entire 157 Acre Site for economic development as soon as currently practicable (provided that no major modifications thereto shall be processed except with the mutual concurrence of Master Developer and Authority).

- Update all Development Agreements to reflect modified Specific Plan, milestones, work previously completed, etc.
- Provide for an Authority approved enhancement or other amenity to be located within the 157 Acre Site designed for the benefit of the Authority and its residents.

Master Developer and Authority to negotiate a Development Agreement to task Master Developer with the design and development of the entire 157 Acre Site for sale/lease to various component users, including but not limited to the freeway frontage parcels for development of factory outlets and other prospective uses.

Services to be provided by the Carson Reclamation Authority include, but are not limited to the following:

- A. Reasonable Assistance. Authority/City shall provide Developer with appropriate and reasonable information and assistance.
- B. Preparation of Instruments. After initial discussions, Authority/City shall prepare an initial draft of a Conveyance Instrument and/or Tax Sharing agreement, if applicable.
- C. Processing Permits. Authority/City shall use reasonable good faith efforts to expeditiously process, or lend reasonable cooperation with other agencies in processing, Developer's Permits.

V. DELIVERABLES PROPOSAL CONTENTS AND FORMAT

While the Authority and Lessor shall endeavor to keep any confidential information private, it reserves the right to release the name of all proposers, as well as a summary of their proposals, to the media, the public, or any party that requests it.

Proposal Format - All written proposals must follow the number order shown below. Please prepare your responses in no less than 12-point Arial type font with not less than a one-inch margin. The total response package should not to exceed thirty (30) typewritten pages for each component, excluding maps, brochures, and other exhibits which may be included with the package. The extra materials, provided they are not part of the submission package, do not count against the requested page limit total.

Written Proposal - Respondents to this RFP must provide written information on how the scope of work requested at the Center will be accomplished and the proposal will be evaluated utilizing the following point system:

1) Project Concept and Goals (10 points)

Please provide the overall project concept for the Project site, including the allocation of the site for the various land uses, by cell. Include the quality level of the product and the market segment you propose with the project, and a brief summary of the ways your entity would further the Scope of Work.

2) Business Plan Outline (30 Points)

The plan should relate the costs to the quality of the retail and/or mixed use development, the market feasibility of the proposed project, and the ability to absorb the Project Site as quickly as possible.

4) Brownfield Experience and Readiness (35 points)

Direct relevant brownfield remediation experience by the Developer, plus the direct complex remediation or risk management experience or expertise by the proposed Environmental Consultant. Maximum score in this category would rely on willingness by the Developer to assume any portion of the environmental risks outlined in the RFQ as the Authority's current responsibilities.

5) Financial Capacity (20 points)

Please provide evidence that the Proposer has the financial capability to fund the horizontal site work, including the installation of the remedial systems, prior to the issuance of an HRE by DTSC, with equity or other means, where the investor/lender does not have an environmental exclusion for the remedial work.

6) Project History, Key Personnel (5 points)

Please provide a full project history for the past ten years. If also a retail center operator, please provide a full list of centers the company owns, including location, type of center, GLA and key anchor tenants. B.) The respondent should submit resumes of key personnel who would manage the project. In addition, the respondent must submit a proposed organizational chart, job descriptions, qualifying experience required for each position.

7) Inviting Innovation (15 points)

Please provide any ideas you may consider as enhancements, changes and/or upgrades to the current adopted Site Plan (either physical improvements or operational concepts), which may improve the existing approved project.

8) Contact Information Sheet and Checklist

The respondent must complete the contact sheet and checklist and include them in the proposal response. The contact information sheet serves as the proposal cover page. (See Contact Information Sheet on page 11 and Checklist on page 12) the City Council, City Attorney or their designees may require such other information as deemed necessary to ascertain the qualifications of the respondent. The decision of the City as to the acceptable qualifications of the respondent shall be final.

VI. PROPOSAL REQUIREMENTS

The following criteria shall be observed:

- The submittal should not exceed 30 pages, single sided (8½" by 11") including an organization chart, staff resumes and appendices, and cover letter.

- ❑ Four (4) original proposals are required. Facsimile (fax) proposals will not be accepted.
- ❑ Proposal shall include the name of the Company submitting the proposal, mailing address, telephone number, and the name of the individual to contact for further information.
- ❑ The Company shall specify key personnel, with resumes, to be assigned to manage the Center.
- ❑ All proposals must be received in the City of Carson, Department of Community & Economic Development by **4:00 P.M., Thursday, July 28, 2016**. Proof of receipt before the deadline is a City of Carson date stamp. Proposals must be submitted to:

Carson Reclamation Authority
 City of Carson, Department of Community Development
 701 E. Carson Street Way
 Carson, CA 90745
 Attn: John Raymond, Executive Director
 jraymond@carson.ca.us

- ❑ In order to streamline the flow of information to interested developers, the Authority has designated the Primary Contact. Specific questions in regards to this Request for Proposals should be directed to:

John Raymond, Director of Community Development
 City of Carson
 (310) 952-1773
 jraymond@carson.ca.us

Questions must be submitted in written form, either by e-mail or fax, by **6:00 P.M., Thursday, July 7, 2016 (3 weeks before the proposals are due)**, to receive a formal response. Questions submitted after this deadline will not be responded to.

Proposal Submissions should contain the following:

- Technical proposal – describe in detail your approach and understanding of all necessary tasks and steps to carry out the scope of work;
- Signature authorization (see Attachment A);
- Related Experience; include relevant experience date, name of agency, and reference name/contact information; and,

Important Note: The successful Proposer will be required to enter into a contractual agreement with the City of Carson Reclamation Authority in accordance with the standard Exclusive Negotiating Agreement

VIII. RESPONSIBILITY OF PROPOSER

All project proposers shall be responsible. If it is found that a proposer is found irresponsible (e.g. has not paid taxes, is not a legal entity, submitted a proposal without an authorized signature, falsified any information in the proposal package, etc.), the proposal shall be rejected.

IX. SELECTION OF PROPOSAL(S)

- Each proposal will be reviewed by an evaluation committee to determine if it meets the proposal requirements. Failure to meet the requirements for the Request for Proposals may be cause for rejection of the proposal.
- The evaluation committee may ask for formal oral presentations by the selected companies.
- Final selection of the Master Developer will be determined following review of all proposals and/or formal oral presentations. The evaluation committee will make a recommendation of the selected proposer(s) for a contract to be awarded by the City Council.
- Developers will be selected for final negotiation of a contract based upon the following factors:
 - Ability to Perform Services
 - Credentials and Related Work Experience
 - Ability to Address the Environmental Issues
 - Method Proposed to Complete the Development of the Project Site
- Award of Contract:** It is the City's intent to award a single contract to the company that can best meet the requirements of the Request for Qualifications document. It is anticipated that award of the contract will occur at the next regularly scheduled City Council meeting after the evaluation committee has made their final selection of the company or companies to be recommend for award. The decision of the City Council will be final.
- Additional General Information and General Terms and Conditions can be found in Attachment "C".

CONTACT INFORMATION SHEET

NAME OF ENTITY: _____

CONTACT PERSON: _____

STREET ADDRESS: _____

MAILING ADDRESS (IF DIFFERENT): _____

CITY: _____ STATE: _____ ZIP: _____

OFFICE TELEPHONE: _____

CELL PHONE NUMBER: _____

FAX NUMBER: _____

EMAIL ADDRESS: _____

WEBSITE ADDRESS: _____

TYPE OF ORGANIZATION (PLEASE CIRCLE)

- PUBLIC COMPANY
- PRIVATE OR CLOSELY HELD COMPANY
- LIMITED LIABILITY CORPORATION
- PARTNERSHIP
- REAL ESTATE INVESTMENT TRUST (REIT)
- OTHER

PROPOSAL CONTENTS CHECKLIST:

- A CONTACT SHEET
- B. PROPOSAL CONTENTS CHECKLIST
 - 1. PROJECT DESCRIPTION AND GOALS
 - 2. BUSINESS PLAN
 - 3. READINESS
 - 4. FINANCIAL CAPACITY
 - 5. PROJECT HISTORY. KEY resumes
 - 6. INVITING INNOVATION
 - 7. RESPONDENT SIGNATURE AUTHORIZATION PAGE (See Attachment "A")

ATTACHMENT "A"

**RFP for DEVELOPMENT OF FORMER CAL-COMPACT LANDFILL
SIGNATURE AUTHORIZATION**

PROPOSER:

- A. I hereby certify that I have the authority to offer this proposal to the City of Carson and the Carson Reclamation Authority for the above listed individual or company. I certify that I have the authority to bind myself/this company in a contract should I be successful in my proposal.

SIGNATURE

- B. The following information relates to the legal contractor listed above, whether an individual or a company. Place check marks as appropriate:

- 1. If successful, the contract language should refer to me/my company as:

An individual;
 A partnership, Partners' names: _____

 A company;
 A corporation

- 2. My tax identification number is: _____

**CARSON RECLAMATION AUTHORITY
REQUEST FOR QUALIFICATIONS AND CONCEPTUAL PROPOSALS
DEVELOPMENT OF FORMER CAL-COMPACT LANDFILL**

EVALUATION CHECKLIST

PROPOSER: _____

Criteria	Maximum Points	Points Awarded	Key Comments/Requirements
<i>Project Concept and Goals</i>	5 points		What is the type and quality of the project proposed?
<i>Business Plan Outline</i>	30 Points		Does the plan have demonstrated market feasibility? Can the developer absorb the Project Site quickly implementing the Plan?
<i>Brownfield Experience and Readiness</i>	30 points		Does the Proposer have relevant, direct experience? Have they engaged an experienced, qualified advisor?
<i>Financial Capacity</i>	20 points		Does the Proposer have the ability to fund the environmental work?
<i>Performance History, Key Personnel and Reviews/Letters of Support</i>	5 points		Does the plan include a list of projects developed or operated over the past ten years? Has the respondent submitted resumes of key personnel who would manage the project?
<i>Inviting Innovation</i>	10 points		Did the proposal include and defend any ideas for enhancements or changes to the Specific Plan?
<i>Contact Information Sheet and Checklist</i>	N/A		Did the respondent complete the contact sheet and checklist and include them in the proposal response?
<i>Total Points</i>	100 points		

Name of Evaluator: _____ Date: _____

Exhibit 2 Map of Installed Landfill Gas System

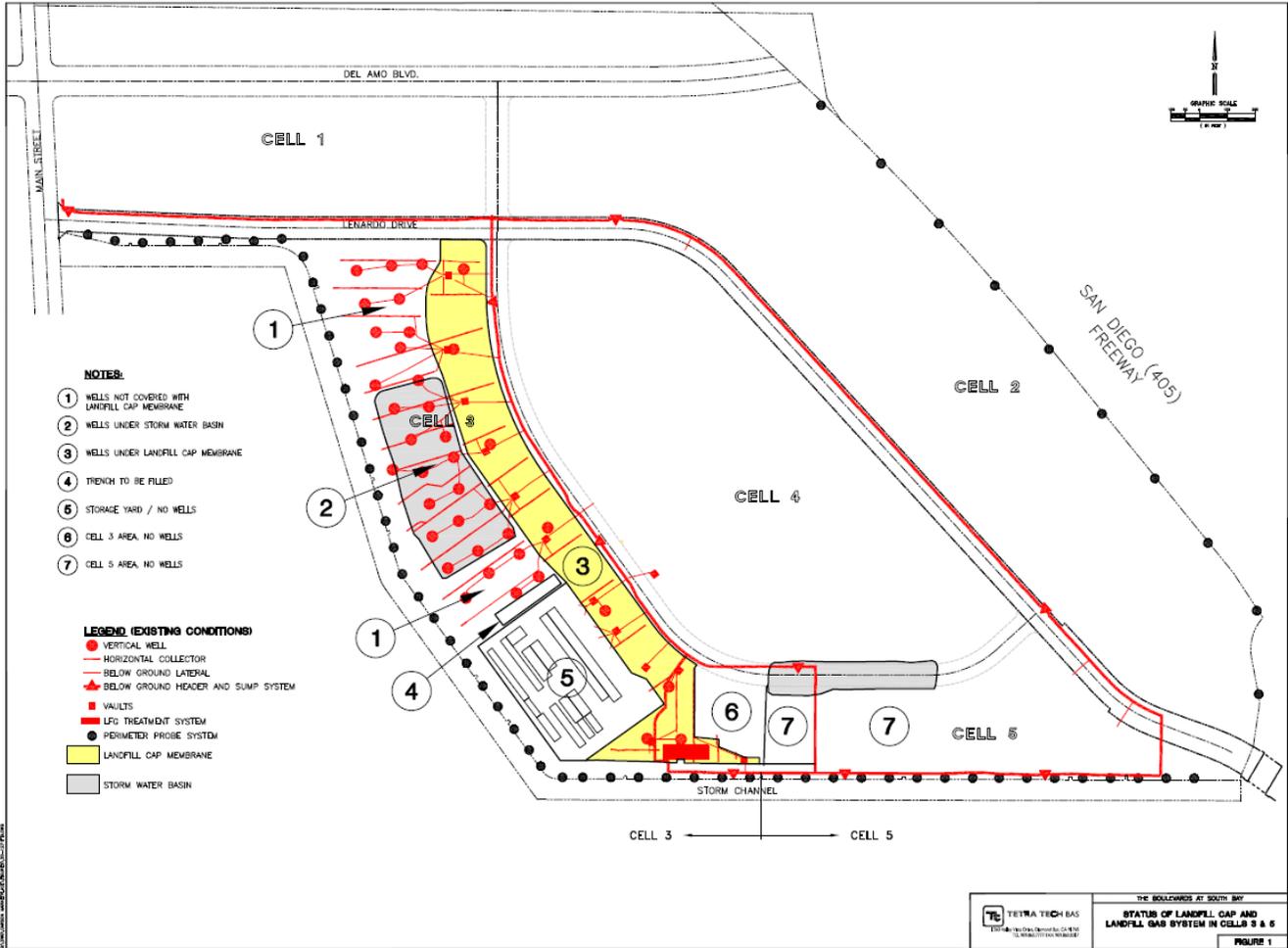
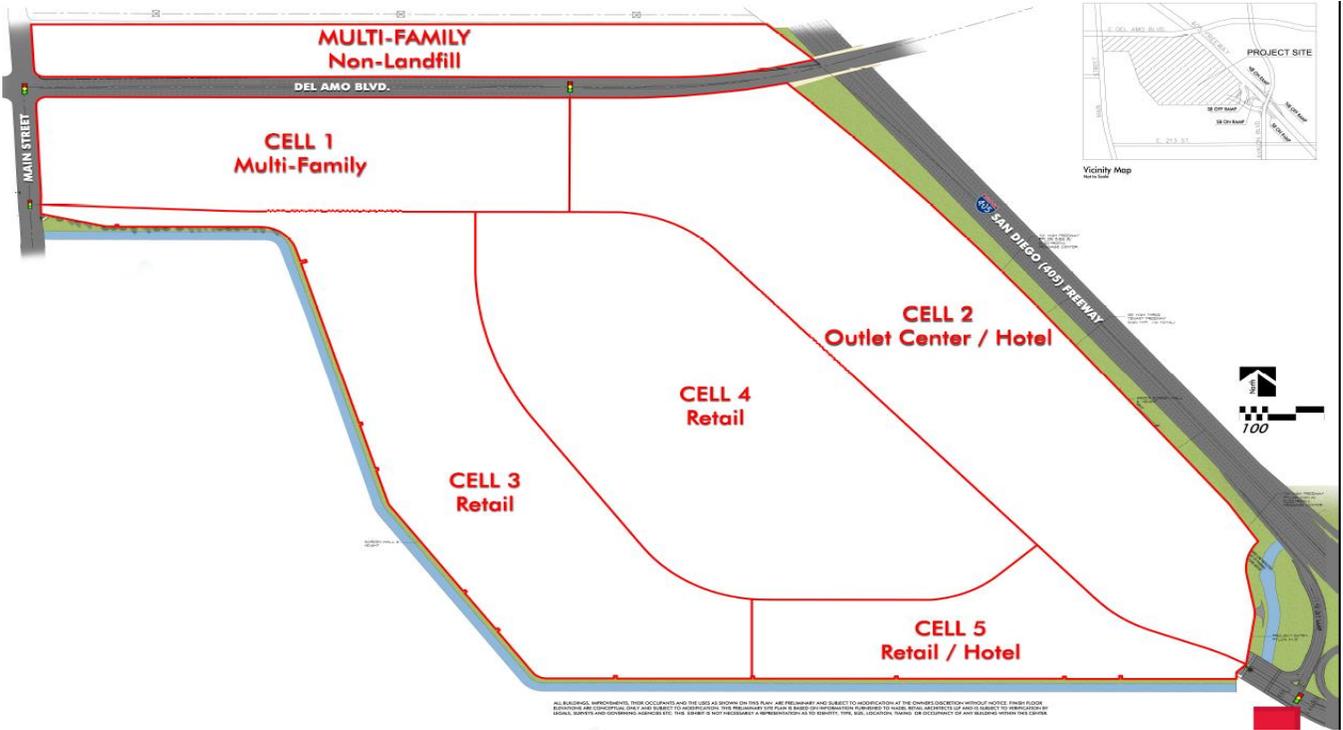


Exhibit 3 Configuration of Landfill Cells



Appendix D

Proposed Timeline for Cell 2 Development

TIMELINE FOR BROWNFIELD DEVELOPMENT PROJECT (FASHION OUTLETS OF LA)

Milestones	Completion Date
<u>SIGNED EXCLUSIVE NEGOTIATING AGREEMENT (ENA)</u>	July 2016
COMMENCE UPDATE OF PHASED DEVELOPMENT PLAN (Phased Development Plan).....	July 2016
COMMENCE NEGOTIATION OF DEVELOPMENT AGREEMENT TERMS	July 2016
COMMENCE REFINED DESIGN - ARCH & ENGINEERING	August 2016
COMMENCE DESIGN REVISIONS OF REMEDIAL SYSTEMS	September 2016
COMPLETE NEGOTIATION OF DEVELOPMENT AGREEMENT TERMS	November 2016
COMPLETE UPDATE OF PHASED DEVELOPMENT PLAN (Phased Development Plan)	November 2016
<u>APPROVE MOU BETWEEN CITY AND MACERICH TO MOVE TO “ADDITIONAL PERIOD”</u>	November 2016
<u>SUBMIT REVISED Phased Development Plan TO DTSC FOR REVIEW AND APPROVAL</u>	November 2016
COMPLETE REFINED DESIGN - ARCH & ENGINEERING	December 2016
SCHEMATIC DESIGN PROFORMA AND COST PRECON WORK.....	January 2017
<u>APPROVAL OF REVISED Phased Development Plan BY DTSC (Estimated)</u>	February 2017
COMPLETE DESIGN REVISIONS OF REMEDIAL SYSTEMS	February 2017
COMMENCE FULL DESIGN OF PROJECT, PILE ENGINEERING.....	February 2017
SUBMIT DESIGN REVISIONS OF REMEDIAL SYSTEMS TO DTSC.....	March 2017
COMMENCE PROCESSING OF PLANNING APPROVALS AND PERMITS	March 2017
COMPLETE FULL DESIGN OF PROJECT, PILE ENGINEERING	April 2017
<u>APPROVAL OF DESIGN REVISIONS OF REMEDIAL SYSTEMS BY DTSC</u>	April 2017
COMMENCE PROJECT APPROVAL HEARING PROCESS WITH AGENCIES (PLANNING COMMISSION, CITY COUNCIL).....	June 2017
COMPLETE PROJECT APPROVAL HEARING PROCESS WITH AGENCIES.....	August 2017

**APPROVAL AND EXECUTION OF DEVELOPMENT AGREEMENT,
CONVEYANCE INSTRUMENT**

August 2017

COMMENCE CELL 2 REGRADING	October 2017
COMMENCE PILE FABRICATION.....	November 2017
COMPLETE CELL 2 REGRADING	November 2017
COMMENCE PILE INSTALLATION AND LINER WITH BOOT.....	January 2018
COMPLETE PILE FABRICATION	March 2018
COMPLETE PILE INSTALLATION AND LINER WITH BOOT	September 2018
COMMENCE CONCRETE PODIUM.....	September 2018
COMMENCE PREPARATION OF CELL 2-SPECIFIC HEALTH RISK ASSESSMENT (HRA)	September 2018

**HRA APPROVAL BY DTSC, ALLOWS VERTICAL CONSTRUCTION
WITH NON-HAZWOPER TRAINED WORKER**

January 2019

COMMENCE VERTICAL CONSTRUCTION	January 2019
COMPLETE CONCRETE PODIUM	March 2019
COMPLETE VERTICAL CONSTRUCTION	October 2019
DTSC APPROVES CONSTRUCTION COMPLETION REPORT	November 2019

**RECLAMATION AUTHORITY FILES BROWNFIELD DEVELOPMENT
FINAL REPORT TO CAL ReUSE PROGRAM PURSUANT TO
SECTION 5.3 OF THE GRANT AGREEMENT**

December 2019

START OF TENANT CONSTRUCTION.....	October 2019
GRAND OPENING	June 2020

Note: Bolded and Underlined milestones represent contractual or regulatory milestones; all others are construction or entitlement-related milestones.

All Dates in “Commence” milestones are the beginning of the month; all dates in “Complete” milestones are the end of the month.

COMMUNITY FACILITIES DISTRICT REPORT

**Community Facilities District
No. 2012-1 of the City of Carson
(The Boulevards at South Bay –
Remedial Systems Operations,
Maintenance and Monitoring)**

July 10, 2012

Public Finance
Facilities Planning
Urban Economics

Newport Beach
Fresno
Riverside
San Francisco

**COMMUNITY FACILITIES DISTRICT REPORT
MELLO-ROOS COMMUNITY FACILITIES ACT OF 1982**

**COMMUNITY FACILITIES DISTRICT No. 2012-1 OF THE CITY OF CARSON
(THE BOULEVARDS AT SOUTH BAY – REMEDIAL SYSTEMS
OPERATIONS, MAINTENANCE AND MONITORING)**

Prepared for

**CITY OF CARSON
701 East Carson Street
Carson, CA 90745**

Prepared by

**DAVID TAUSSIG & ASSOCIATES, INC.
5000 Birch Street, Suite 6000
Newport Beach, CA 92660**

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ATTACHMENTS

- Attachment A** Estimated Costs of Pollution Liability Insurance Policy Payments
- Attachment B** Estimated Costs of Long Term Operation, Maintenance, and Monitoring
- Attachment C** Rate and Method of Apportionment
- Attachment D** Assigned Special Taxes for Developed Property
- Attachment E** Boundary Map

I. INTRODUCTION

WHEREAS, the City Council of the City of Carson did, pursuant to the provision of the "Mello-Roos Community Facilities Act of 1982," being Chapter 2.5, Part 1, Division 2 of Title 5 (commencing with Section 53311) of the Government Code of the State of California (hereinafter referred to as the "Act"), and specifically Section 53321.5 thereof, expressly order the filing of a written "Report" with the legislative body of the proposed community facilities district. This community facilities district being Community Facilities District No. 2012-1 of the City of Carson (The Boulevards at South Bay – Remedial Systems OM&M) shall hereinafter be referred to as:

"CFD No. 2012-1"; and,

WHEREAS, Resolution No. 12-043, "A RESOLUTION OF INTENTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, TO ESTABLISH COMMUNITY FACILITIES DISTRICT NO. 2012-1 OF THE CITY OF CARSON (THE BOULEVARDS AT SOUTH BAY – REMEDIAL SYSTEMS OPERATIONS, MAINTENANCE AND MONITORING) AND TO AUTHORIZE THE LEVY OF A SPECIAL TAX WITHIN SAID DISTRICT PURSUANT TO THE MELLO ROOS COMMUNITY FACILITIES ACT OF 1982" (hereinafter referred to as the "Resolution of Intention"), adopted by Council on April 17, 2012, did direct that the Report generally contain the following:

1. A brief description of the maintenance services which will be required to adequately meet the needs of CFD No. 2012-1; and
2. An estimate of the cost of funding the maintenance services, including an estimate of the fair and reasonable cost of completed facilities purchases and the incidental expenses proposed to be paid.

WHEREAS, City staff has hereby directed David Taussig & Associates, Inc. to study the proposed CFD No. 2012-1 and, at or before the time of the public hearing on the establishment of CFD No. 2012-1, file the Report with the Council pursuant to the provisions of the Resolution of Intention.

NOW, THEREFORE, David Taussig & Associates, Inc. does hereby submit the Report.

II. PROJECT DESCRIPTION

CFD No. 2012-1 encompasses approximately 157.3 gross acres of land in the City of Carson (hereinafter referred to as the "City") located west of the I-405 San Diego Freeway and south of Del Amo Boulevard. Of this acreage, approximately 146.1 acres are expected to be developed into uses subject to a Mello-Roos Special Tax¹. At buildout, it is currently anticipated that CFD No. 2012-1 will consist of approximately 587 apartment units, approximately 1,374,784 leasable square feet of commercial, retail and entertainment uses, and a 120-room hotel on the Boulevards at South Bay site.

1 Please note that all capitalized terms used herein, unless otherwise indicated, shall have the meanings defined in the Rate and Method of Apportionment for CFD No. 2012-1.

III. DESCRIPTION AND ESTIMATED COSTS OF PUBLIC SERVICES

A community facilities district may provide for the purchase, construction, expansion or rehabilitation of any real or tangible property, including public facilities and infrastructure improvements, with an estimated useful life of five (5) years or longer, which is necessary to meet increased demands placed upon local agencies as a result of development or rehabilitation occurring within the community facilities district. In addition, a community facilities district may pay in full all amounts necessary to eliminate any fixed special assessment liens or to pay, repay, or defease any obligation to pay for any indebtedness secured by any tax, fee, charge, or assessment levied within the area of the community facilities district. A community facilities district may also provide for financing of certain services to meet these demands.

Pursuant to Section 53313(f) of the Act, a community facilities district may finance services with respect to removal or remedial action (as defined in Sections 25322 and 25323 of the California Health & Safety Code) for the cleanup of any hazardous substance (as defined in Section 25281 of the California Health & Safety Code) released or threatened to be released into the environment. Such services include the maintenance and monitoring of such work. Such services are additional services not available in the territory prior to the creation of CFD No. 2012-1. Pursuant to Section 53313.5(k) of the Act, such services may take place on private property.

A. Description of Public Services

The general description of the public services proposed to be eligible for funding by CFD No. 2012-1, as identified in the Resolution of Intention, shall consist of those listed below (the "Services"). The City anticipates entering into an agreement with the property owner and/or other entities in order to provide funding for the Services as authorized services of CFD No. 2012-1, and to confer upon the City full power to provide funding for the Services solely from the proceeds of any Special Taxes authorized to be levied against property within CFD No. 2012-1.

Maintenance Services

The operation, maintenance and monitoring of the remedial systems installed within CFD No. 2012-1, as those terms are described in the Owner Participation Agreement (as defined in the Rate and Method of Apportionment), so long as such services constitute services within the meaning of Section 53313(f) and 53313.5(k) of the Act.

The Services may include the operation, maintenance and monitoring of the remedial systems and compliance with all environmental regulatory requirements that apply to a subsurface lot that was formerly a landfill (the "Remediation Lot"), for the benefit of the owners of the real property and airspace located above the Remediation Lot, to maintain environmental liability insurance to assess potential claims arising from pollution conditions on the Remediation Lot, and to maintain appropriate reserves to fund the obligations of the services required by a non-profit corporation or other entity to operate and monitor the remedial systems. Remedial systems include (a) a landfill cap (geomembrane) and other associated protective systems and layers over existing waste, (b) an active gas collection and treatment system, designed to remove

landfill gasses including methane and volatile organic compounds migrating upward from under the landfill cap, (c) a groundwater collection and treatment system designed to contain the groundwater plume and treat the extracted groundwater prior to discharge, (d) a building protection system consisting of a secondary membrane liner adhered to foundation slabs, passive venting systems and monitoring equipment to be installed in the buildings to be built on the land and (e) an operations center for the monitoring and operation of the remedial systems and components of the landfill gas system and groundwater system. All insurance, operations and monitoring must be pursuant to agreements and policies appropriate and required for the type of services contemplated.

All remediation monitoring systems shall be as required pursuant to the Remedial Action Plan approved by the Department of Toxic Substances Control on October, 25, 1995 ("Remediation Plan"), as amended by the Explanation of Significant Differences from the Remediation Plan, executed on July 31, 2009, as said plans may be implemented and amended from time to time.

**Boulevards at South Bay – Operation, Maintenance
& Monitoring (OM&M) Annual Expenditures**

Task No.	Major Scope Element
1.0	GENERAL TASKS AND ELEMENTS
1.1	Project Management for Insured Scope Items
1.2	Development Team Coordination for Insured Items
1.3	Document Compilation and Data Management for Insured Scope Items
1.4	Permitting for Ground Water Insured Scope Items
1.5	Regulatory Agency Oversight Fees for O&M and Environmental Assurance Agreement
2.0	REMEDIAL ACTION
2.1	Remedial Design - Ground Water
2.2	Groundwater Containment, Ex. And Treatment System
3.0	OPERATIONS AND MAINTENANCE
3.1	Land Fill Gas Collection and Treatment System (O&M)
3.2	LFG Collection and Treatment System LTM/R
3.3a	GW Containment, Ex., and Treatment System (O&M)
3.3b	GW Containment, Ex., and Treatment System (O&M)
3.4	GW Containment, Ex., and Treatment System (LTM/R)
3.5	Landfill Cap Observations and Monitoring
3.6	Landfill Cap Repairs
3.7	Storm water Monitoring and Reporting
3.8	Building Protection System O&M
3.9	Institutional Control Plan

Incidental Expenses

Incidental expenses proposed to be incurred include the following:

- (a) the cost of planning and administrating services to be funded, including the cost of environmental evaluations of those services;
- (b) the cost of insuring services to be funded, including clean up cost cap insurance and pollution and remediation legal liability policy insurance;
- (c) the costs associated with the creation of CFD No. 2012-1, determination of the amount of Special Taxes, collection of Special Taxes, payment of Special Taxes, or costs otherwise incurred in order to carry out the authorized purposes of CFD No. 2012-1; and
- (d) any other expenses incidental to the construction, completion, and inspection of the authorized work.

B. Estimated Costs of Public Services

CFD No. 2012-1 is expected to finance the annual costs to provide the Services described in Section A above. The Assigned Special Taxes within CFD No. 2012-1 have been established to pay for the costs to provide these Services up to \$1,000 per unit of Residential Property, up to \$800 per hotel room, and up to \$0.75 per square foot of Non-Residential Leasable Area per year. These amounts shall be increased based on the percentage change in the Consumer Price Index, provided that the maximum annual increase is no greater than six percent (6%) and no less than zero percent (0%) of the amounts in effect for the previous Fiscal Year, starting July 1, 2013.

The annual Special Tax levy is anticipated to begin at approximately \$500,000 in Fiscal Year 2015-16 and 80% or more would pay to accumulate future reserves including, but not limited to, future pollution liability insurance policy payments and future operation, maintenance, and monitoring of the remedial systems for and extraordinary costs related to the remedial systems installed within CFD No. 2012-1 pursuant to the Special Tax Agreement (as defined in the Rate and Method of Apportionment) to be entered into with the owner of the Remediation Lot. In future years the annual Special Tax levy could generate revenues in excess of \$2 Million per year. The actual costs to provide the Services may/will vary over time, and there is no guarantee that the Special Tax revenues will be sufficient to cover the actual costs to provide such Services. There is a Backup Special Tax if the levy of the Assigned Special Taxes is insufficient to cover the costs to provide the Services. Additionally, the property owner will also arrange for a backup special assessment by a property owner association or other methodology to the extent Special Taxes are not collected or are insufficient to cover the costs to provide the Services.

Refer to Attachment A for an estimate of the pollution liability insurance policy payments authorized to be financed by CFD No. 2012-1. Additionally, refer to Attachment B for an estimate of the long term operation, maintenance, and monitoring costs authorized to be financed by CFD No. 2012-1. The costs identified in Attachment A and Attachment B are estimates only, based upon current maintenance estimates, and actual costs may differ from those estimates therein based upon future economic conditions.

IV. BONDED INDEBTEDNESS AND INCIDENTAL EXPENSES

A. Projected Bond Sales

CFD No. 2012-1 is not authorized to sell bonds.

B. Incidental Expenses to be Included in the Annual Levy of Special Taxes

Pursuant to Sections 53317 and 53340 of the Act, the proceeds of any special tax may only be used to pay, in whole or part, the costs of providing public facilities, services and incidental expenses. As defined by the Act, incidental expenses include, but are not limited to, the costs of planning and designing public facilities to be financed, including the costs of environmental evaluations of those public facilities; the costs associated with the creation of the district, issuance of bonds, determination of the amount of taxes, collection of taxes, payment of taxes, or costs otherwise incurred in order to carry out the authorized purposes of the district; any other expenses incidental to the construction, completion, and inspection of the authorized work; and the costs associated with the retirement of existing bonded indebtedness. While the actual costs of administering CFD No. 2012-1 may vary, it is anticipated that the amount of Special Taxes which can be collected will be sufficient to fund at least \$50,000 in annual administrative expenses.

V. RATE AND METHOD OF APPORTIONMENT

All of the property located within CFD No. 2012-1, unless exempted by law or by the Rate and Method of Apportionment, shall be taxed for the purpose of funding Services authorized to be financed by CFD No. 2012-1. Pursuant to Section 53325.3 of the Act, the tax imposed “is a special tax and not a special assessment, and there is no requirement that the tax be apportioned on the basis of benefit to any property.” The special tax “may be based on benefit received by parcels of real property, the costs of making authorized facilities or authorized services available to each parcel or other reasonable basis as determined by the legislative body,” although the special tax may not be apportioned on an ad valorem basis pursuant to Article XIII A of the California Constitution.

As shown in Attachment C, the proposed Rate and Method of Apportionment provides information sufficient to allow each property owner within CFD No. 2012-1 to estimate the maximum annual Special Tax he or she will be required to pay. Sections A through D below provide additional information on the Rate and Method of Apportionment.

A. Explanation for Special Tax Apportionment

When a community facilities district is formed, a special tax may be levied on each parcel of taxable property within the community facilities district to pay for the construction, acquisition and rehabilitation of public facilities, to pay for authorized services or to repay bonded indebtedness or other related expenses incurred by a community facilities district. This special tax must be apportioned in a reasonable manner; however, the tax may not be apportioned on an ad valorem basis.

When more than one type of land use is present within a community facilities district, several criteria may be considered when apportioning the special tax. Generally, criteria based on building square footage, acreage, and land use are selected, and categories based on such criteria are established to differentiate between parcels of property. These categories are a direct result of the projected product mix, and are reflective of the proposed land use types within that community facilities district. Specific special tax levels are assigned to each land use class, with all parcels within a land use class assigned the same special tax rate.

The Act does not require that special taxes be apportioned to individual parcels based on benefit received. However, in order to insure fairness and equity, benefit principles have been incorporated in establishing the Special Tax rates for CFD No. 2012-1. The major assumption inherent in the Special Tax rates set forth in the Rate and Method of Apportionment is that the level of benefit received from the proposed Services is a function of land use and/or product type. More specifically, benefits from public services for residential and non-residential development tend to vary with building size and type of unit. Larger buildings will generally receive greater benefit than smaller buildings.

Therefore, Special Tax rates have been established for residential and non-residential land use classes for CFD No. 2012-1. In addition, in order to ensure fairness, the Special Tax rates are uniformly applied within each land use class. The Special Tax for an Assessor’s Parcel of Residential Property in CFD No. 2012-1 will vary directly with the

number of units on such parcel. The Special Tax for an Assessor's Parcel of Hotel Property in CFD No. 2012-1 will vary directly with the number of hotel rooms on such parcel. The Special Tax for an Assessor's Parcel of Non-Residential Property in CFD No. 2012-1 will vary directly with the amount of Non-Residential Leasable Area on such parcel.

Based on the types of Services that are proposed for CFD No. 2012-1 and the factors described above, the Special Taxes assigned to Developed Properties are generally proportionate to the relative benefits received by them, and, accordingly, the Special Taxes in CFD No. 2012-1 can be considered fair and reasonable.

B. Maximum Special Tax for Developed Property

Pursuant to the Rate and Method of Apportionment, the Maximum Special Tax for each Assessor's Parcel classified as Developed Property shall be the greater of (i) the amount derived by application of the Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax.

Attachment D lists the Fiscal Year 2012-13 Assigned Special Tax that may be levied on each Assessor's Parcel classified as Developed Property within CFD No. 2012-1 to fund the Special Tax Requirement (although as referenced in Section III.B herein, and subject to change, the Special Tax levy is anticipated to begin in Fiscal Year 2015-16). The Special Taxes for an Assessor's Parcel of Developed Property cannot exceed the rates shown in Attachment D, except when the Backup Special Tax is applied. The Fiscal Year 2012-13 Backup Special Tax for an Assessor's Parcel of Developed Property shall equal \$16,560 per Acre.

On each July 1, commencing on July 1, 2013, the Assigned Special Tax and the Backup Special Tax shall be increased based on the percentage change in the Consumer Price Index; provided that the maximum annual increase is no greater than six percent (6%) and no less than zero percent (0%) of the amounts in effect for the previous Fiscal Year.

C. Maximum Special Tax for Undeveloped Property

The Fiscal Year 2012-13 Maximum Special Tax for an Assessor's Parcel of Undeveloped Property shall equal \$16,560 per Acre. On each July 1, commencing on July 1, 2013, the Maximum Special Tax for an Assessor's Parcel of Undeveloped Property shall be increased based on the percentage change in the Consumer Price Index; provided that the maximum annual increase is no greater than six percent (6%) and no less than zero percent (0%) of the amounts in effect for the previous Fiscal Year.

D. Accuracy of Information

In order to establish the Maximum Special Tax rates for CFD No. 2012-1 as set forth in the Rate and Method of Apportionment, David Taussig & Associates, Inc. has relied on information including, but not limited to, absorption, land-use types, building square footage, and net taxable acreage provided to it by others, including the developer. David Taussig & Associates, Inc. has not independently verified such data and disclaims responsibility for the impact of inaccurate data, if any, on the Rate and Method of

Apportionment for CFD No. 2012-1, including the inability to meet the financial obligations within CFD No. 2012-1.

VI. BOUNDARIES OF COMMUNITY FACILITIES DISTRICT

The boundaries of CFD No. 2012-1 include all land on which the Special Taxes may be levied. A reduced scale map showing the boundaries of CFD No. 2012-1 is provided as Attachment E. A full scale map is on file with the City Clerk of the City of Carson and was recorded on April 18, 2012 at 4:17pm in the Los Angeles County Recorder's Office in Book 193 of Maps of Assessment and Community Facilities Districts at Pages 69 & 70 (Document No. 20120580929).

VII. GENERAL TERMS AND CONDITIONS

A. Substitution of Services

The descriptions of the Services, as set forth herein, are general in their nature. The City may modify the Services provided and any such substitution shall not be a change or modification in the proceedings as long as the services provide a function substantially similar to that as set forth in this Report.

B. Appeals and Interpretations

Pursuant to Section F of the Rate and Method of Apportionment, any landowner, lessee or resident who feels that the amount of the Special Tax levied on his/her Assessor's Parcel is in error may file a written appeal with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During the pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, the CFD Administrator shall eliminate or reduce the Special Tax on the appellant's property and/or provide a refund to the appellant as appropriate. If the CFD Administrator disagrees with the appellant and the appellant is dissatisfied with the determination, the appellant then has 30 days in which to appeal to the Council by filing a written notice of appeal with the City Clerk, provided that the appellant is current in his/her payments of Special Taxes. This second appeal must specify the reasons for its disagreement with the CFD Administrator's determination.

The CFD Administrator may interpret this Rate and Method of Apportionment for purposes of clarifying any ambiguity and make determinations relative to the annual administration of the Special Tax and any landowner, lessee or resident appeals. Any decision of the CFD Administrator shall be subject to appeal to the Council whose decision shall be final and binding as to all persons.

[http://localhost/resources/Clients/Carson/Mello/Boulevards/CFD Report/Carson CFD No. 2012-1 \(Boulevards\) CFD Report \(3\).docx](http://localhost/resources/Clients/Carson/Mello/Boulevards/CFD Report/Carson CFD No. 2012-1 (Boulevards) CFD Report (3).docx)
Printed: July 10, 2012

ATTACHMENT A

**COMMUNITY FACILITIES DISTRICT No. 2012-1 OF THE CITY OF CARSON
(THE BOULEVARDS AT SOUTH BAY – REMEDIAL SYSTEMS OM&M)**

**ESTIMATED COSTS OF POLLUTION LIABILITY INSURANCE
POLICY PAYMENTS**

**COMMUNITY FACILITIES DISTRICT NO. 2012-1
REMEDIAL SYSTEMS OPERATIONS, MAINTENANCE and MONITORING (OMM)
(PROVIDED BY THE DEVELOPER)
ATTACHMENT A**

An ongoing requirement for the Boulevards at South Bay project (BSB) is for a Pollution Legal Liability (PLL) insurance policy to be in place in the aggregate policy amount of One Hundred Million Dollars (\$100,000,000). This coverage is available for third-party claims for bodily injury, property damage and clean-up costs arising from on-site or off-site pollution conditions.

The intention of the ownership is to renew the PLL policy at ten (10) year intervals at the same coverage amount. Current ownership of BSB has procured the existing PLL policy through Marsh Environmental, a global leader in insurance brokerage and risk management. Marsh is a wholly-owned subsidiary of Marsh & McLennan companies (NYSE: MMC). The current PLL policy will need to be renewed in the year 2016.

Based upon research performed by current ownership of BSB, in conjunction with Marsh Environmental, a projection of future insurance premiums has been completed. Research over the past ten years has shown a decrease in the cost of PLL policy premiums by 35%. This decrease has occurred due to a combination of increased competition within the environmental insurance industry as well as greater knowledge of risks and liability related to environmentally challenged properties.

While the expectation within the insurance industry is for policy premiums to continue to decrease (due to a greater body of knowledge being attained), the current ownership has conservatively projected an annual rate of increase of 2.0% over the term of the CFD. With this annual inflator amount, PLL insurance premiums are forecasted at the following amounts (renewals in ten year increments and a current policy renewal rate of \$3,000,000):

Year 2016	\$3,247,296
Year 2026	\$3,694,541
Year 2036	\$4,503,624
Year 2046	\$5,489,893

Note: All estimated costs are subject to periodic review by The Boulevards at South Bay Nonprofit Corp., the entity which will be administering the CFD revenue for the project.

ATTACHMENT B

**COMMUNITY FACILITIES DISTRICT No. 2012-1 OF THE CITY OF CARSON
(THE BOULEVARDS AT SOUTH BAY – REMEDIAL SYSTEMS OM&M)**

**ESTIMATED COSTS OF LONG TERM OPERATION, MAINTENANCE,
AND MONITORING**

**COMMUNITY FACILITIES DISTRICT NO. 2012-1
REMEDIAL SYSTEMS OPERATIONS, MAINTENANCE and MONITORING (OMM)
(PROVIDED BY THE DEVELOPER)
ATTACHMENT B**

<u>Task No.</u>	<u>Major Scope Element</u>	<u>Estimated Total Costs</u>		
		<u>(1)</u> <u>2007</u>	<u>(2)</u> <u>2012</u>	<u>(2)</u> <u>2029</u>
1.0	GENERAL TASKS AND ELEMENTS			
1.1	Project Management for Insured scope Items	\$ 66,581	\$ 72,712	\$ 120,182
1.2	Development Team Coordination for Insured Items	\$ -	\$ -	\$ -
1.3	Document Compilation and Data Management for Insured Scope Items	\$ 20,273	\$ 22,140	\$ 36,595
1.4	Permitting for Ground Water Insured Scope Items	\$ -	\$ -	\$ -
1.5	Regulatory Agency Oversight Fees for O&M - EAA	\$ 110,919	\$ 121,133	\$ 200,215
2.0	REMEDIAL ACTION			
2.1	Remedial Design - Ground Water	\$ -	\$ -	\$ -
2.2	Groundwater Containment -Ex and Treatment System	\$ -	\$ -	\$ -
3.0	OPERATIONS AND MAINTENANCE			
3.1	Landfill Gas Collection and Treatment System (O&M)	\$ 408,103	\$ 445,685	\$ 736,649
3.2	LFG Collection and Treatment System (O&M)	\$ 46,445	\$ 50,722	\$ 83,836
3.3a	GW Containment, Extraction and Treatment System (O&M)	\$ 429,407	\$ 468,951	\$ 775,104
3.3b	GW Containment, Extraction and Treatment System (O&M)	\$ -	\$ -	\$ -
3.4	GW Containment, Extraction and Treatment System (LTM/R)	\$ 108,357	\$ 118,335	\$ 195,590
3.5	Landfill Cap Observations and Monitoring	\$ 68,394	\$ 74,693	\$ 123,455
3.6	Landfill Cap Repairs	\$ 47,164	\$ 51,507	\$ 85,134
3.7	Storm Water Monitoring and Reporting	\$ 13,688	\$ 14,949	\$ 24,708
3.8	Building Protection System (O&M)	\$ 156,741	\$ 171,175	\$ 282,926
3.9	ICP	\$ 66,003	\$ 72,081	\$ 119,139
	TOTAL	\$1,542,076	\$1,684,084	\$2,783,534

Source:

- (1) Estimated stabilized costs in \$2007 provided by property owner and supportive documentation prepared by Tetra Tech, the Environmental Contractor for the Project (NASDAQ: TTEK). These are estimates only and are subject to change.
- (2) Estimated Costs have been increased through 2012 based on the actual change in the Consumer Price Index for the Los Angeles area, and escalated by an annual increase rate of 3.0% thereafter. These are estimates only and are subject to change.

Note: All estimated costs are subject to periodic review by The Boulevards at South Bay Nonprofit Corp., the entity which will be administering the CFD revenue for the project.

Definitions:

GW - groundwater

O&M - Operations and Maintenance

EAA - Environmental Assurance Agreement - Tetra Tech contract (environmental contractor)

LTM/R - Long Term Monitoring and Reporting

ICP - Institutional Control Plan - defined program for notifications in case of an environmental event

ATTACHMENT C

**COMMUNITY FACILITIES DISTRICT No. 2012-1 OF THE CITY OF CARSON
(THE BOULEVARDS AT SOUTH BAY – REMEDIAL SYSTEMS OM&M)**

RATE AND METHOD OF APPORTIONMENT

**RATE AND METHOD OF APPORTIONMENT FOR
COMMUNITY FACILITIES DISTRICT No. 2012-1 OF THE CITY OF CARSON
(THE BOULEVARDS AT SOUTH BAY – REMEDIAL SYSTEMS OM&M)**

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels of Taxable Property in Community Facilities District No. 2012-1 of the City of Carson (The Boulevards at South Bay – Remedial Systems OM&M) ("CFD No. 2012-1") and collected each Fiscal Year commencing in Fiscal Year 2012-13, in an amount determined by the City Council of the City of Carson or its designee, through the application of the Rate and Method of Apportionment as described below. All of the real property in CFD No. 2012-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre" or "Acreage" means the land area expressed in acres of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map or the land area calculated to the reasonable satisfaction of the CFD Administrator using the boundaries set forth on such map or plan.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1 of Division 2 of Title 5 (commencing with Section 53311) of the Government Code of the State of California.

"Administrative Expenses" means the following actual or estimated costs directly related to the administration of CFD No. 2012-1: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of notifying and coordinating with the applicable property owner association, the Boulevards Nonprofit or responsible party for collecting delinquent Special Taxes to fund the maintenance or remediation requirements; the costs to the City, CFD No. 2012-1 or any designee thereof of complying with City or CFD No. 2012-1 disclosure requirements; the costs associated with preparing Special Tax disclosure statements or any State or local requirements related to the Special Tax or CFD No. 2012-2, if any, and responding to public inquiries regarding the Special Taxes; the costs of the City, CFD No. 2012-1 or any designee thereof related to an appeal of the Special Tax; the authorized costs of the Boulevards Nonprofit under the Special Tax Agreement; and the City's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 2012-1 for any other administrative purposes of CFD No. 2012-1, including attorney's fees and other costs related to enforcement of the Special Taxes pursuant to the laws of the State, including but not limited to foreclosure remedies if permitted by law.

"Assessor" means the Office of the Assessor of the County.

"Assessor's Parcel" means a lot or parcel to which an Assessor's parcel number is assigned as determined from an Assessor's Parcel Map or the applicable assessment roll.

"Assessor's Parcel Map" means an official map of the Assessor designating parcels by Assessor's parcel number.

"Assigned Special Tax" means the Special Tax for each Land Use Class of Developed Property, as determined in accordance with Section C below.

"Backup Special Tax" means the Special Tax applicable to each Assessor's Parcel of Developed Property, as determined in accordance with Section C below.

"Below Ground Parcel(s)" means any lot or parcel within CFD No. 2012-1, regardless of ownership, that is located below the surface of the earth. The Below Ground Parcel is known as Lot One of Tentative Tract Map No. 68888 approved by the City's Planning Commission on May 25, 2010, as amended from time-to-time or modified pursuant to a final tract map or precise site plan for such property.

"Boulevards Nonprofit" means a nonprofit corporation formed pursuant to the California Nonprofit Corporations Law to, among other things, assist with the monitoring and maintenance of remediated land and improvements constituting the project in CFD No. 2012-1, and any successor thereto.

"Certificate of Occupancy" means a certificate issued by the City that authorizes the actual occupancy of a residential and/or non-residential structure or facility.

"CFD Administrator" means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

"CFD No. 2012-1" means Community Facilities District No. 2012-1 of the City of Carson (The Boulevards at South Bay – Remedial Systems OM&M).

"City" means the City of Carson, California.

"Consumer Price Index" means, for each Fiscal Year, the annual percentage change in the Consumer Price Index published by the U.S. Bureau of Labor Statistics for All Urban Consumers in the Los Angeles-Riverside-Orange County Area, measured as of the month of January in the calendar year that ends in the previous Fiscal Year. In the event this index ceases to be published, the Consumer Price Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Consumer Price Index for the Los Angeles-Riverside-Orange County Area.

"Council" means the City Council of the City.

"County" means the County of Los Angeles, California.

"Developed Property" means all Assessor's Parcels of Taxable Property for which a Certificate of Occupancy has been issued by the City on or before June 1 of the Fiscal Year preceding the Fiscal Year for which the Special Taxes are being levied. Once an Assessor's Parcel has been designated as Developed Property, it will remain classified as Developed Property.

"Fiscal Year" means the period starting July 1 and ending on the following June 30.

"Hotel Property" means all Assessor's Parcels of Developed Property for which a building permit(s) has been issued by the City permitting the construction of one or more non-residential structures constituting a place of lodging providing sleeping accommodations and related facilities for travelers.

"Land Use Class" means any of the classes listed in Table 1 below.

"Maximum Special Tax" means the maximum Special Tax, determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor's Parcel of Taxable Property.

"Non-Residential Leasable Area" means for Non-Residential Property the total of the leasable area within one or more non-residential structures or facilities. The determination of Non-Residential Leasable Area for an Assessor's Parcel shall be made by reference to the Certificate of Occupancy(s) issued for such Assessor's Parcel and/or to the appropriate records kept by the Building and Safety Division of the Development Services Department, or other applicable City department, as reasonably determined by the CFD Administrator.

"Non-Residential Property" means all Assessor's Parcels of Developed Property for which a building permit(s) has been issued by the City permitting the construction of one or more non-residential structures or facilities, excluding Hotel Property.

"Operations Center Parcel" means property within the boundaries of CFD No. 2012-1 owned by the Boulevards Nonprofit and utilized for the daily operations, maintenance & monitoring of the environmental remediation systems, including the landfill gas collection and treatment system, the groundwater containment and treatment systems, landfill cap monitoring, storm water monitoring and operation and maintenance of the building protection systems.

"Property Owner Association Property" means, for each Fiscal Year, any property within the boundaries of CFD No. 2012-1 that was owned by a property owner association, including any master or sub-association, as of January 1 of the prior Fiscal Year.

"Proportionately" means, for Developed Property, that the ratio of the actual Special Tax levy to the Assigned Special Tax is equal for all Assessor's Parcels of Developed Property. For Undeveloped Property, "Proportionately" means that the ratio of the actual

Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor's Parcels of Undeveloped Property.

"Public Property" means property within the boundaries of CFD No. 2012-1 owned by, irrevocably offered or dedicated to, or for which an easement for purposes of public right-of-way has been granted to, the federal government, the State, the County, the City, or any local government or other public agency, provided that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use.

"Rate and Method of Apportionment" means this Rate and Method of Apportionment for CFD No. 2012-1.

"Residential Property" means all Assessor's Parcels of Developed Property for which a building permit has been issued by the City permitting the construction thereon of one or more attached or detached residential dwelling units, including apartment units which are made available for rental, but not purchase by the general public.

"Special Tax" means the special tax to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property within CFD No. 2012-1 to fund the Special Tax Requirement.

"Special Tax Agreement" means an agreement to be entered into by the City and/or CFD No. 2012-1 and Carson Marketplace, LLC, and/or its successor, a California non-profit corporation to be formed with respect to the remediation lots, in order to provide funding for the operation, maintenance, and monitoring of the remedial systems installed within CFD No. 2012-1 as authorized services of CFD No. 2012-1, and to confer upon the City full power to provide funding for such operation, maintenance, and monitoring of the remedial systems installed within CFD No. 2012-1 solely from the proceeds of any Special Taxes authorized to be levied against Taxable Property within CFD No. 2012-1.

"Special Tax Requirement" means that amount required in any Fiscal Year for CFD No. 2012-1 to: (i) pay directly for pollution liability insurance policy payments pursuant to the Special Tax Agreement and/or other required insurance meeting the requirements of the Act; (ii) pay directly for the annual operation, maintenance, and monitoring of the remedial systems installed within CFD No. 2012-1 pursuant to the Special Tax Agreement; (iii) pay for other maintenance services as described in the Resolution of Intention to form CFD No. 2012-1; (iv) pay for additional future reserves including, but not limited to, future pollution liability insurance policy payments and future operation, maintenance, and monitoring of the remedial systems for and extraordinary costs related to the remedial systems installed within CFD No. 2012-1 pursuant to the Special Tax Agreement; (v) pay Administrative Expenses; (vi) pay for reasonably anticipated Special Tax delinquencies based on the delinquency rate for the Special Tax levy in the previous Fiscal Year, as said levy of delinquencies may be limited by the Act; less (vii) a credit for funds available to reduce the annual Special Tax levy, if any, as determined by the CFD Administrator.

"State" means the State of California.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of CFD No. 2012-1 which are not exempt from the Special Tax pursuant to law or Section E below.

"Undeveloped Property" means, for each Fiscal Year, all Taxable Property not classified as Developed Property.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, all Taxable Property within CFD No. 2012-1 shall be classified as Developed Property or Undeveloped Property, and shall be subject to Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to Sections C and D below. Residential Property shall be assigned to Land Use Class 1, Hotel Property shall be assigned to Land Use Class 2 and Non-Residential Property shall be assigned to Land Use Class 3.

C. MAXIMUM SPECIAL TAX

1. Developed Property

(a). Maximum Special Tax

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property shall be the greater of (i) the amount derived by application of the Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax.

(b). Assigned Special Tax

The Assigned Special Tax that may be levied and escalated as explained further in Section C.1.(d) below in any Fiscal Year for each Assessor's Parcel classified as Developed Property is shown below in Table 1.

TABLE 1

**Assigned Special Taxes for Developed Property in
Community Facilities District No. 2012-1**

Land Use Class	Description	Fiscal Year 2012-13 Assigned Special Tax
1	Residential Property	\$1,000 per unit
2	Hotel Property	\$800 per hotel room
3	Non-Residential Property	\$0.75 per square foot of Non-Residential Leasable Area

(c). Backup Special Tax

The Fiscal Year 2012-13 Backup Special Tax for an Assessor's Parcel of Developed Property shall equal \$16,560 per Acre.

(d). Increase in the Assigned Special Tax and Backup Special Tax

On each July 1, commencing on July 1, 2013, the Assigned Special Tax and the Backup Special Tax shall be increased based on the percentage change in the Consumer Price Index; provided that the maximum annual increase is no greater than six percent (6%) and no less than zero percent (0%) of the amounts in effect for the previous Fiscal Year.

(e). Multiple Land Use Classes

In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Class. The Maximum Special Tax levied on an Assessor's Parcel shall be the sum of the Maximum Special Tax for all Land Use Classes located on that Assessor's Parcel. The CFD Administrator's allocation to each type of property shall be final.

2. Undeveloped Property

(a). Maximum Special Tax

The Fiscal Year 2012-13 Maximum Special Tax for an Assessor's Parcel of Undeveloped Property shall equal \$16,560 per Acre.

(b). Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2013, the Maximum Special Tax for Undeveloped Property shall be increased based on the percentage change in the Consumer Price Index provided that the maximum annual increase is no greater than six percent (6%) and no less than zero percent (0%) of the amount in effect for the previous Fiscal Year.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2012-13 and for each following Fiscal Year, the Council shall determine the Special Tax Requirement and shall levy the Special Tax until the total Special Tax levy equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax as needed to satisfy the Special Tax Requirement;

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax for Undeveloped Property;

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased in equal percentages from the Assigned Special Tax up to the Maximum Special Tax for each such Assessor's Parcel;

Notwithstanding the above, under no circumstances will the Special Tax levied in any Fiscal Year against any Assessor's Parcel of residential property for which a Certificate of Occupancy has been issued for private residential use (in accordance with Section 53321 of the Act) be increased by more than ten percent above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults as a consequence of delinquency or default by the owner of any other Assessor's Parcel within CFD No. 2012-1. To the extent that the levy of the Special Tax on residential property is limited by the provision in the previous sentence, the levy of the Special Tax on each Assessor's Parcel of non-residential property shall continue in equal percentages at up to 100% of the Maximum Special Tax.

E. EXEMPTIONS

No Special Tax shall be levied on Below Ground Parcels. Additionally, no Special Tax shall be levied on Public Property, Property Owner Association Property, or an Operations Center Parcel. However, should an Assessor's Parcel no longer be classified as Public Property, Property Owner Association Property or an Operations Center Parcel, it will, from that point forward and without the necessity of any action by the Council, be subject to the Special Tax hereunder.

F. APPEALS AND INTERPRETATIONS

Any landowner, lessee or resident who feels that the amount of the Special Tax levied on his/her Assessor's Parcel is in error may file a written appeal with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During the pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, the CFD Administrator shall eliminate or reduce the Special Tax on the appellant's property and/or provide a refund to the appellant as appropriate. If the CFD Administrator disagrees with the appellant and the appellant is dissatisfied with the determination, the appellant then has 30 days in which to appeal to the Council by filing a written notice of appeal with the City Clerk, provided that the appellant is current in his/her payments of Special Taxes. This second appeal must specify the reasons for its

disagreement with the CFD Administrator's determination.

The CFD Administrator may interpret this Rate and Method of Apportionment for purposes of clarifying any ambiguity and make determinations relative to the annual administration of the Special Tax and any landowner, lessee or resident appeals. Any decision of the CFD Administrator shall be subject to appeal to the Council whose decision shall be final and binding as to all persons.

G. MANNER OF COLLECTION

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 2012-1 may directly bill the Special Tax, and may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, as permitted by the Act.

H. TERM OF SPECIAL TAX

The Council is authorized to levy the Special Tax in perpetuity to fund the Special Tax Requirement.

[http://localhost/resources/Clients/Carson/Mello/Boulevards/RMA/Carson CFD No. 2012-1 \(Boulevards\) RMA Draft 6 - Clean.docx](http://localhost/resources/Clients/Carson/Mello/Boulevards/RMA/Carson CFD No. 2012-1 (Boulevards) RMA Draft 6 - Clean.docx)

ATTACHMENT D

**COMMUNITY FACILITIES DISTRICT No. 2012-1 OF THE CITY OF CARSON
(THE BOULEVARDS AT SOUTH BAY – REMEDIAL SYSTEMS OM&M)**

ASSIGNED SPECIAL TAXES FOR DEVELOPED PROPERTY

**COMMUNITY FACILITIES DISTRICT No. 2012-1 OF THE CITY OF CARSON
(THE BOULEVARDS AT SOUTH BAY – REMEDIAL SYSTEMS OM&M)**

ASSIGNED SPECIAL TAXES FOR DEVELOPED PROPERTY

Land Use Class	Description	Fiscal Year 2012-13 Assigned Special Tax
1	Residential Property	\$1,000 per unit
2	Hotel Property	\$800 per hotel room
3	Non-Residential Property	\$0.75 per square foot of Non-Residential Leasable Area
<p>On each July 1, commencing on July 1, 2013, the Assigned Special Tax shall be increased based on the percentage change in the Consumer Price Index; provided that the maximum annual increase is no greater than six percent (6%) and no less than zero percent (0%) of the amounts in effect for the previous Fiscal Year</p>		

ATTACHMENT E

**COMMUNITY FACILITIES DISTRICT No. 2012-1 OF THE CITY OF CARSON
(THE BOULEVARDS AT SOUTH BAY – REMEDIAL SYSTEMS OM&M)**

BOUNDARY MAP

**PROPOSED BOUNDARIES OF
COMMUNITY FACILITIES DISTRICT NO. 2012-1
OF THE CITY OF CARSON
(THE BOULEVARDS AT SOUTH BAY-REMEDIAL SYSTEMS OM&M)
COUNTY OF LOS ANGELES
STATE OF CALIFORNIA**

COPY of Document Recorded
.....
Has not been compared with original.
Original will be returned with original
processing has been completed.
LOS ANGELES COUNTY REGISTRAR-RECORDER



(1) Filed in the office of the City Clerk of the City of Carson this 17th day of April, 2012.

Donesia Gause
City Clerk, City of Carson

(2) I hereby certify that the within map showing the proposed boundaries of Community Facilities District No. 2012-1 of the City of Carson (The Boulevards at South Bay-Remedial Systems OM&M), County of Los Angeles, State of California, was approved by the Council of the City of Carson at a regular meeting thereof, held on this 17th day of April, 2012, by its Resolution No. 12-043.

Donesia Gause
City Clerk, City of Carson

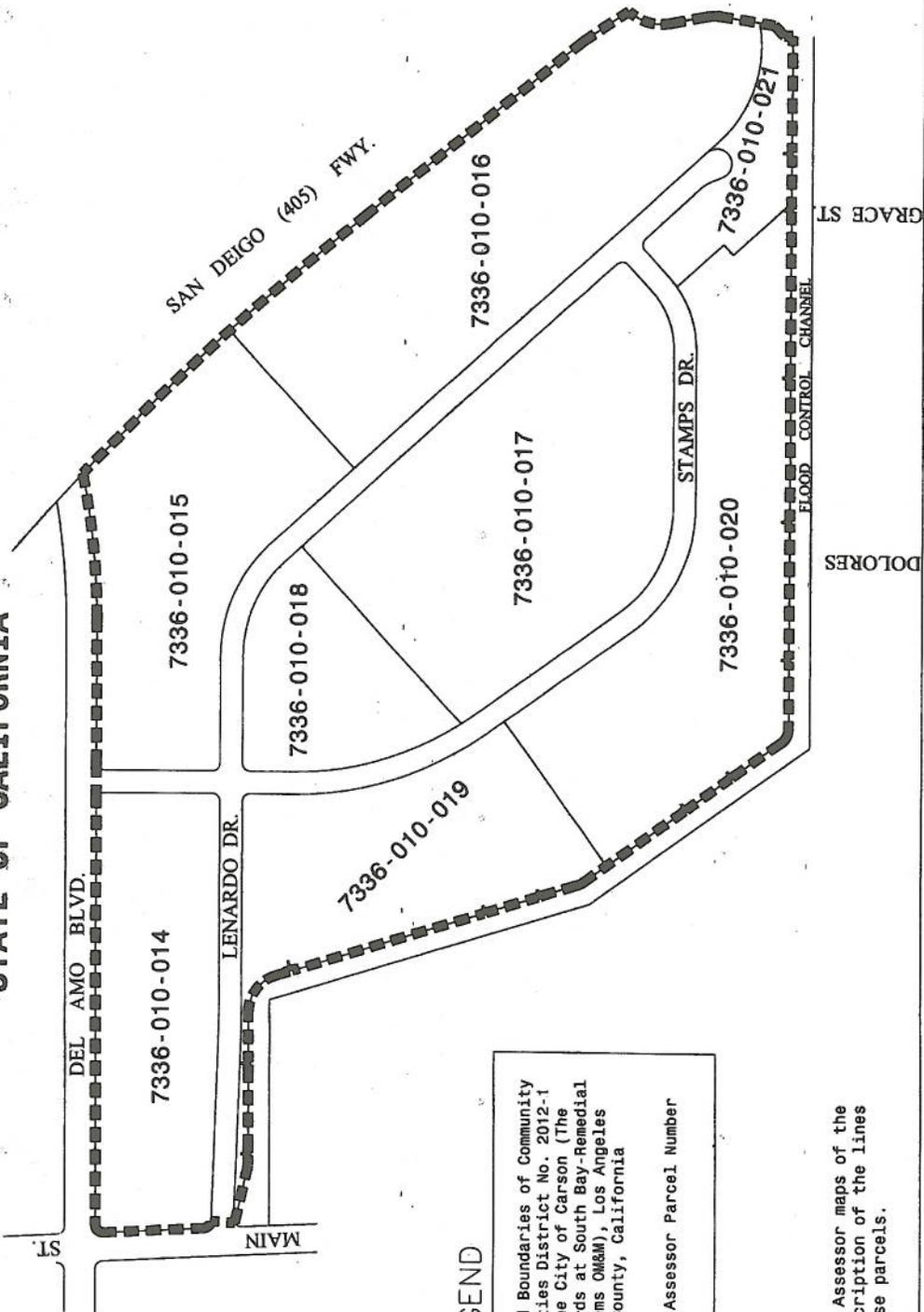
(3) Filed this day of , 2012, at the hour of o'clock m, in Book of Maps of Assessment and Community Facilities Districts at Page and as Instrument No. in the office of the County Recorder in the County of Los Angeles, State of California.

Dean C. Logan
Registrar-Recorder/County Clerk,
County of Los Angeles

By Deputy
Fee

Exempt recording requested,
per CA Government Code §6103

**PROPOSED BOUNDARIES OF
 COMMUNITY FACILITIES DISTRICT NO. 2012-1
 OF THE CITY OF CARSON
 (THE BOULEVARDS AT SOUTH BAY-REMEDIAL SYSTEMS OM&M)
 COUNTY OF LOS ANGELES
 STATE OF CALIFORNIA**



LEGEND

 Proposed Boundaries of Community Facilities District No. 2012-1 of the City of Carson (The Boulevards at South Bay-Remedial Systems OM&M), Los Angeles County, California
 Flood Control Channel
 7336-010-0nn Assessor Parcel Number

Reference is hereby made to the Assessor maps of the County of Los Angeles for a description of the lines and dimensions of these parcels.



CARSON RECLAMATION AUTHORITY

INSURANCE SUBMISSION

ENVIRONMENTAL IMPAIRMENT LIABILITY

August 5, 2016

Presented by:

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INTRODUCTION AND OVERVIEW

Introduction

JLT is pleased to present this submission for Environmental Impairment Liability Insurance for our client, Carson Reclamation Authority (“The Client”). This submission includes specifications for coverage, terms, and conditions that JLT considers minimum requirements for our client’s operations and environmental exposures. We welcome suggestions for alternatives to these minimum specifications that will improve the overall program.

Background and Overview of the Insured

In May 2015, the Carson Reclamation Authority, a joint powers authority, acquired a 157-acre former landfill property from former owner Carson Marketplace, LLC. The Insured Property is located in the City of Carson and operated as a Class II landfill from 1959 until 1965. The site remained undeveloped until 2008, when earthmoving and deep dynamic compaction of the waste began in support of proposed development. This property has undergone extensive characterization and investigation and much of the remedial activity has been already implemented.

The property is approved for a mixed use development. The Client anticipates that the remaining remedial actions and the operation, maintenance and monitoring of the remedial systems will be completed in conjunction with a phased development program at the Property. The history and background of the Property as well as the proposed development program is more fully described in the attached Summary Underwriting Memorandum.

In 2006, Carson Marketplace LLC purchased an environmental liability insurance policy from XL and a follow form excess pollution liability program from Chubb. These policies expire on September 29, 2016 and the Client is now seeking to obtain a replacement policy with coverage terms equal to or better than the current XL/Chubb program. A copy of the current XL and Chubb policies is attached to the Summary Underwriting Memorandum.

The anticipated environmental insurance program will serve as a “bridge” to the ultimate development of the property according to the mixed-use development plan. The Carson Reclamation Authority is currently in negotiations with a retail outlet developer for Cell 2 of the landfill and is seeking master developer candidates for the rest of the site. The Authority seeks the right to cancel and rewrite any pollution insurance programs at the time that development plans have been finalized but prior to the installation of the remedial systems in support of development. In that manner, the pollution program being sought in this submission will serve as a bridge between the expiring XL/Chubb program and any new pollution insurance program that is specifically tailored to support the full implementation of an approved phased development program.

Documents Provided with Submission

JLT will provide access to its web portal which will contain the key documents associated with (i) the environmental issues at, and remedial activities conducted on, the Insured Property, (ii) the remediation agreements in place with Tetra Tech, and (iii) the existing environmental insurance policies relating to the Insured Property. A separate email will be sent with instructions to access JLT's web portal:

In addition, Tetra Tech has maintained its own web portal, which contains its submissions to the DTSC, as well as much of the underlying data supporting such submissions. For access to this web portal, you will need to email a request to JLT, providing the email addresses of everyone you wish to have such access.

Web address: <https://www.tetratech-tbsb.com/default.aspx>

Lastly, the DTSC maintains its own database regarding the remedial activities at the Insured Property:

Web address: http://www.envirostor.dtsc.ca.gov/public/profile_report.asp?global_id=19490019

INSURANCE SPECIFICATIONS

ENVIRONMENTAL IMPAIRMENT LIABILITY

First Named Insured: Carson Reclamation Authority

Mailing Address: 701 E. Carson Street
Carson, California 90745

Website: <http://ci.carson.ca.us/>

Term: (a) 5-years
(b) 10-years

Insured Properties: Please refer to the Insured Property Schedule

Additional Insured: Where required by written contract

Additional Named Insured(s):

- The City of Carson
- Carson Marketplace, LLC
- Carson Redevelopment Agency
- Tetra Tech, Inc.
- Buyer/Developers for Insured Property
- Lenders/Creditors as Mortgagee Additional Named Insureds
- Broad Named Insured language

Relevant Dates:

- **Submission with Memo and Documents:** August 5, 2016
- **Any Questions to JLT/GT:** August 15, 2016
- **Preliminary Indication:** August 22, 2016
- **Site Visit/Underwriter Meetings:** August 30, 2016
- **Bindable Quotes:** September 9, 2016
- **Bind Date:** September 29, 2016

Admitted / Non-Admitted: Admitted where possible

Limit Options: (i) \$25MM / \$25MM
(ii) \$50MM / \$50MM

The Insured potentially desires up to \$100M in total limits. If your company is solely interested in quoting an excess layer only, please advise on or before August 22nd. Please note, however, that preferential consideration for excess coverage will be given to carriers that have provided meaningful quotations for the primary insurance layer.

Deductible / SIR Options: \$250K

Aggregated three (3) times

Maintenance of \$50K

***Note NODS and transportation should have a lower SIR of \$50K

Core Coverages:

Pre-Existing Pollution Conditions

- Cleanup Costs / Remediation Expenses
- Third Party Bodily Injury
- Third Party Property Damage
- *For known conditions, please provide BI, PD and reopener giveback provision upon NFA or comparable document from regulatory agency or upon DTSC certification of completion of each phase of remedial construction (e.g., that a particular cell or portion of the Property is suitable for development and occupancy).*

New Pollution Conditions

- Cleanup Costs / Remediation Expenses
- Third Party Bodily Injury
- Third Party Property Damage
- Substantively the same coverage as in the existing XL PARLL Policy, updated to reflect the more mature status of remedial activities on the insured property.
- Remediation / Cleanup Costs to include Pollution Conditions that are discovered by the Insured or third party claims, including those brought by a regulatory agency or to the extent required by an environmental professional where no agency has jurisdiction..
- Legal Defense Expenses
- Emergency Response Costs
- Catastrophe/Crisis Management Costs
- Blanket Transportation (First party and Third party carrier)
- Non-owned Disposal Sites (Blanket coverage and see NODS Schedule)
- Business Interruption, including loss of rent
 - No co-insurance
 - 3-day wait period
 - Include soft costs
 - Eliminate percentage during period of restoration
- Contingent Business Interruption

Additional Coverages / Coverage Modifications:

- Definition of Cleanup Costs should include the following:
 - Agency oversight costs imposed by a regulatory agency.
 - Costs required by guidance documents or directives, Voluntary cleanup programs or guidance or risk based corrective action programs or guidance.
- Definition of Pollutant/Pollution Condition to include affirmative coverage for landfill gas
- Remediation Expense includes costs incurred by the Insured to repair and/or modify the remediation systems at the Insured Property resulting from damages caused by a third party after DTSC certification of completion of any particular cell or phase of the Insured Property, subject to a Retention Amount of \$500K;
- Remediation Expense includes governmental, judicial or regulatory orders received by the Insured that are issued to address Pollution Conditions
- Definition of Property Damage includes:
 - physical injury to or destruction of tangible property, including the resulting loss of use thereof, and including the personal property of third parties; or
 - loss of use of such property that has not been physically injured or destroyed, including but not limited to third party Business Interruption and Extra Expense; or
 - diminished third party property damage at locations other than those stated in the Pollution Legal Liability and Remediation Legal Liability Schedule; or
 - Diminished Third Party Onsite Property Value; or
 - Natural Resource Damages
- Diminished Third Party Onsite Property Value – means Claims for diminution of third party property value from future condominium owners, commercial property owners and owners of a newly constructed building on the Insured Property as a result of a new release of landfill contaminants, including landfill gas, which occurs during the Policy Period, subject to an aggregate Retention Amount of \$1,000,000
Coverage for Diminished Third Party Onsite Property Value does not include first-party diminution in property value as it pertains to Pollution Conditions discovered by an Insured during implementation of the re-development activities, to be completed at the Insured Property
- Definition of Pollution Condition to include medical, infectious and pathological wastes, electromagnetic fields, legionella and low level radioactive waste and material, and illicit abandonment of contained or uncontained pollutants.
- Asbestos and Lead-based paint
 - Cleanup Costs / Remediation Expenses in soil, groundwater, surface water
 - Third party toxic tort liability
 - Inadvertent disturbance

- Civil fines, damages and penalties
- Deletion of Arbitration provision
- Consent - Wherever the Company's consent, approval, or acceptance is required by this policy, our consent, approval or acceptance shall not be unreasonably withheld or delayed
- Illicit abandonment of contained or uncontained pollutants (with retro date / new conditions only)
- Evacuation expense
- Methamphetamine coverage (with retro date / new conditions only)
- Bioterrorism
- Mold coverage (upon issuance of COO or equivalent)
- Legionella coverage (with retro date / new conditions only)
- Disinfection expense (with retro date / new conditions only)
- 1st Party diminution in value
- Independent Counsel Selection - refunded at 200% of Company rates
- Removal of Insured versus Insured Exclusion
- Minimum earned premium: 25%
- Deletion of underground storage tank exclusion
- Automatic extended reporting period of 90 days
- Cancellation
 - Provide 90 days notice for cancellation (15 days for non-payment or premium)
 - Remove material change in use as a reason the policy can be cancelled
 - Cure Language - Insured shall have the ability, within the 90 day notice period, to cure such failure to comply with the material terms, conditions or contractual obligations of the policy
 - Provision so that non-payment of a premium-bearing endorsement does not cancel the policy; instead only that premium-bearing endorsement is voided AND cancellation arising from activities at one site shall not void coverage for all covered locations
- Blanket divested sites – pre-existing coverage with a reverse retro date equalling the divestiture date
- Where an Insured Property is scheduled to this Policy and subsequent to the first day of the policy period, the address for any such Insured Property is changed by a Federal, State, Municipal or other governmental authority, the Company agrees such address change shall not prejudice any of our or your rights or obligations under this Policy.
- Pollution Conditions in the current administrative record of the Property and those contained on Tetra Tech and JLT web portals are deemed discovered during the policy period
- Responsible Insured: Includes the Risk Manager of the First Named Insured responsible for environmental affairs, control or compliance or any officer director, or member of the Named Insured
- Scheduled Insured Contracts – refer to schedule

- Choice of Law, Jurisdiction, Forum – State of CA
- Primary and non-contributory Insurance
- Waiver of Subrogation – blanket when required by written contract
- Replacement Costs - actual cash value (replacement cost reduced by physical depreciation and obsolescence)
- Exclusion for Insured's Property/Bailee Liability (Product Liability) does not apply to the remediation systems to be installed by the Insured at the Insured Property during the policy period
- Intentional Non-Compliance - modify so that it does not apply to non-compliance based upon the Insured's good faith reliance upon the written advice of outside counsel received in advance of such non-compliance; or reasonable and necessary emergency efforts to mitigate a pollution incident
- Exclusion for Material Change in Future Use – Intended Use to generally conform to Site Plan including mixed-use development for commercial, retail, office and multi-family residential uses. Locations of specific uses shown on Site Plan may change during the development period. In order for an exclusion to apply based upon a change in the Intended Use, such change must materially affect the risk associated with the Insured Property.
- Notice of Cure Rights - The Company agrees to provide the Insured with written notification of any alleged breach of any term or condition of this Policy and to provide the Insured 90 days to cure or remedy any alleged breach prior to denial of any Claim or cancellation of any coverage provided under this Policy as a result of such breach (with the exception of non-payment of premium). If the Insured is diligently pursuing a cure during the 90 day cure period of a breach that remains capable of being cured, then the Insured shall be given an additional 60 days to complete such cure, but only so long as the Insured continues to diligently pursue a cure. Such cure period may be extended beyond the additional 60 day period with the consent of the Company.
- Minimum Earned Premium provision allowing pro-rata cancellation of policy on or before the end of two (2) years after the date of policy inception.

Compensation: Commission 15%

A Jshare link invitation will be sent to you under separate email with access to environmental reports and other underwriting documents. You will also have access to the Tetra Tech portal, which include many of the documents that are part of the administrative record, as well as some additional data not publicly available.

INSURED PROPERTY SCHEDULE

Former Cal Compact Landfill (the "157-Acre Property")
20300 Main Street
Carson, Los Angeles County, California

Covered location(s) totaling approximately 157 acres which includes the former landfill property.

Legal description of the covered location(s) is identified as follows: Lots 2 through 9 inclusive of Tract No. 42385, in the City of Carson, County of Los Angeles, State of California, as per map Recorded in Book 1056 Pages 84 through 88 inclusive of Maps, in the office of the County Recorder of said County. Except the oil, gas, petroleum and other hydrocarbon substances Which lie below a plane parallel to and 500 feet below the natural surface of said land, without however, any right to enter upon the surface of said land, to explore for, develop and remove said substances, but with full right to explore for, develop and remove the same by means of wells and equipment having surface location outside the outer boundaries of said land, in and under or recoverable from said land, as reserved in the deed from Del Amo Estate Company, a Corporation, recorded January 10, 1964 as Instrument No. 2198, in Block D-2318 Page 313 Official Records.

NON-OWNED DISPOSAL SITE SCHEDULE

1. Chemical Waste Management Kettleman City Facility
35251 Old Skyline Road
Kettleman City, CA 93239
EPA ID # CAT000646117

2. Demenno/Kerdoon
2000 North Alameda Street
Compton, CA 90222
EPA ID # CAT080013352

3. Crosby & Overton, Inc.
1630 W. 17th Street
Long Beach, CA 90813
EPA ID # CAD028409019

4. K-Pure Water Works
8910 Rochester Avenue
Rancho Cucamonga, CA
EPA ID # CAR000163097

As per specifications, coverage to be on a blanket basis with the addition of these specific scheduled locations

INSURED CONTRACT SCHEDULE

1. Real Estate Purchase Contract between L.A. MetroMall, LLC, a California limited liability company as Seller and Hopkins Real Estate Group, a California Corporation as Purchaser, dated March 1, 2004, as amended (157 -Acre Property).
2. Owner Participation Agreement between the Carson Redevelopment Agency and Carson Marketplace, LLC, dated July 25, 2006.
3. Consent Decree between the Department of Toxic Substances Control and Commercial Realty Projects, Inc. and L.A. MetroMall LLC, approved by the United States District Court, Central District of California on December 6, 1996, as modified.
4. Supplemental Consent Decree between the Department of Toxic Substances Control and Commercial Realty Projects, Inc. and L.A. MetroMall LLC, approved by the United States District Court, Central District of California on March 7, 2001, as modified.
5. Defense Group Decree between the Department of Toxic Substances Control and the Defense Group, approved by the United States District Court, Central District of California on March 7, 2001, as modified (the "Defense Group Decree").
6. Assignment of Claims and Defenses, between Carson Marketplace, LLC and the Defense Group, dated September 28, 2006.
7. Agreement and Certification of Successors and Assigns regarding the Original Consent Decree, executed by Carson Marketplace, LLC, dated September 28, 2006.
8. Agreement and Certification of Successors and Assigns regarding the Supplemental Consent Decree, executed by Carson Marketplace, LLC, dated September 28, 2006.
9. Compliance Framework Agreement between the Department of Toxic Substances Control and Carson Marketplace, LLC, dated September 28, 2006.
10. Regulatory Agreement and Declaration of Covenants and Restrictions by and between the Carson Redevelopment Agency and Carson Marketplace, LLC dated September 28, 2006.

About JLT

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