

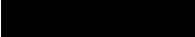
From: [Pauline Block](#)
To: [_CityCouncilListPublic](#)
Cc: [Smith, Maraskeshia](#); [CA Office](#); ethan.walsh@bbklaw.com; [Kristina D. Lawson](#)
Subject: [EXTERNAL] December 10, 2024 Regular City Council Meeting Agenda Item 16.1
Date: Monday, December 9, 2024 1:55:05 PM
Attachments: [Safe Attachments Scan In Progress.msg](#)

Good Afternoon Honorable Mayor and Members of the City Council,

Please see the attached letter regarding the December 10, 2024 Regular City Council Meeting Agenda Item 16.1, Public Hearing to Review Evidence of Default by Cornerstone Properties II, LLC on the Property Located at 410 B Street, Santa Rosa, CA APN 010-045-025.

I have also attached the letter referenced from November 22, 2024 sent to City Manager Maraskeshia Smith.

Please reach out to me directly with any questions.

Thank you,
Pauline Block
Cornerstone




707-526-4799
1435 N. McDowell Blvd, Suite 110
Petaluma, CA 94954

December 9, 2024

VIA EMAIL

Honorable Mayor and Members of the City Council
City of Santa Rosa
City Hall
100 Santa Rosa Avenue
Santa Rosa, CA 95404

cc:

Maraskeshia Smith, City Manager
Teresa Stricker, City Attorney
Ethan Walsh
Kristina Lawson

RE: December 10, 2024; Regular City Council Meeting Agenda Item 16.1, Public Hearing to Review Evidence of Default by Cornerstone Properties II, LLC on the Property Located at 410 B Street, Santa Rosa, CA APN 010-045-025

Dear Honorable Mayor and Members of the City Council,

We have appreciated the opportunity to work collaboratively with your staff and outside counsel on this matter over the past few months. As Cornerstone has shared in those meetings, it acknowledges the City's concerns regarding the property and project contemplated at 410 B Street, and is committed to finding a constructive path forward that meets the City's goals.

As noted in the staff report and in Cornerstone's written extension requests, the COVID-19 pandemic, coupled with dramatic cost increases, financing complexities, and other unforeseen hurdles, has significantly impacted the pace and feasibility of development projects statewide, including Cornerstone's efforts to meet the compliance schedule outlined in the Agreement of Purchase and Sale for Future Infill Development and Joint Escrow Instructions ("Agreement"). Despite the two prior extensions, these challenges persisted, hindering Cornerstone's ability to meet the most recent deadlines and necessitating a third request for extension.

Given the extenuating circumstances, we respectfully request that the City Council take one of the following actions:

1. Revise the Scheduled Time for Compliance – Provide Cornerstone with additional time to fulfill the obligations outlined in the Agreement, enabling Cornerstone to adapt to the financial and logistical constraints that have hindered progress. In August, Cornerstone forwarded a specific extension request to the City Manager requesting a 12-month extension of time for performance, and as referenced in Cornerstone's November 22, 2024 letter to the City, it has been working with the architecture firm Dunnigan Sprinkle and believes that the design work and entitlement package can be completed within the next nine months (see attached).
2. Postpone the December 10 Decision – If the City Council is not amenable to revising the scheduled time for compliance at tomorrow's meeting, we request the City Council authorize further dialogue between Cornerstone and City officials to collaboratively explore options for achieving mutual goals without taking immediate action to repurchase the property.

We believe additional time and open communication will lead to a solution that aligns with the City's vision for revitalizing downtown Santa Rosa and meeting housing objectives, while ensuring Cornerstone can deliver the intended project with the necessary support and adjustments.

Cornerstone remains committed to this project and values the opportunity to continue working closely with the City toward its completion. We appreciate your consideration of this request.

Very truly yours,

Alon Adani



707-526-4799
1435 N. McDowell Blvd, Suite 110
Petaluma, CA 94954

Maraskeshia Smith, City Manager
City of Santa Rosa
100 Santa Rosa Ave, Ste 10
Santa Rosa, California 95404

November 22, 2024

Delivered via email to City Manager Maraskeshia Smith at msmith@srcity.org
CC: Jill Scott jscott@srcity.org; Jason Nutt jnutt@srcity.org

RE: June 8, 2021 Agreement of Purchase and Sale for Future Infill Development and Joint Escrow Instructions ("PSA") between the City of Santa Rosa and Cornerstone Properties SA, LLC

Dear Ms. Smith,

Thank you for your meeting our team last month in regards to our obligations under the post-closing covenants in Section 23(d)(i) of the PSA for 521 Fifth Street, as extended previously. Despite our diligent efforts, industry-wide material instability and ongoing financial structuring have continued to delay our progress. CP remains committed to the development of the project, and appreciates the City's collaboration.

We have been working with architecture and planning firm, Dunnigan Sprinkle, to receive updated timelines in completing the Design Review Board Full Concept project submittal for the B Street and Mendocino Avenue parcels. The principal owners of Dunnigan Sprinkle, Brendan Dunnigan and Tom Sprinkle, will be the day-to-day architects working on the project. Brendan will fulfill the role of Project Manager and primary contact, and Tom will be the Design Director. The firms qualifications package is attached.

Given the ongoing and unanticipated delays, we request an additional 9-month extension of time from the date of this letter agreement.

We appreciate your understanding and continued support in this matter.

Sincerely,
Alon Adani, Principal