

February 8, 2019

California Natural Resources Agency
Attn: Polly Escovedo
1416 Ninth Street, Suite 1311
Sacramento, CA 95814

RE: Sale of Portions of AES Site to City of Redondo Beach for Open Space / Park

To Whom It May Concern:

I am the managing member of Next Century Power, LLC ("NCP") which is in contract to acquire 1100 N. Harbor Drive, an approximately 50.1-acre AES powerplant site ("Site") in Redondo Beach, California through a phased escrow. As part of this escrow, I or my affiliates acquired portions of the site in October 2018 and are scheduled to close on the balance of the Site in 2019.

Subsequent to the completion of our acquisition of the Site, we will offer the City the option to acquire up to 25 acres ("Park Site") of the overall Site. We will sell the City this land for \$2 million per acre, or a total of up to \$50 million. A map of the currently proposed location of the Park Site within the overall Site is attached.

The Site has been used as a powerplant for many decades and requires environmental remediation prior to reuse. NCP will deliver the Park Site to the City remediated to a standard suitable for reuse as a public park. Reuse of the Site also requires the restoration of approximately five acres of wetlands on the Site. The City's acquisition will be conditioned on its commitment to fund and deliver the restored wetlands within the Park Site, for which a delineation study has been completed and reviewed by California Coastal Commission staff and consultants.

Due to the unique opportunity the Park Site presents of creating much needed urban open space within Los Angeles County, NCP has agreed to sell the Park Site to the City at a below fair market value of \$2 million per acre. The cost of the site between acquisition and remediation is anticipated to exceed \$175,000,000 or roughly \$3.5+ million per acre, not counting the City's obligation to restore the wetlands at an estimated cost \$5 million. As a result, NCP is providing the City with in-kind private matching funds of approximately \$1.5 million per acre or a total of up to \$37.5 million.

Please do not hesitate to contact me to discuss this matter further if desired.

Yours truly,



Leonid Pustilnikov
Managing Member – NEXT CENTURY POWER, LLC
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Beverly Hills, CA 90212