

# **Bond Case Briefs**

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## **BREACH OF CONTRACT - CALIFORNIA**

### **CAM-Carson, LLC v. Carson Reclamation Authority**

**Court of Appeal, Second District, Division 8, California - August 23, 2022 - Cal.Rptr.3d - 2022 WL 3593158 - 2022 Daily Journal D.A.R. 8974**

Commercial real estate developer brought action against city and city reclamation authority for breach of contract and breach of the covenant of good faith and fair dealing, alleging that developer entered contracts with defendants to develop 40-acre site after defendants remediated soil and groundwater contamination, installed infrastructure, and built roads, that defendants engaged in gross mismanagement and malfeasance that created massive funding deficit which derailed project, causing damages to developer of over \$80 million, and that city was alter ego of reclamation authority.

City demurred to the complaint. The Superior Court sustained demurrer. Developer appealed.

The Court of Appeal held that:

- The alter ego doctrine may be applied to a government entity in a case where the facts justify an equitable finding of liability;
- Developer alleged that city and reclamation authority were operated with integrated resources in pursuit of single business purpose, that city dominated reclamation authority such that reclamation authority had no separate mind, will or existence of its own, and that inequitable result would follow if acts in question were treated as those of reclamation authority alone, as required to state claim against city under alter ego theory for breach of contract; and
- Developer alleged that city and reclamation authority were alter egos and that developer and city were also parties to development agreement, as required to state claim against city for breach of implied covenant of good faith and fair dealing.