

RESOLUTION NO. _____

RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA ROSA ELECTING TO REPURCHASE THE PROPERTY LOCATED AT 410 B STREET, SANTA ROSA, CA, APN 010-045-025, AT THE CALL PURCHASE PRICE PURSUANT TO THE AGREEMENT OF PURCHASE AND SALE FOR FUTURE INFILL DEVELOPMENT AND JOINT ESCROW INSTRUCTIONS EFFECTIVE JUNE 8, 2021

WHEREAS, the City of Santa Rosa (“City”) and Cornerstone Properties II S, LLC entered into that certain Agreement of Purchase and Sale for Future Infill Development and Joint Escrow Instructions (the “Agreement”) effective as of June 8, 2021, which Agreement was subsequently assigned to and assumed by Cornerstone Communities II, LLC (“Cornerstone”); and

WHEREAS, pursuant to the Agreement, the City sold that certain property located at 410 B Street in the City of Santa Rosa (APN 010-045-025) (the “Property”) to Cornerstone on August 27, 2021 (the “Close of Escrow”), subject to certain post-closing obligations; and

WHEREAS, pursuant to Section 23(a)(i) of the Agreement, Cornerstone was required to submit building plans and applications sufficient for a full plan check for the first phase of Cornerstone’s mixed-use project at 34 6th Street (the “SMART Site First Phase”) within six (6) months of the Close of Escrow for the Property. By letter dated October 5, 2022, the City extended the deadline for compliance with Section 23(a)(i) by eighteen months, to August 27, 2023. By subsequent letter dated August 24, 2023, the City further extended this deadline to August 24, 2024. Cornerstone did not submit building plans and applications for a full plan check of the SMART Site First Phase to the City prior to the deadline required under the Agreement, as extended by the City, and this is a material default under the Agreement; and

WHEREAS, pursuant to Section 23(a)(iii) of the Agreement, Cornerstone was required to submit all required applications for City planning and zoning entitlements to develop the Property and Cornerstone’s adjacent property with a mixed-use project as described in the Agreement that was consistent with the Existing Land Use Regulations within eighteen (18) months from the Close of Escrow. By the City’s letter to Cornerstone dated October 5, 2022, the City also extended the deadline for compliance with Section 23(a)(iii) by eighteen months, resulting in an extended deadline for compliance with Section 23(a)(iii) of three (3) years after the Close of Escrow, or August 27, 2024. Cornerstone did not submit any applications to the City planning and zoning entitlements to develop the Property and Cornerstone’s adjacent property prior to the required deadlines established in the Agreement, as extended by the City, and this is also a material default under the Agreement; and

WHEREAS, on August 29, 2024, the City issued a notice of default under Section 23(d)(ii) of the Agreement, notifying Cornerstone that it is in material default with the post-closing obligations set forth in Sections 23(a)(i) and 23(a)(iii) of the Agreement, and further notifying Cornerstone that the City Council would conduct a noticed public hearing on October 22, 2024, at 5:00 p.m., or as soon thereafter as the item may be heard, to review evidence of the defaults; and

WHEREAS, by Letter Agreement dated October 3, 2024, the City and Cornerstone agreed to defer the noticed public hearing to December 10, 2024; and

WHEREAS, on December 10, 2024, the City Council held a public hearing and considered all testimony and evidence provided regarding this matter at the public hearing.

NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Santa Rosa finds and determines that (i) the failure to submit all required applications for City planning and zoning entitlements to develop the Property and Cornerstone’s adjacent property with a mixed-use project as described in the Agreement by the deadline required in the Agreement as subsequently extended by the City, and (ii) the failure to submit building plans and applications sufficient for a full plan check for the first phase of Cornerstone’s mixed-use project at 34 6th Street by the deadline required in the Agreement as subsequently extended by the City both constitute material defaults under Section 23 of the Agreement, and pursuant to Section 23(d)(ii) of the Agreement, the City Council elects to repurchase the property located at 410 B Street, Santa Rosa, CA APN 010-045-025, for the Call Purchase Price of \$1,340,000.

BE IT FURTHER RESOLVED that the Council directs the City Manager to deliver to Cornerstone a Call Exercise Notice within ten (10) days of this Resolution in accordance with Section 23(e)(ii) of the Agreement, and further authorizes the City Manager, subject to approval as to form by the City Attorney, to execute any and all agreements and documents as necessary to carry out the City Council’s direction as set forth in this Resolution, and to complete the repurchase of the Property from Cornerstone in accordance with the terms of Section 23 of the Agreement.

IN COUNCIL DULY PASSED this 10th day of December, 2024.

AYES:

NOES:

ABSENT:

ABSTAIN/RECUSE:

ATTEST: _____ APPROVED: _____
City Clerk Mayor

APPROVED AS TO FORM: _____
City Attorney