



May 19, 2025

Via Overnight Delivery and E-mail

Cornerstone Communities II, LLC
c/o Alon Adani
1435 N. McDowell Boulevard, Suite 110
Petaluma, California 94954
Attn: Alon Adani
Email: alon@cornerstone-prop.com

Re: Agreement of Purchase and Sale for Future Infill Development and Joint Escrow
Instructions
Seller's Notice of Default Pursuant to Section 23(d)(ii)

Dear Mr. Adani,

As you know, the City of Santa Rosa ("City") and Cornerstone Communities II, LLC ("Cornerstone") 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. Pursuant to the Agreement, the City conveyed 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. This letter serves as notice under Section 23(d)(ii) of the Agreement that you are in material default with the post-closing obligations set forth in Sections 23(a)(i) and 23(a)(iii) of the Agreement, as more specifically described below.

In accordance with Section 23(d)(ii) of the Agreement, the City Council will conduct a noticed public hearing on **July 8, 2025, at 4:00 p.m.**, or as soon thereafter as the item may be heard, to review evidence of the defaults described below. The public hearing will be held in the Santa Rosa City Council Chambers located at 100 Santa Rosa Avenue, Santa Rosa California. Staff will recommend that the City Council elect that the City purchase the Property from you for the Call Purchase Price in accordance with the terms of Section 23(d) of the Agreement. The bases for your default under the Agreement, triggering the City's right to repurchase the Property for the Call Purchase Price, are set forth below.

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 my letter to you dated October 5, 2022, I extended the deadline for

compliance with Section 23(a)(i) by eighteen months. The deadline for compliance with this requirement, as extended, was August 27, 2023. The City agreed to extend that deadline by an additional 12 months by a second extension letter dated August 24, 2023, resulting in a new deadline of August 24, 2024. The City previously sent you a notice of default on August 29, 2024 (the “First Notice of Default”), setting a public hearing to review the default as provided for in the terms of the Agreement on October 22, 2024. On October 3, 2024, the City and Cornerstone entered into a letter agreement to defer the date of the public hearing to December 10, 2024. At the December 10, 2024 public hearing, the City Council elected, pursuant to Section 23(d)(ii)(z) of the Agreement, to revise the deadline for submission of building plans and applications for the SMART Site First Phase to April 9, 2025. As of the date of this letter, you have not submitted any building plans and applications to the City for the SMART Site First Phase. You have failed to meet the required deadline under the Agreement for this submission, and this is a default under the Agreement.

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 my letter to you dated October 5, 2022, I 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. The First Notice of Default also listed failure to submit all required application for City planning and zoning entitlements as a basis for default under the Agreement, and the City Council considered this default at its December 10, 2024, public hearing. At the December 10, 2024, public hearing, the City Council similarly elected, pursuant to Section 23(d)(ii)(z) of the Agreement, to revise the deadline for submission of all required applications for City planning and zoning entitlements to develop the Property and Cornerstone’s adjacent property to April 9, 2025. As of the date of this letter, you have submitted an application for conceptual design review and the holding of a neighborhood meeting related to the Project. However, this does not constitute the submission of all required applications for City planning and zoning entitlements to develop the Property and Cornerstone’s adjacent property. This is only an initial application for conceptual review, and not the submission of a formal Design Review application that triggers formal review by City staff for completeness and a full processing of the application. You have therefore also failed to meet the extended deadline for this submission, and this is also a default under the Agreement.

As we have made clear throughout the original negotiations regarding the sale of the Property, and our subsequent correspondence, one of the fundamental terms of this transaction for the City was the understanding that you would proceed with the development of the Ross Street Project, the SMART Site First Phase, and most importantly, the Project that included the Property, in an expeditious manner. That has not occurred, notwithstanding the multiple extensions granted by the City. I understand that you have discussed further extensions and a revised timeline to City staff, but your proposed timeline projects the completion of the development of the Property and Cornerstone’s adjacent property between 9 ½ and 12 years from submission of all required applications for City planning and zoning entitlements (which still has not occurred), and you have not provided any projected timeline for submission of building plans and applications, or for completion of the Ross Street Project or the SMART Site First Phase. The proposed timeline for completion of development of these properties is much longer than the City would expect, and I

continue to believe that it is in the City's best interest to repurchase the Property as provided for in the Agreement and explore other options for the use and development of the Property in furtherance of the revitalization of the City's downtown.

If you have any questions regarding this Notice of Default prior to the public hearing noted above, please contact Jill Scott at (707) 543-4246 or jscott@srcity.org. Additionally, in any emailed correspondence, please include a copy to Teresa Stricker, City Attorney, at tstricker@srcity.org.

Sincerely,



[Maraskeshia Smith \(May 20, 2025 07:41 PDT\)](#)

Maraskeshia Smith
City Manager
City of Santa Rosa

Cc: Kristina D. Lawson

2nd Notice of Default (May 2025)

Final Audit Report

2025-05-20

Created:	2025-05-19 (Pacific Daylight Time)
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"2nd Notice of Default (May 2025)" History

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