

**Los Cerritos Wetlands Authority**

**Date:** August 4, 2022  
**To:** Governing Board Members  
**From:** Sally Gee, Project Analyst  
**Through:** Mark Stanley, Executive Officer  
**Subject:** Item 14: Consideration of a resolution ratifying the First Amendment to the Option Agreement with Los Cerritos Wetlands, LLC to clarify timing and conditions precedent to exercise of the Option

---

**RECOMMENDATION:** That the Los Cerritos Wetlands Authority (LCWA) ratify the First Amendment to the Option Agreement with Los Cerritos Wetlands, LLC to clarify timing and conditions precedent to exercise of the Option.

**PROJECT DESCRIPTION:** This First Amendment to the Option Agreement (Exhibit A) with Los Cerritos Wetlands, LLC was drafted to resolve an inconsistency between two provisions, Section 3.b and Section 3.c of the Option Agreement, relating to the timing in which the Optionee must exercise the Option. The Option Agreement includes several conditions precedent that are required to be completed before the Los Cerritos Wetlands, LLC (“Optionee”) can exercise the Option. Section 3.b required an appraisal of both the Optionee Property and LCWA OTD Property to be completed, reviewed and approved by a third party public agency, and that a Land Exchange Agreement be executed before exercise of the Option. Section 3.c of the Option Agreement required that the Optionee exercise the Option within six (6) months after receipt of all entitlements and completion of all legal challenges, or within 8 years of the effective date of the Option Agreement, whichever occurred first. The definition of “entitlements” contained in the Option Agreement does not include the conditions precedent set forth in Section 3.b and Section 3.c did not otherwise acknowledge that the Option Agreement contained additional conditions precedent beyond those that were defined as “entitlements” under the Agreement.

At the date of execution of the First Amendment, all entitlements and legal challenges had been completed, but due to unforeseen delays, the conditions precedent in Section 3.b had not yet been satisfied. Due to this unforeseen circumstance, there is an inconsistency the timing in which the Optionee must exercise the Option and the Optionee’s ability to do so. The First Amendment language resolves the inconsistency by amending Section 3.c to acknowledge that all conditions precedent set forth in Section 3.b of the Option Agreement, including the execution of the Land Exchange Agreement, need be satisfied before the deadline for exercise of the Option contained in Section 3.c is triggered. All other terms remain the same.

The First Amendment to the Option Agreement was effective June 10, 2022, to ensure the amendment was made before the expiration of the six-month period from the receipt of all entitlements described in the Option Agreement and the completing of all legal challenges as originally described in Section 3.c.

**BACKGROUND:** On September 2, 2016, Los Cerritos Wetlands, LLC and the LCWA executed an [Option Agreement](#) that provides for the exchange of real property. The Agreement allowed the Optionee to exercise the Option for transfer of the LCWA OTD Parcel, approximately 5.11 acres,

for the Los Cerritos Wetlands, LLC property, approximately 154 acres, for wetlands habitat restoration, public access improvements, and the phase out of oil operations.

**FISCAL INFORMATION:** The Los Cerritos Wetlands, LLC provided a consideration in the amount of \$300,000 in connection with the original Option Agreement, which \$140,202.06 in funds remain.