

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY  
 CALIFORNIA RECYCLE UNDERUTILIZED SITES REMEDIATION PROGRAM  
 Meeting Date: October 20, 2015**

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

Prepared by: *Ethan Wieser*

<b>Applicant:</b>	Carson Reclamation Authority	<b>Type of Funding:</b>	N/A
<b>Project Name:</b>	Brownfield Remediation at the Boulevards at South Bay	<b>Amount Requested:</b>	N/A
<b>Project Location:</b>	The Boulevards at South Bay (Los Angeles County)	<b>Prior Actions:</b>	Application No. 19 Approved 11/19/08

**Summary.** The Carson Reclamation Authority, a joint powers authority, requests approval to re-direct or transfer an Infill Grant award of \$5,000,000 from Carson Marketplace, LLC to the Carson Reclamation Authority, and to extend the term of the grant from November 3, 2015 to April 30, 2016 (see the request letter as Attachment A).

**Background.** On November 19, 2008, the Board approved a grant in the amount of \$5,000,000 to Carson Marketplace, LLC to fund remediation at the Boulevards at South Bay Site (Site or Project). The Board also pre-approved the Project for additional grant funding in an amount not to exceed \$10,000,000 subject to the conditions that (i) the Authority shall have received sufficient additional funding for the CALReUSE Remediation Program and (ii) the Authority reconfirms the Project funding in a subsequent meeting.

**Current Project.** 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.

On November 19, 2008, the Board approved the proposed Remediation and Infill Development Projects. The Remediation Project included a plan approved by the Department of Toxic Substances Control including a groundwater extraction and treatment system, a landfill gas extraction and treatment system, and a cap or liner. The Infill Development Project consisted of a 400-unit apartment complex to be constructed on 7 acres, including a minimum of 60 affordable housing units at 50% AMI for 55 years. The Infill Development Project was to be a part of a larger development designed to create a unique and vibrant center for the City of Carson (see Project map as Attachment B). The development was to include a central entertainment complex (including destination theaters, a live music venue, restaurants, outdoor cafes and a large outdoor promenade area), public art, up to 400 for-rent residential units, 1,150 for-sale residential units, and 300 hotel rooms, and total retail space of about 1.25 million square feet.

## Agenda Item 4.E

The development, was projected to create 2,500 permanent jobs and upwards of \$1 billion in real estate assets

A significant portion of the remediation and cleanup of the Site has taken place. On November 30, 2009, the original grantee received the entire \$5,000,000 of the CALReUSE award as an eligible reimbursement for remediation costs. The remaining remediation is currently on hold as it must take place simultaneously with the development of the Infill Development Project. The current Grant Agreement expires on November 3, 2015.

**Transfer of Site Ownership.** Due to the serious real estate and economic recession 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 Carson Reclamation Authority is a joint powers authority comprised of two Communities Facilities Districts (No. 2012-1 and 2012-2) of the City of Carson and the Carson Housing Authority as members. 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 are proposing to construct a National Football League (NFL) stadium on the Site. The City of Carson and the Carson Reclamation Authority have reached an agreement with certain NFL teams anticipating the development of a stadium at the Site. The City and Reclamation Authority expect to know by January 2016 whether the NFL owners will agree to the relocation of any NFL teams to the Site.

Alternatively, the City and the Reclamation Authority are in discussion with a potential developer of a mixed use development should the Site not be selected as a location for the NFL stadium.

Under either scenario, the Carson Reclamation Authority states that the configuration of the Infill Development Project including the required housing will be modified from the Project that was originally approved by the Board.

**Legal Questionnaire.** Staff has reviewed the New Applicant’s responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raises questions concerning the financial viability or legal integrity of this applicant.

## Agenda Item 4.E

**Current Request.** The Carson Reclamation Authority requests that the Board approve the transfer of the grant award in the amount of \$5,000,000 from the original grantee, and the extension of the term of the Grant to April 30, 2016. The extension will allow the Carson Reclamation Authority sufficient time to finalize remediation and development plans for the Site and an Infill Development Project that will meet or exceed the affordable housing units provided in the Project originally approved by the Board.

The Carson Reclamation Authority has agreed to provide an amended application with adequate information regarding proposed changes to the Brownfield Remediation Project and Infill Development Project to CPCFA staff by February 16, 2016. The proposed Infill Development Project described in the amended application will include affordable housing in the City of Carson that meets or exceeds the affordable housing units in the Project approved by the Board in 2008. Provided the amended application is submitted as anticipated, staff will bring the proposed amendment to the Board for consideration at the April 19, 2016, Board Meeting.

Should the Grant Agreement expire before the Remediation and Infill Development Projects are complete, an event of default would occur, and CPCFA staff would pursue available remedies provided in the agreement.

**Staff Recommendation.** Staff recommends approval of the attached Resolution transferring the Infill Grant award for the Project from Carson Marketplace, LLC to the Carson Reclamation Authority, and extending the term of the Infill Grant to April 30, 2016.

**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**

**October 20, 2015**

**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 awarded to Carson Marketplace, LLC; and

**WHEREAS**, the Carson Reclamation Authority acquired the Project and Site from Carson Marketplace, LLC; and

**WHEREAS**, the Carson Reclamation Authority requests the award be transferred into its own name; and

**WHEREAS**, the Authority finds that extending the term of the Infill Grant to April 30, 2016 advances the purposes of the Program; and

**WHEREAS**, the Carson Reclamation Authority has agreed to provide an amended application with adequate information regarding the Brownfield Remediation Project and Infill Development Project to CPCFA by February 16, 2016; and

**WHEREAS**, it is anticipated that the proposed Infill Development Project described in the amended application will include affordable housing in the City of Carson comparable to the affordable housing units described in the original project approved by the Board; and

**WHEREAS**, provided the amended application is submitted as anticipated, Authority staff intends to bring the proposed project to the Board for consideration at the April 19, 2016 Board Meeting; and

**WHEREAS**, the Carson Reclamation Authority has the authority and responsibility to complete the Brownfield Infill Project and Infill Development Project as described in the Infill Application; and

**WHEREAS**, approval for amending the Resolution is sought;

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

## **Agenda Item 4.E**

**Section 1.** The Resolution is amended to transfer the award of the CALReUSE grant to the Carson Reclamation Authority for the Project, and extend the term of the CALReUSE Infill Grant to April 30, 2016. All occurrences of “Carson Marketplace, LLC” are replaced with “Carson Reclamation Authority”

**Section 2.** The Executive Director, Deputy Executive Director or Chair of the Authority are hereby authorized for and on behalf of the Authority to do any and all ministerial acts, including (without limitation) the execution and delivery of any and all documents and certificates they may deem necessary or advisable in order to effectuate the purposes of this resolution, including the execution of assignment and release documents, and the execution of an amendment letter transferring the award, extending the term of the grant and establishing expenditure deadlines.

**Section 3.** Except as specifically amended in Section 1 and Exhibit A hereof, all provisions and conditions of the Resolution shall remain unchanged and in full force and effect. This resolution shall take effect immediately upon its passage.

Exhibit A

TERM SHEET

**Name of Project:** The Boulevards at South Bay

**Maximum Amount of Grant:** \$5,000,000

**Grantee:** Carson Reclamation Authority

**Financing Structure:** Grant

**Maximum Grant Term:** April 16, 2016

**Oversight Agency:** California Department of Toxic Substances Control (DTSC)

**Brownfield Infill Project Location:** 20400 Main Street, Carson, CA 90745  
Parcels Numbered:  
7336-010-014, 7336-010-015, 7336-010-016,  
7336-010-017, 7336-010-018, 7336-010-019,  
7336-010-020, and 7336-010-021.

**Infill Development Project Description:** To Come

<b>Description of Activity</b>	<b>Amount Financed by Infill Grant</b>
Install Primary Liner	<u>\$5,000,000</u>
<b>TOTAL ELIGIBLE BROWNFIELD INFILL PROJECT COSTS :</b>	<b><u>\$5,000,000</u></b>



# CITY OF CARSON

## CARSON RECLAMATION AUTHORITY

October 2, 2015

Jason L. Bradley  
Manager  
CALReUSE Program  
California Pollution Control Financing Authority  
915 Capitol Mall, Room 457  
Sacramento, CA 95814

Re: The Boulevards at South Bay, Carson, California

Dear Mr. Bradley:

The California Pollution Control Financing Authority ("CPCFA") issued a California Recycle Underutilized Sites ("CALReUSE") Remediation Program Grant (the "Grant") to Carson Marketplace LLC ("Carson Marketplace") for The Boulevards at South Bay (former Cal Compact) site in Carson, California (the "Site") in 2009. The Grant was provided to the Boulevards at South Bay to assist in the remediation of the former Cal Compact landfill, specifically providing \$5 million for the install of the primary liner for the Department of Toxic Substances Control ("DTSC") approved remediation project. In connection with the Grant, Carson Marketplace agreed to provide 61 units of affordable housing at less than or equal to 50% Area Median Income for 55 years as part of a 400-unit rental apartment contemplated to be part of the Boulevards at South Bay development.

Due to the serious real estate and economic recession, the Boulevards at South Bay project was delayed. In May 2015, Carson Marketplace entered into a Settlement, Release and Indemnity Agreement ("Settlement Agreement") with the City of Carson, the Carson Reclamation Authority, a joint powers authority, and the Successor Agency to the Carson Redevelopment 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 Department of Finance and the transfer of the Site and the obligations to complete the remediation of the Site were approved by the DTSC. As part of that Settlement Agreement, among other things, Carson Marketplace agreed to assign and the Carson Reclamation Authority agreed to assume the Grant. In addition, the

Successor Agency agreed to fund \$50.5 million (and has funded) to assist in the completion of the Site remediation.

We are not aware of any transfer of the Site by Carson Marketplace prior to May 2015. It is our understanding that at the time the Grant was awarded, Carson Marketplace was a limited liability company whose members included the LNR Commercial Property Investment Fund Limited Partnership ("LNR CPI Fund"). LNR Commercial Property Group ("LNR CPG") acted as the fund's General Partner. LNR CPG was an operating division of LNR Property Corporation ("LNR"). LNR Property Corporation was a real estate investment, finance, development and management company. In January 2013, Starwood Property Trust Inc. and Starwood Capital Group purchased LNR thereby acquiring the general partner of Carson Marketplace. There was no conveyance of the Site; it still remained owned by Carson Marketplace. It is our understanding that the Grant Agreement did not restrict or prohibit the sale or transfer of the membership interests in a parent of Carson Marketplace (or other upstream entities).

The transfer of the Grant to the Carson Reclamation Authority is in the public interest and furthers the goals of the program. The CALReUSE program was created for the purpose of brownfield cleanup that promotes infill residential and mixed-used development, consistent with regional and local land use plans. The Site is a former landfill that is undergoing remediation with the oversight of the DTSC. DTSC approved remedial systems for the Site include a groundwater extraction and treatment system, a landfill gas extraction and treatment system and a cap (liner). The groundwater extraction and treatment system is complete and operational. Much of the landfill gas extraction and treatment system has been built and a portion is operational. The liner has been purchased as provided for by the Grant and a portion of the liner has been installed in areas of the Site that were anticipated to be used for surface parking as part of the Boulevards at South Bay development.

The CPCFA made the Grant for the purpose of funding Brownfield Infill Project costs relating to the installation of the primary liner at the Site. Carson Marketplace purchased all of the primary liner material and installed it over 40 acres of the Site. However, the remainder of the liner cannot be installed until the construction of building foundations. The liner acts as a cap on the surface of the landfill. To support buildings and other structures on the Site, the structures must be constructed on piles that are supported in native earth materials below the landfill. The foundation piles must then be physically integrated with the liner at the surface, in effect sealing the top of the piles with the liner. The location of the remaining landfill gas extraction wells should also be integrated with the location of the buildings. Therefore, the completion of the remaining portions of the remedial systems must go hand in hand with actual Site development.

Due to recession and other factors, the Carson Marketplace development stalled and Carson Marketplace was facing the potential of not being able to meet its obligations under the agreements with the City and Successor Agency. The Settlement Agreement

Mr. Jason L. Bradley  
CALReUse Program  
October 2, 2015  
Page 3

in lieu of foreclosure enables the Carson Reclamation Authority to move forward with the development and remediation of the Site. The City of Carson Housing Authority is a member of the Reclamation Authority, and has experience with development of brownfields and housing.

The Grant Agreement is scheduled to terminate in November 2015. As noted above, Carson Marketplace was not able to complete installation of all of the remedial systems because the systems must be constructed in coordination with the development of buildings on the Site. Construction of the Infill Development Project has not yet begun and a revised project is under consideration.

The Site has been proposed as the location for an NFL stadium. Alternatively, the Site is approved for a mixed-use development, although the ultimate configuration of the development will be modified from that anticipated by the Boulevards at South Bay.

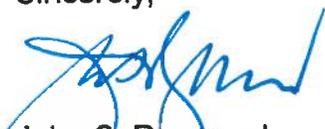
The City and the Reclamation Authority have reached an agreement with the proposed NFL teams anticipated for the development of an NFL stadium at the Site. Also the City and the Reclamation Authority are in discussion with a potential developer of a mixed use development should the Site not be selected as a location for the NFL Stadium. The City and Reclamation Authority expect to know by early 2016 whether the NFL will agree to the relocation of NFL team(s) to the Site.

Either development would further the purposes of the CALReUSE program by promoting infill residential and mixed-use development. However, the location and nature of the infill residential and mixed-use development may differ. Regardless, the Reclamation Authority is committed to meeting or exceeding the number of affordable housing units provided for under the Grant in the City.

The Carson Reclamation Authority requests that the CPCFA extend the term of the Grant to April 30, 2016 to allow the Reclamation Authority the ability to pursue and finalize development plans for the Site and the appropriate infill development

If you have any questions, feel free to call me at 310-952-1773 or email me at [jraymond@carson.ca.us](mailto:jraymond@carson.ca.us).

Sincerely,



John S. Raymond  
Executive Director

Attachment B



Exhibit 24



NADEL  
KATH  
ARCHITECTS  
11442 175th Street  
San Diego, CA 92130  
www.nadelkath.com



PRELIMINARY SITE PLAN SP-37

CARSON, CALIFORNIA