

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
CALIFORNIA RECYCLE UNDERUTILIZED SITES REMEDIATION PROGRAM
Meeting Date: June 16, 2020**

*Request to Amend Infill Grant Documents under the California Recycle Underutilized Sites
("CALReUSE") Remediation Program*

Prepared by: *Ethan Wieser*

Applicant:	Carson Reclamation Authority	Type of Funding:	Grant
Project Name:	Los Angeles Premium Outlets	Amount Disbursed:	\$5,000,000
Project Location:	City of Carson (Los Angeles County)	Amend Resolution No.:	19-03-01
		Prior Actions:	Approved 11/19/08 Amended 10/20/15 Amended 04/19/16 Amended 08/16/16 Amended 01/15/19

Summary. The Carson Reclamation Authority ("Grantee" or "CRA") has requested an amendment to Resolution No. 19-03-01 dated January 15, 2019, to modify the existing benchmarks under the CALReUSE Remediation Program ("Program").

Background of the Approved Project. On November 19, 2008, the Board approved a grant in the amount of \$5 million to Carson Marketplace, LLC to fund remediation at the Boulevards at South Bay Site ("Site"), and the construction of a 400-unit apartment complex, 61 of which were to be designated as affordable. The Infill Grant Agreement was executed on July 29, 2009.

The 157-acre Site was historically operated as a Class II landfill. The Site has been vacant since landfill operations ceased in 1968. The former landfill consists of five waste cells separated by haul roads, which were built on native soil. 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, methane, and petroleum hydrocarbons.

In 2009, Carson Marketplace, LLC received the entire \$5 million of the CALReUSE award as an eligible reimbursement for remediation cost. The funds were used for the purchase and installation of Linear Low Density Polyethylene Liner that will act as the barrier between the landfill and surface development. A substantial amount of the remaining remediation required by the Department of Toxic Substances Control ("DTSC") has been accomplished, while the remaining

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remedial work is currently on hold, as it must take place concurrently with the vertical development of the Site.

Due to the real estate and economic recession that began in 2008, the Project was delayed. In May 2015, Carson Marketplace, LLC entered into a Settlement, Release and Indemnity Agreement (“Settlement Agreement”) with the City of Carson (“City”), the Carson Reclamation Authority, and the Successor Agency to the Carson Redevelopment Agency (Successor Agency), whereby the Site was transferred to the Carson Reclamation Authority in lieu of foreclosure by the Successor Agency and the City.

The Settlement Agreement, and related required actions of the Successor Agency, were approved by the California Department of Finance and the transfer of the Site and the obligations to complete the remediation of the Site were approved by the Department of Toxic Substances Control. As a part of that Settlement Agreement, among other things, Carson Marketplace, LLC agreed to assign and the Carson Reclamation Authority agreed to assume the CALReUSE Grant Agreement. Under the Settlement Agreement, the City and Reclamation Authority proposed to construct a National Football League (NFL) stadium on the Site.

On October 20, 2015, the CPCFA Board approved the transfer of the Infill Grant to CRA and extended the term of the grant until April 30, 2016. This extension was approved to provide the CRA an opportunity to submit an amended application that included new affordable housing.

On April 19, 2016, due to the NFL teams not being awarded the relocation to the CRA site, the CPCFA Board granted a second extension allowing CRA to submit an alternate Infill Development proposal to CPCFA.

On July 15, 2016, the Grantee submitted an amended application to CPCFA that satisfied the requirements of the Infill Grant Agreement.

Due to the complexity of developing the entire 157-acre site, the Grantee proposed to reduce the Brownfield Infill Project to approximately 42 acres of the larger site, now identified as Cell 2, as part of a phased development approach. CRA executed a memorandum of understanding with CAM-Carson, LLC for the development of an outlet mall on the Cell 2 site.

To satisfy the housing requirement of the program, the Carson Reclamation Authority proposed two separate affordable housing projects by different development companies, one a 40-unit Veterans affordable housing project to be developed by Carson Figueroa Affordable Housing LP, and the other a 46-unit Artist Colony affordable housing project to be developed by Carson Arts, LP. Together these two affordable housing projects increased the number of affordable units under the original grant from 61 affordable units to 84 affordable housing units.

To ensure the project remained on schedule CPCFA and CRA incorporated benchmarks into the Infill Grant Agreement. Failure to meet these benchmarks would allow for CPCFA to declare an event of default. The benchmarks agreed upon were:

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- 1) Recordation of development agreements restricting affordability of both housing projects by March 31, 2017.
- 2) Execution of a development agreement for the Brownfield Development Project (outlet mall on Cell 2) by October 31, 2017.
- 3) Completion of a Health Risk Assessment Report completed by the DTSC by January 31, 2019.
- 4) Occupancy permits for the Brownfield Development Project by December 31, 2020.

On August 16, 2016 the CPCFA Board approved the reduction of the brownfield project from 157 acres to the 42 acres known as Cell 2, the 40 unit Veterans Housing project and the 46-unit Artist Colony project, the benchmarks agreed upon by CRA and CPCFA, and an extension of the project until December 31, 2020.

CRA successfully completed the requirements on time for the first two benchmarks above, and began remediation on the brownfield site. However, due to delays with DTSC approval of a phased occupancy plan, CRA was unable to meet the third and fourth benchmarks on time and in late 2018 requested modifications of the benchmarks and an extension to the term of the Infill Grant Agreement. The delays stemmed from the length of negotiations between CRA and DTSC regarding approval for phased occupancy of the landfill site. CRA had anticipated DTSC's approval of the Phased Occupancy Plan would take 2-3 months, however, it ultimately took 18 months, delaying the overall timeline of the project.

On January 15, 2019, the CPCFA Board approved a one-year extension of the Infill Grant Agreement until December 31, 2021 and modified the benchmarks to the seven benchmarks listed below:

- 1) The CRA agreed to provide CPCFA with a certificate of occupancy for the Carson Figueroa Affordable Housing, LP Veterans Village of Carson housing development by December 31, 2019.
- 2) The CRA agreed to provide CPCFA with a certificate of occupancy for the Carson Arts, LP Carson Arts Colony housing development by December 31, 2019.
- 3) The CRA agreed to provide CPCFA with the Department of Toxic Substances Control's written approval of the design of remedial systems for the Brownfield site by June 30, 2019, which would allow the remedial systems to be in place and for vertical development of the outlet mall.
- 4) The CRA agreed to provide CPCFA with a copy of a Health Risk Evaluation ("HRE"), approved by the Department of Toxic Substances Control for the Brownfield site by January 31, 2020, which would allow for non-hazardous trained workers to construct the outlet mall.
- 5) The CRA agreed to provide CPCFA with a copy of a Remedial Action Completion Report ("RACR"), approved by the Department of Toxic Substances Control for the Brownfield site by March 31, 2020, which would certify the remediation had been completed.
- 6) The CRA agreed to provide CPCFA with a copy of a Health Risk Assessment ("HRA"), approved by the Department of Toxic Substances Control for the Brownfield site by December 31, 2021, which allows the City of Carson to issue occupancy permits for the buildings.

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- 7) The CRA agreed to provide CPCFA with occupancy permits for the Brownfield Development Project no later than December 31, 2021, which will demonstrate to CPCFA that the outlet mall is complete and available for economic use.

DTSC reviewed the proposed Brownfield Development project timeline provided by CRA, and indicated in writing that it believes the timeline was feasible

Current Status. CRA met the first three benchmarks of the Infill Grant Agreement, completing both housing projects and obtaining DTSC's approval for the design of the remedial systems. CRA states that they are approximately 80% complete with the remedial work, but have run out of funding to complete the remediation on the Cell 2 site of the outlet mall. The major delays cited were due to a significant increase in the waste consolidation required on the site, and extreme rainfall that delayed the remediation and significantly increased the costs.

Due to a lack of funding available construction of the remedial systems came to a halt in late 2019 and the Grantee subsequently missed its next two benchmarks, submitting an approved HRE to CPCFA by January 31, 2020, and submitting an approved RACR by March 31, 2020. Both of these missed benchmarks may be declared events of default under the Infill Grant Agreement.

CRA's current priority is obtaining the needed \$40 million in funding to complete the remediation project that will allow for the development of the outlet mall. The Grantee is pursuing two paths to obtain the funding. The first path is through obtaining \$90 million in a bond issuance via the Carson Successor Agency (successor to the former Redevelopment Agency). CRA must first receive approvals from the Los Angeles County Oversight Board ("Oversight Board"), and the Department of Finance ("DOF") to determine if the financing is an enforceable obligation of the former Redevelopment Agencies.

The Oversight Board, however, did not approve the issuance of the Bonds. DOF also reviewed the Oversight Board approval of the bond debt service, and in May rejected the Carson Successor Agency's arguments on the financing. As a result, the Successor Agency has now petitioned the court to compel the Oversight Board to approve the issuance of new bonds in order to satisfy the Successor Agency's existing and outstanding enforceable obligations to finance to the completion of this project, and has given notice to DOF that it is considering them to the action.

In addition, the Grantee is currently in negotiations with Faring Capital and Bridge Development for an industrial development on Cells 3, 4, and 5 (not currently a part of the CALReUSE project). One of the requirements is the developers must advance \$45 million to CRA for the completion of the remediation on Cell 2, the CALReUSE brownfield site. The Grantee has stated that it expected to have sufficient funding within several weeks of May 29, 2020 to complete the remediation of Cell 2.

The Grantee has had issues with the outlet mall developer of the Cell 2 site, CAM-Carson, LLC ("CAM-Carson"). On April 30, 2020, CAM-Carson filed a lawsuit against the City of Carson, CRA and RE|Solutions, the horizontal master developer on the project, and later amended the complaint to add the Successor Agency. The complaint alleges that the CRA breached the Conveyancing Agreement and failed to fund the work required. The CRA has responded to the

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suit, denying all claims. It is anticipated that this litigation, as well as the Successor Agency litigation, will be settled by fall 2020 in time to remobilize the contractors on site to restart construction work in January 2021.

CRA anticipates that the project would need to restart work beginning in January 2021 in order to complete the terms the remediation within the term of the Infill Grant Agreement. For this reason CRA has requested that is the lawsuit with CAM-Carson is not resolved by December 2020, the option to change the remedial project from the current Cell 2 site, to Cells 3, 4, and 5. CPCFA staff believes it would be best to consider redefining the CALReUSE brownfield site at a future CPCFA board meeting if the necessary.

Current Request. The Carson Reclamation Authority, per a letter dated May 22, 2020 (Attachment A) is requesting the Board adopt one of the following options as the new Resolution controlling the Grant Agreement Schedule:

1. Accept as Complete: Accept and approve a resolution confirming that the CRA as grantee has already met the requirements of the Grant by facilitating the development of the Carson Arts Colony and Veterans Village projects resulting in 95 affordable housing units. Since the development of affordable housing was always one of the overarching objectives of the CALReUSE program, CRA feels that meeting that goal is a significant achievement; and that the Cal Compact landfill project (Cell 2 only) has seen substantial progress in installation of the remedial systems, and while Cells 3, 4 and 5 have been removed from the Brownfield Development Project Description, the Grant paid for the 40 +/- acres of liner and landfill gas systems installed there; or
2. Amend Cell 2 Milestones: Accept and approve a resolution that keeps the Project Description intact as Cell 2 and credits the CRA for the development of affordable housing, which was always one of the overarching objectives of the CALReUSE Program, a significant achievement, credits the CRA for the purchase of the installation of the landfill gas and groundwater extraction and treatment systems that serve the entire site, but which amends the current Project Milestones in the manner describe below, essentially removing the Health Risk Assessment (HRA) as the final milestone preceding the preparation of the Brownfield Completion: or

Staff Recommendation. Staff recommends approval of amending Resolution No. 19-03-01 to hold the Grantee in default for the missed benchmarks. The default will be cleared if the Grantee appears at the CPCFA October 2020 Authority meeting to present the Authority with a feasible plan to fund completion of the site remediation and appears at CPCFA's November 2020 Authority meeting to present alternative project milestones for the Authority's consideration. The amended resolution will also recognize the Grantee has completed the first three benchmarks, including both affordable housing projects, and remove the requirement to complete a Health Risk Assessment and the outlet mall within the term of the Infill Grant Agreement.

AMENDMENT TO RESOLUTION NO. 19-03-01

**A RESOLUTION OF
THE CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
APPROVING THE REQUEST TO AMEND THE INFILL GRANT DOCUMENTS
UNDER THE CALIFORNIA RECYCLE UNDERUTILIZED SITES REMEDIATION
PROGRAM**

June 16, 2020

WHEREAS, the California Pollution Control Financing Authority (the “Authority”), a public instrumentality of the State of California, on November 19, 2008 approved a grant for the Boulevards at South Bay project (the “Project”) in the amount of \$5,000,000 and pre-approved additional grant funding in an amount not to exceed \$10,000,000 subject to certain conditions, as reflected in that Resolution (the “Resolution”); and

WHEREAS, the grant was transferred to the Carson Reclamation Authority, a California Joint Powers Agency, whose members include the Carson Housing Authority and Community Facilities Districts 2012-1 and 2012-2, at the Authority’s October 20, 2015 Board meeting; and

WHEREAS, on October 20, 2015 the Authority extended the term of the Infill Grant Agreement to April 30, 2016 to provide the Carson Reclamation Authority an opportunity to submit an amended application with adequate information regarding the Brownfield Remediation Project and Infill Development Project to this Authority by February 16, 2016; and

WHEREAS, the amended application submitted by the Carson Reclamation Authority on February 16, 2016 did not meet the regulatory requirements of the CALReUSE Remediation Program; and

WHEREAS, based on information and good faith representations submitted by the Carson Reclamation Authority on April 18, 2016 the Authority found that due to a recent change in leadership and direction related to the development project it was in the public interest to grant a short term extension of 120 days solely to provide the Carson Reclamation Authority with a final opportunity to substantiate to the Authority the reasonable likelihood that it would complete all required elements of the Infill Grant Agreement dated July 29, 2009 including but not limited to:

1. A timeframe and schedule for the completion of the Remediation Work for the entire Project Site, including final approval by the Department of Toxic Substances Control;
2. A timeframe and schedule for the development of the Brownfield Infill Project for the entire Project Site, including all required certificates of occupancy; and
3. An Infill Development Project including a residential component which meets or exceeds the housing commitment in the original Infill Grant Agreement and which is promoted by the Carson Reclamation Authority’s acquisition of the Infill Grant Award.

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WHEREAS, the Carson Reclamation Authority provided an amended application to CPCFA on July 15, 2016, which proposed specific project amendments to meet the regulatory requirements of the CALReUSE Remediation Program; and

WHEREAS, on August 15, 2016 the Authority extended the term of the Infill Grant Agreement to December 31, 2020, reduced the scope of the Brownfield Development Project from the larger 157-acre Site to the easternmost 42 acres, now defined as Cell 2, accepted the two Infill Housing Projects, and the inclusion of specific benchmarks the Grantee must meet to avoid an event of default under the extended Infill Grant Agreement; and

WHEREAS, on December 12, 2018, the Carson Reclamation Authority proposed modifications to the Infill Grant Agreement; and

WHEREAS, the name of the project will be changed to Los Angeles Premium Outlets; and

WHEREAS, the Carson Reclamation Authority has proposed to extend the term of the Infill Grant Agreement until December 31, 2021; and

WHEREAS, the Carson Reclamation Authority agrees has successfully met the benchmark to provide CPCFA with a certificate of occupancy for the Carson Figueroa Affordable Housing, LP Veterans Village of Carson housing development by December 31, 2019 ~~as a project benchmark~~; and

WHEREAS, the Carson Reclamation Authority has successfully met the benchmark ~~agrees~~ to provide CPCFA with a certificate of occupancy for the Carson Arts, LP Carson Arts Colony housing development by December 31, 2019 ~~as a project benchmark~~; and

WHEREAS, the Carson Reclamation Authority has successfully met the benchmark ~~agrees~~ to provide CPCFA with the Department of Toxic Substances Control's written approval of the design of remedial systems for the Brownfield site by June 30, 2019 ~~as a project benchmark~~; and

WHEREAS, the Carson Reclamation Authority failed to meet the project benchmark ~~agrees~~ to provide CPCFA with a copy of a Health Risk Evaluation, approved by the Department of Toxic Substances Control for the Brownfield site by January 31, 2020 constituting an event of default as a project benchmark; and

WHEREAS, the Carson Reclamation Authority agrees failed to meet the project benchmark to provide CPCFA with a copy of a Remedial Action Completion Report, approved by the Department of Toxic Substances Control for the Brownfield site by March 31, 2020 ~~as a project benchmark~~ constituting an event of default; and

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~~WHEREAS, the Carson Reclamation Authority agrees to provide CPCFA with a copy of a Health Risk Assessment, approved by the Department of Toxic Substances Control for the Brownfield site by December 31, 2021 as a project benchmark; and~~

~~WHEREAS, the Carson Reclamation Authority agrees to provide CPCFA with occupancy permits for the Brownfield Development Project no later than December 31, 2021 as a project benchmark.~~

WHEREAS, the Carson Reclamation Authority has completed a portion of the remediation, but lacks funding to continue the remediation; and

WHEREAS, the Carson Reclamation Authority is currently exploring two sources of financing to complete the project; and

WHEREAS, the Authority finds that extending the term of the Infill Grant Agreement to December 31, 2021 is in the public interest and advances the purposes of the Program; and

WHEREAS, the Authority identifies the California Pollution Control Financing Authority's Executive Director and Deputy Executive Director as the authorized person to take steps necessary with respect to the Applicant, to approve any changes in the project, and modify the aforementioned benchmarks if the modifications are determined to be in the public interest; and

WHEREAS, approval for amending the Infill Grant Agreement dated July 29, 2009 is sought;

NOW THEREFORE BE IT RESOLVED by the California Pollution Control Financing Authority, as follows:

Section 1. The Infill Grant Agreement dated July 29, 2009 is amended to change the name of the project from Factory Outlets of Los Angeles to the Los Angeles Premium Outlets.

Section 2. The Infill Grant Agreement dated July 29, 2009 is hereby extended to December 31, 2021.

~~**Section 3.** The Infill Grant Agreement dated July 29, 2009 is hereby amended to expressly include the project benchmarks as described in this Resolution as mandatory terms and conditions of this agreement, and failure to meet each milestone may constitute an event of default. The Authority finds the Carson Reclamation Authority in default of the Infill Grant Agreement for two missed benchmark milestones.~~

~~**Section 4.** The Authority hereby sets a cure period of 143 days, effective June 17, 2020 and ending November 6, 2020, to cure an event of default. If the Grantee is unable to develop a feasible plan to fund completion of the site remediation and present new Project milestones acceptable to the Authority on or before the last day of the cure period, the Authority will require forfeiture of grant funds.~~

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Section 5. Carson Reclamation Authority shall appear at the October 2020 Authority meeting to present the Authority with a feasible plan to fund completion of the site remediation.

Section 6. Carson Reclamation Authority shall appear at the November 2020 Authority meeting to present alternative project milestones for the Authority's consideration.

Section 4.7. Except as specifically amended by this Resolution, all provisions and conditions of the Infill Grant Agreement dated July 29, 2009 as amended thereafter shall remain unchanged and in full force and effect.

CARSON RECLAMATION AUTHORITY

May 22, 2020

Janae Davis, Interim Executive Director
California Pollution Control Financing Authority
P.O. Box 942809
Sacramento, California 94209

Re: Carson Reclamation Authority – Request for Amendment to Project Milestones

VIA EMAIL – Hard Copy to Follow

Dear Ms. Davis:

This letter is in response to the call held by Authority Counsel Sunny Soltani and me on April 29, 2020 with you and CPCFA staff, including Project Manager Ethan Wieser, to discuss the progress made on the Los Angeles Premium Outlets project since CPCFA sent the Draft Letter of Non-Compliance (“Letter”) on March 2, 2020. The April 29 follow-up conversation covered the current situation of the Carson Reclamation Authority (“CRA”) relative to the negotiations with CAM-Carson, LLC (“CAM”) to restart work on the Cell 2 Los Angeles Premium Outlets project (the Brownfield Project under the grant); the status of potential bonding for additional Successor Agency funds to be able to complete not just Cell 2 (the Outlet project) but Cells 3, 4, 5 and 1 as well; and, negotiation with an additional developer for Cells 3, 4 and 5, which agreement would provide the CRA \$45 million in up-front money available to complete Cell 2.

On the April 29 call, CPCFA suggested the CRA make a formal request for an amendment to the Grant Agreement, particularly the milestone completion dates or the definition of the completion milestones themselves. If the request was received in a timely manner, CPCFA staff could bring the item to the June CPCFA Board meeting for formal action. This letter makes the request for a reconsideration of the project milestones and also brings you up to date with other developments in the project.

As adopted in January, 2019 and shown in Table 2, the modified Milestone Schedule concluded with the DTSC approving the Health Risk Assessment (“HRA”) for Cell 2 by December, 2021. This would have assumed DTSC approving the Construction Completion Report by September, 2021 and the Brownfield Completion Report being submitted to CAL ReUSE by October, 2021. All of the these reports would have been prepared after the installation of the remedial systems and the approval of the Remedial Action Completion Report (“RACR”), plus the completion of the the Outlet Mall before being prepared. However, while the construction of the remedial systems is necessary for the Outlet Mall to be completed, the completion of those improvements is generally the extent of the remedial obligations of the CRA in the project.

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In addition, two Infill Development Projects were included in the milestones: Carson Arts Colony and Veterans Village, totally 95 restricted units and two managers' units. Those projects were completed by the deadline of December, 2019, and are now in the leasing phase.

The CRA has previously documented a number of unforeseen events and unknown conditions on the site that made adhering to this schedule during 2019 extremely challenging, including pile refusal and the waste consolidation issue, which have had a substantial impact on both schedule and cost and have contributed to the CRA's resulting funding shortfall and the contractual dispute (now litigation) with CAM. However, in terms of overall progress, a significant amount of the remedial system work on Cell 2 is complete, which includes the installation of the LFGS headers and lines and the installation of a portion of the liner. TRC and Snyder Langston still need to complete pile caps and utility trenching before additional liner is installed, as well as the Building Protection System ("BPS") above the liner. As of December of 2019 approximately 80% of the remedial systems on Cell 2 were completed, in addition to all piles for the Outlet Mall project being installed.

Table 1 shows the progress made in the excavations for pile caps, grade beams, and trenches by December 1, though some of these have been eroded by weather and damaged by vegetative growth and will need to be re-constructed. TRC, the environmental general contractor, estimates that upon restart of work, there would be 3 months of repair work and 5 months of construction work, for total of 8 months of work left, for completion of the remedial systems.

Table 1. Percent of Work Complete on December 1, 2019

Task	Percent Complete 12/1/2019
Pile Caps Excavations	90%
Precise Trench Excavations	23%
Area Graded	75%
Area Lined	18%
Area Backfilled Aggregate	17%
BPS Gravel Screening	100%
Gas System Piping	100%
Gas System Vaults (13 vaults)	0%

Table 2. Amended Milestones (January 2019)

No.	Future Milestones	Est. Completion Date
1	Commence Site Grading and Waste Consolidation	December 2018
2	Approval of All Other Remedial Systems Designs by DTSC	December 2018 to April 2019 ¹
3	Commence Construction – Installation of GCCS, Landfill Cap, Building Protection System (BPS), and Piles	February 2019
4	Complete Installation of Production Piles	July 2019
5	Complete Installation of GCCS, Landfill Cap and BPS	August 2019
6	Commence Preparation of Health Risk Evaluation (HRE) for Cell 2	August 2019
7	Substantial Completion of Construction in Infill Development Projects and Issuance of Certificates of Occupancy	September 2019
8	HRE Approval by DTSC (allows vertical construction with non-HAZWOPER trained workers)	December 2019
9	Close Permanent Financing on Infill Development Projects and Issue Certificates of Occupancy, Record TCAC Regulatory Agreements	December 2019
10	Complete Installation of Structural Slab	January 2020
11	Approval of Remedial Action Completion Report (RACR) by DTSC	April 2020
12	Vertical Construction Period (including podium)	January 2020 to October 2021
13	DTSC Approves Construction Completion Report ²	September 2021
14	CRA Files Brownfield Development Final Report to CAL ReUSE Program Pursuant to Section 5.3 of the Grant Agreement	October 2021
15	Grand Opening of LAPO	October 2021
16	DTSC Approves Health Risk Assessment (HRA) for Cell 2	December 2021

Proposed Amendments to the Milestones

I think we can all agree that we believed in preparation for the January 2019 meeting that we would not need to request any further modifications to the milestones, as grading and the remedial work had commenced and the CRA was in the middle of the Indicator Test Pile

¹ Liner and Gas Collection and Control System (GCCS) design submittals to DTSC are being phased based on completion of LAPO building Blocks A, B, C and D construction drawings. Estimated dates of submission of designs to DTSC are between November 2018 and March 2019.

² We understand this is a report prepared by DTSC for CPCFA.

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Program. Yet, as we described above, we are now in the position of making this request. Below are two broad categories of requests, with details of each following. We ask the Board to adopt one of these as the new Resolution controlling the Grant Agreement Schedule.

1. Accept and approve a resolution confirming that the CRA as grantee has already met the requirements of the Grant by facilitating the development of the Carson Arts Colony and Veterans Village projects resulting in 95 affordable housing units. Since the development of affordable housing was always one of the overarching objectives of the CAL ReUSE program, we feel that meeting that goal is a significant achievement; and, that the Cal Compact landfill project (Cell 2 only) has seen substantial progress in the installation of the remedial systems, as shown in Table 1, and while Cells 3, 4, and 5 have been removed from the Brownfield Development Project Description, the Grant paid for the 40 +/- acres of liner and landfill gas systems installed there; or
2. Accept and approve a resolution that keeps the Project Description intact as Cell 2 and credits the CRA for the development of affordable housing, which was always one of the overarching objectives of the CAL ReUSE program, a significant achievement, credits the CRA for the purchase of the installation of the landfill gas and groundwater extraction and treatment systems that serve the entire site, but which amends the current Project Milestones in the manner described below, essentially removing the Health Risk Assessment (“HRA”) as the final milestone preceding the preparation of the Brownfield Completion; or

Option 1. Accept as Complete

This option would basically close out the grant as satisfied, without any further action, as the original \$5M in grant funds has facilitated over \$250M in both Brownfield and Infill investment. The two Infill projects, developing 95 units, cost about \$45M, and since the Grant was awarded in 2009, over \$200M has been spent – not just budgeted, but spent – on the Cal Compact Landfill. The previous owner and original Grantee, Carson Marketplace, LLC, spent about \$120 million between 2008 and 2015 with Tetra Tech, and the CRA has spent over \$100 million so far (some of it reimbursed by CAM) on the installation of remedial systems, grading, pre-development work, trenching, pile installation, and pouring slab. Carson Marketplace and Tetra Tech built the Landfill Operations Center, completed the Groundwater Extraction and Treatment System (which is approved by DTSC and has pumped and treated 30,000 gallons of groundwater *a day* since late 2014) and installed 64 operating landfill gas wells and about 40 acres of liner. The grant has leveraged \$50 in investment for every dollar spent.

Option 2. Amend Cell 2 Milestones

This Option would keep the Project Description intact as Cell 2, but would amend the current Project Milestones in the manner described below, essentially removing the HRA as the final milestone preceding the preparation of the Brownfield Completion Report. The status of the completed milestones, post-January 2019, and the CRA’s request for amendment is as follows:

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1. **Milestones 1 through 4** have been completed.
2. **Milestone 5** (Completion of liner installation, GCCS, and BPS by October, 2019) is where the project is today and is shown in Table 1 above.
3. **Milestones 7 and 9** refer to the Infill Development Projects, which have been completed.
4. **Milestones 6 through 16**, with the exception of 7 and 9, have been delayed by the documented project delays as well as the work stoppage due to the contractual dispute with CAM-Carson, LLC.

The CRA's request is to document **Milestones 1 through 4** have been completed and to establish that **Milestone 5** would be completed 8 months (240 days) after the restart of construction work. More on the restart date below. **Milestone 6** would keep its duration (Commence Preparation of Health Risk Evaluation (HRE) for Cell 2 would occur simultaneously with the Completion of GCCS, Liner and BPS) and would also occur 8 months after a restart date. **Milestone 8** should occur within three months of Milestone 6. The CRA proposes removing **Milestone 10** (Complete Installation of Structural Slab) from the milestones, and to move the main threshold milestone to the **Milestone 11**, Approval of Remedial Action Completion Report (RACR) by DTSC.

Our biggest request is to remove **Milestone 12**, Vertical Construction period, from the milestones, and remove **Milestone 16**, the Health Risk Assessment. While the construction of the remedial systems is necessary for the Outlet Mall to be completed, the completion of those improvements is generally the extent of the remedial obligations of the CRA in the project, and the vertical construction does not affect the completion of the remedial systems, which need to receive final approval by DTSC as evidenced by approval of the HRE and RACR before vertical work using non-HAZWOPER workers could commence. The only exception is the completion and sign-off of the BPS, which is not actually a remedial system under the RAP, but rather a Los Angeles County Public Works standard for all buildings located in proximity to areas with methane risk, including landfills, oil fields, and marshy areas. Only the BPS needs the building to be completed because there are vent risers that extend above the roofline. The final completion of the BPS should not be considered a milestone for the grant.

Therefore, at completion of remedial system construction, the CRA would request from DTSC a Construction Completion Report simultaneously with requesting the RACR, and should submit the Brownfield Completion Report to CPCFA within 30 days of receiving the document from DTSC. The proposed revised milestones are shown in Table 3 below:

Table 3. Proposed Revised Milestones (May 2020)

No.	Future Milestones	Est. Completion Date
1	Commence Site Grading and Waste Consolidation	December 2018
2	Approval of All Other Remedial Systems Designs by DTSC	December 2018 to April 2019

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3	Commence Construction – Installation of GCCS, Landfill Cap, Building Protection System (BPS), and Piles	February 2019
4	Complete Installation of Production Piles	October 2019
5	Complete Installation of GCCS, Landfill Cap and BPS	August 2021
6	Commence Preparation of Health Risk Evaluation (HRE) for Cell 2	August 2021
7	Substantial Completion of Construction in Infill Development Projects and Issuance of Certificates of Occupancy	December 2019
8	HRE Approval by DTSC (allows vertical construction with non-HAZWOPER trained workers)	December 2021
9	Close Permanent Financing on Infill Development Projects and Issue Certificates of Occupancy, Record TCAC Regulatory Agreements	December 2020³
10	Complete Installation of Structural Slab	January 2020
11	Approval of Remedial Action Completion Report (RACR) by DTSC	October 2021
12	Vertical Construction Period (including podium)	January 2020 to October 2021
13	DTSC Approves Construction Completion Report ⁴	November 2021
14	CRA Files Brownfield Development Final Report to CAL ReUSE Program Pursuant to Section 5.3 of the Grant Agreement	December 2021
15	Grand Opening of LAPD	October 2021
16	DTSC Approves Health Risk Assessment (HRA) for Cell 2	December 2021

The milestone durations noted in Table 3 would require a “no later than” date of the restarting of remedial construction work in order to tie them back to the current milestones and expected completion dates. Given the potential of eight months of work needed to complete the remedial system work, plus another two-to-three months to complete and approve the RACR and Brownfield Completion Report, the CRA believes that the Remedial System Construction would need to commence by January 15, 2021 in order for the revised milestones to be completed by December 31, 2021. That could become a new **Milestone 10**.

As previously noted, the CRA continued to authorize construction of the remedial systems until late January, 2020, in an effort to demonstrate to CAM that we were serious about continuing our work. In February, however, the CRA and City received a Notice of Claim filed by CAM,

³ While both projects have completed construction and are in the lease-up phase, the conversion of the construction financing to permanent financing, and the subsequent recording of the TCAC Regulatory Agreement (which occurs at closing) has been impacted by the Coronavirus pandemic. TSA anticipates submitting the permanent financing package for approval in July/August with TCAC approval 3-4 months after that.

⁴ We understand this is a report prepared by DTSC for CPCFA.

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seeking recovery for the \$80M it claims it has already invested in the Site Development Improvements and the Project (note: the CRA has been reimbursed \$27M by CAM to date). If the CRA was unable to obtain sufficient funds to complete the Remedial Systems, we believed that litigation would almost certainly ensue. However, discussions with CAM during this period caused the CRA to believe that if it could demonstrate it had available funds to pay for the Remedial Systems, CAM would restart paying for the Site Development Improvements costs and retract its Claim. The CRA pursued two approaches to raising the necessary funds to complete.

The first alternative was the negotiation with Faring Capital and Bridge Development on the development of Cells 3, 4, and 5. While no longer part of the scope of our project for the purposes of the Grant Milestones, this agreement would require the developers to pre-fund \$45M in residual land value payments to the CRA at the beginning of the project for the CRA to be able to use on Cell 2. These developers are also responsible for funding and performing all of the horizontal development and vertical development on their cells; in other words, taking all of the financial risk on the project. We are able to negotiate for that because both the City and the CRA finally acknowledged the real estate economics of the site and of Carson generally: industrial development can pay three times or more for land than commercial, retail, or hospitality, and have larger, flatter buildings and therefore likely less expensive site work. This proposal has large industrial buildings. The \$45M would be sufficient to complete the remedial work on Cell 2 and bring CAM back into the project and commence fulfilling its obligations. The agreement with Faring/Bridge should be completed in the next several weeks.

Also, the CRA looked to the historical source of funding for the project: the former redevelopment agency. On January 28, 2020, the Carson Successor Agency (former RDA) approved the issuance of new 2020 Series C Bonds, which went to the County Oversight Board for approval on March 17. Under the Redevelopment Dissolution Act, the Oversight Board has jurisdiction over the Successor Agency. The Oversight Board, however, did not approve the issuance of the Bonds. The State Department of Finance (“DOF”) also reviewed the Oversight Board approval of the bond debt service, and in May rejected the Successor Agency’s arguments on the financing. As a result, the Successor Agency has now petitioned the court to compel the Oversight Board to approve the issuance of new bonds in order to satisfy the Successor Agency’s existing and outstanding enforceable obligations to finance to the completion of this project, and has given notice to DOF that it is considering them to the action. The CRA and Successor Agency have consistently asserted that this obligation was established in various contracts between the Former RDA and private parties pursuant to the Remedial Action Plan.

Finally, on April 30, 2020, CAM-Carson did file a lawsuit against the City, the CRA and RE|Solutions, the horizontal master developer on the project, and later amended the complaint to add the Successor Agency. The complaint alleges the CRA breached the Conveyancing Agreement and failed to fund the work required. The CRA has responded to the suit, denying all claims. It is anticipated that this litigation, as well as the Successor Agency litigation, would be settled by Fall 2020 in time to remobilize the contractors on site to restart construction work in January 2021.

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Since we believe the agreement with Faring/Bridge is likely to move forward, creating both a funding stream for the completion of the Cell 2 work (which should bring CAM back into the project) and a project in and of itself that would move forward, the CRA is asking for the option of, at the end of 2020, if the CAM litigation is not settled and work is not ready to restart on the timetable described in Option 2, that Cells 3, 4 and 5 be substituted into the Project Description and be subject to the amended milestones in Option 2.

We are grateful that CPCFA has continued to be patient and cooperative while the CRA works out all of the issues contained in this letter. I am available by email at jraymond@carson.ca.us or telephone at (310) 952-1773 or my cell phone at (760) 902-1903. Because of work-at-home orders, cell phone is almost always better. You can also reach Sunny Soltani at ssoltani@awattorneys.com or her cell phone at (949) 533-8155. Thank you again for your support.

Respectfully,



John S. Raymond
Executive Director

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