

City of Santa Rosa Exclusive Negotiation Agreement

THIS EXCLUSIVE NEGOTIATION AGREEMENT ("Agreement") is dated as of September XX , 2025 ("Effective Date"), and is entered into by and between the City of Santa Rosa, a California municipal corporation ("City"), and LH GPM, LLC, a California limited liability company ("Developer"). The City and Developer are sometimes referred to in this Agreement individually, as a "Party" and, collectively, as the "Parties." This Agreement is entered into by the Parties with reference to the following recited facts:

RECITALS

- A. The City is the owner in fee simple of real property located at 730 3rd Street in Santa Rosa, California, also known as Assessor Parcel No. 009-072-044 or White House Site ("Property").
- B. The Property is approximately 58,370 square feet and currently developed as a municipal parking lot containing 113 public parking stalls.
- C. Following a determination that the City does not have a public use for the Property, on December 6, 2022, in a regular public meeting, the Council of the City of Santa Rosa ("Council"), declared the Property as surplus by Resolution, RES-2022-235, in order to maximize the beneficial use of the Property and to help meet City housing goals.
- D. On January 23, 2023, the City issued a Notice of Availability (NOA) to affordable housing developers, among others, for the Property as required by the Surplus Land Act ("SLA"), Government Code section 54220, for a 60-day notice of interest period which ended on March 24, 2023.
- E. After more than a year of negotiations, the City was unable to reach an agreement with any of the developers who proposed on the Property.
- F. On March 26, 2025, the California Department of Housing and Community Development ("HCD") issued its written findings regarding the City of Santa Rosa's disposition documentation for the Property and confirmed that the City has

satisfied all applicable requirements under the SLA for purposes of disposing of the Property.

- G. In April 2025, the City of Santa Rosa issued a Request for Qualifications and Proposals (“RFQ/P”) soliciting proposals for the development of the Property by June 16, 2025.
- H. The City received five (5) proposals in response to the RFQ/P and following a fair and competitive review process conducted by a review panel, the three (3) highest-ranked proposals were brought forward to the City Council for further consideration.
- I. After reviewing the proposals and considering the recommendations of the review panel, the City Council has chosen to exclusively negotiate with Developer for the potential development of the Property.

NOW, THEREFORE, in view of the goals and objectives of the City relating to the development of the Property, and the promises of the City and Developer set forth in this Agreement, the City and Developer agree, as follows:

1. Purpose of Agreement. The purpose of this Agreement is to negotiate diligently and in good faith toward the execution of a mutually acceptable Disposition and Development Agreement (“DDA”) between the City and Developer for the development of the Property. The City and Developer shall cooperate in providing information, meeting, and conducting studies necessary to support the negotiation process.

2. Exclusive Negotiation Period. The term of this Agreement shall commence on the Effective Date and shall continue for a period of 5 months (“Negotiation Period”), unless extended or terminated earlier pursuant to the terms herein. During the Negotiation Period, the City shall negotiate exclusively with Developer regarding the potential disposition and development of the Property.

3. Extension of Negotiation Period. The Negotiation Period may be extended for one additional period not to exceed ninety (90) days upon the mutual written agreement of both the City Manager and the Developer. The City Manager shall have the authority to approve such extension if they determine, in their sole discretion, that the extension is reasonable and in the best interest of the City. Any such extension shall be memorialized in writing and delivered to the Developer prior to the expiration of the initial Negotiation Period.

4. Developer Responsibilities. During the Negotiation Period, Developer shall:

- (a) Prepare and submit a detailed development proposal, including conceptual plans, financial projections, and a proposed schedule;
- (b) Conduct any necessary due diligence;
- (c) Participate in meetings with City staff, stakeholders, and community members if requested;
- (d) Provide evidence of financial capacity and development experience as requested by the City.

5. City Responsibilities. During the Negotiation Period, the City shall:

- (a) Provide access to the Property and relevant documentation and information regarding the Property.
- (b) Coordinate internal reviews and provide feedback on Developer's submittals.
- (c) Prepare draft terms and conditions for the proposed DDA.

6. No Commitment to Disposition or Development. This Agreement does not constitute a commitment by the City to sell, lease, or otherwise transfer the Property, nor does it obligate the City or Developer to proceed with any development. Any such commitment shall be made only pursuant to a duly authorized and executed DDA.

7. Confidentiality. The Parties agree to maintain the confidentiality of proprietary and sensitive information exchanged during the Negotiation Period, except as required by law or court order.

8. Termination. This Agreement may be terminated prior to the expiration of the Negotiation Period by: (a) Mutual written agreement of the Parties; (b) Written notice by either Party upon material breach by the other Party; (c) Written notice by the City if Developer fails to make substantial progress toward the negotiation of a DDA.

9. Each Party to Pay Its Respective Costs and Expenses. Each Party is responsible for its own expenses in connection with this Agreement and the DDA negotiation.

10. Appraisal of Property. During the Negotiation Period, either Party may, at its sole expense, obtain an appraisal of the Property to determine its fair market value to aid the Parties in negotiating a purchase price as part of the DDA.

11. CEQA. Developer agrees that the City is by law entitled or required to exercise discretion in various ways concerning development of the Property, including but not limited to in considering entitlements and permits for the development, as well as adoption of any amendments to City ordinances, regulations, or planning or policy documents. The Parties recognize that execution of this Agreement does not constitute "approval" of a "project," as those terms are defined by the California Environmental Quality Act ("CEQA") and does not limit the ability of the City to consider alternatives or mitigation measures for any project that might arise and be subject to CEQA.

12. Exclusivity. During the Negotiation Period, the City and City staff may not negotiate with any other person or entity concerning the Property. The City may receive and retain unsolicited offers regarding the Property, but the City may not negotiate with the proponent of any such offer during the Negotiation Period. The City may disclose the fact that the City is a party to this Agreement.

13. Acknowledgments and Reservations. If this Agreement expires or is terminated for any reason, or a future DDA is not approved and executed by both the City and Developer for any reason, neither Party is under any obligation, nor have any liability to the other or to any other person regarding the Property. Neither Party is bound by any statement, promise, or representation made by the other Party's staff or representatives during the course of negotiations of a future DDA. The Parties will only be legally bound after a complete DDA is approved and executed by both the Parties, each in its respective absolute discretion following one or more duly noticed public hearings as required by law.

14. Breach. If a Party breaches this Agreement, the exclusive remedy of the Party who has not breached is to terminate this Agreement by serving written notice of termination on the breaching Party.

15. Notice. Any notice or instrument required to be delivered under this Agreement must be delivered at the addresses shown below.

TO DEVELOPER:	Attn: Berah McSwain, Head of Real Estate Phone: 510.387.8012 Email: Berah@Gencommercialcapital.com CC: David Kim, President Phone: 213.384.9701 x 3 Email: Davidkim@Gencommercialcapital.com
TO CITY OF SANTA ROSA	Attn: City Manager 100 Santa Rosa Avenue, Rm 10 Santa Rosa, CA 95404 Phone: (707) 543-3010 Email: CMOffice@srcity.org
	and Attn: Real Estate Manager 100 Santa Rosa Avenue Rm 6 Santa Rosa, CA 95404 Phone: (707)543-4246 Email: REServices@srcity.org

16. Entire Agreement. This Agreement constitutes the entire understanding between the Parties and supersedes all prior negotiations and communications.

17. Amendments. Any amendment to this Agreement must be in writing and signed by both Parties.

18. Counterpart Originals. This Agreement may be executed by the Parties in multiple counterpart originals, all of which together constitute a single agreement. The Parties may sign this Agreement electronically.

19. No Third-Party Beneficiary; Assignees. Nothing in this Agreement is intended to benefit any person or entity other than the City, and Developer may not assign its rights under this Agreement.

20. Governing Law. This Agreement is governed exclusively by the laws of the State of California, without application of any conflict-of-laws principles or statutes. Venue for any dispute regarding the Agreement lies exclusively in the courts in Sonoma County, California.

21. Waivers. No waiver of any breach of any term or condition contained in this Agreement may be deemed a waiver of any preceding or succeeding breach of such term or condition, or of any other term or condition contained in this Agreement. No extension of the time for performance of any obligation or act, no waiver of any term or condition of this Agreement, nor any modification of this Agreement is enforceable against either Party unless it is made in writing and executed by both Parties.

[signatures on following page]

IN WITNESS WHEREOF, the parties hereto have executed this Exclusive Negotiation Agreement as of the Effective Date.

CITY:

CITY OF SANTA ROSA,
a California municipal corporation

By: _____

Name: Maraskeshia Smith

Title: City Manager

Date: September , 2025

DEVELOPER:

LH GPM, LLC,
a California Limited Liability Company

By: KnD Properties 76, LLC, Sole Member

Name: Danny Kim _____

Title: Managing Member

Date: September , 2025

APPROVED AS TO FORM:

By: _____

City Attorney's Office