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8401 Laguna Palms Way
Elk Grove, California 95758



February 12, 2025

Sheldon Farms, L.P.
1149 S. Hill Street, Suite 700
Los Angeles, CA 90015
Attn: Holly Benson, President & CEO

AMENDED AND RESTATED LETTER OF INTENT FOR DEVELOPMENT OF 8851 BRUCEVILLE ROAD

The purpose of this Amended and Restated Letter of Intent ("LOI") is to express the City of Elk Grove's ("Seller" or "City") interest in selling or conveying the property located at 8851 Bruceville Road in Elk Grove, California, further identified as APN 116-0012-070 ("Site"), to Sheldon Farms, L.P., a California limited partnership, created by Abode Communities for this affordable housing project ("Buyer"), collectively referred to as the "Parties".

Any purchase of the Site is conditional on the finalization of a purchase and sale or conveyance agreement ("Conveyance Agreement") between Buyer and Seller, and final approval of the Conveyance Agreement by the Elk Grove City Council ("City Council") as part of a public agenda. The Buyer shall have no obligation to acquire, and the Seller shall have no obligation to sell or convey, the Site unless and until such Conveyance Agreement has been signed by authorized representatives of each party, setting forth the specific terms and conditions of the conveyance, as approved by City Council. Below are the general terms currently being contemplated by the Seller. The term "shall" is mandatory and the term "may" is permissive.

Seller: City of Elk Grove, a California municipal corporation

Buyer: Sheldon Farms, L.P., a California limited partnership

Site: 8851 Bruceville Road
APN 116-0012-070

Land Consideration: The consideration for the Site shall be \$3.02 million or such other amount as may be mutually agreed to by the parties (the "Land Consideration"). In no event shall the Land Consideration exceed the appraised value of the property as determined by a licensed appraiser commissioned by the Buyer at the time development entitlements are approved, or such other time that is mutually agreed by the Parties. Any agreement shall be in writing.

Term: This LOI shall be valid for a term of 12 months as of the date executed by the Parties and approved as to form by the City Attorney or until replaced by a Conveyance Agreement, whichever occurs first. The City Manager shall be authorized to extend the termination date of this LOI by a writing signed by the City Manager and the Buyer prior to the initial termination date.

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Exclusive Arrangement: The Seller guarantees that, for such term as this LOI and the subsequent Conveyance Agreement remains valid, the Buyer shall have an exclusive opportunity to pursue development of the Site.

The Project: This LOI is intended to facilitate the development of an affordable housing development consisting of approximately 240 family units, with rents ranging from 30% to 80% AMI ("Project"). A maximum of two units, with no rent restrictions, shall be developed and operated as manager units. The design of the Project shall integrate an urban character that provides for orientation/activation of the transit corridor along Bruceville Road and integrates with the adjoining residential neighborhood. The Project shall meet one of the exemptions to the Surplus Land Act set forth in Government Code section 54221(f)(1) such that the property is considered "exempt surplus."

Seller's Obligation Seller shall provide any and all documents, records, or other information in Seller's possession about the property or surrounding context that would normally be provided to inform the development of the Site.

The City shall consider an Affordable Housing Fund loan commitment of no more than \$4,050,000 for the Project's costs, excluding the costs of land acquisition. The City may also consider an Affordable Housing Fund loan commitment for the Land Consideration, dependent on the method of conveyance selected. Such commitment shall be considered by the Affordable Housing Committee and City Council following execution of this LOI.

Buyer's Obligations: The Buyer shall undertake the following actions:

- Undertake a public outreach and engagement process for development of the Site with the community. The specific outreach and engagement plan shall be provided to the City for review and approval within 30 days of the execution of this LOI. The outreach and engagement plan was completed in 2024.
- Prepare all Site development plans, including site plans, architecture plans, utility plans, and other materials required for submission to the City's Community Development Department.
- Complete a loan application for funding through the City's Affordable Housing Fund and obtain a loan commitment from the City. The initial loan application was submitted in October 2024, and an updated application will be filed once the planned financing structure and other details are finalized.
- Secure design review and any other City entitlements necessary to develop the Project.
- Apply for and secure all necessary Project funding, except for any funds provided by the City.
- Prepare all Site construction plans and approvals, including, but not limited to, civil plans, building plans, and landscape plans.
- Pay all agency processing fees, impact fees, mitigation fees, or other costs associated with design, development/construction, and operation of the Project.

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Process:

The Parties agree to the following process and estimated timeline:

- February 2025: Execution of this Amended and Restated LOI.
- March 2025: Execute the Conveyance Agreement in a form satisfactory to both parties. City to declare Site "exempt surplus" at this time.
- March 2025: Secure loan commitment from City Affordable Housing Fund.
- August 2025: Consideration of entitlements by appropriate City approval authority.
- April 2025 – Late 2026: Secure Project funding.
- Early 2027: Close Project financing and complete conveyance of Site (the "Closing Date").
- 2027 – 2028: Construct Project.
- 2029: Construction Completion.
- July 2029: Lease up and Completion

Right to Rescind or Revert to the City:

At any time during the term of this LOI, the City reserves the right to terminate the LOI with 30 days' notice. Should the City terminate the LOI without cause, the City shall reimburse reasonable Project expenses incurred by Buyer upon receipt of documentation showing such expenses.

Should the Buyer fail to develop the Project as described herein or perform within the timeframe provided herein or such other schedule as mutually agreed to by the Parties, and such failure continues for a period of 30 days after Seller's written notice of such failure to Buyer, as determined by the City in its reasonable discretion, the City shall have the right to terminate this LOI, and prior to the Closing Date, the Conveyance Agreement. Upon termination for cause, the City shall not be liable for reimbursement of any Project expenses incurred by the Buyer.

Due Diligence and Right to Entry:

After the execution of this LOI and prior to the closing date set forth in the Conveyance Agreement, Buyer shall be provided access to the Site pursuant to a Right of Entry agreement between the Parties to evaluate the suitability of the Site for the Project which may include environmental site assessments, appraisal, ALTA/ASCM survey, and other inspections and reports as Buyer may require.

CEQA Provisions:

With respect to the California Environmental Quality Act (CEQA), this LOI is merely an agreement to enter into good faith negotiations with respect to the proposed Conveyance Agreement according to the terms hereof so that mutually acceptable Conveyance Agreement can be submitted to the City Council for its consideration, all within the times provided herein with all final discretion and approval remaining with the City Council as to any proposed Conveyance Agreement, and all proceedings and decisions in connection therewith, as well as any and all future land use entitlements and approvals with respect to development of the Site (unless such land use approvals are deferred to the Planning Commission). As required by law, the City retains the sole and independent discretion as the lead agency to, among other things, balance the benefits of the Project against any significant environmental impacts prior to taking final action if such significant impacts cannot otherwise be avoided, and determine to modify or not to proceed

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with the Project. This LOI does not legally obligate approval of the Project under CEQA, the entitlements and permits for the Project, or that the transaction described by the Conveyance Agreement will exist unless and until the conclusion of all applicable CEQA review processes and/or all other public review and hearing processes, subject to all applicable government approvals.

Until and unless the Conveyance Agreement is signed by Buyer, approved by the City Council and executed by the City, no agreement drafts, actions, deliverables or communications arising from the performance of this LOI shall impose any legally binding obligation on either Party to enter into Conveyance Agreement or be used as evidence of any oral or implied agreement by either Party to enter into any other legally binding document governing development of the Site.

**Brokerage
Commissions:**

Seller is acting as their own agent and Seller is not obligated to pay any brokerage commission on behalf of the Buyer.

Form of Agreement:

The initial draft of the Conveyance Agreement shall be prepared by the Seller and shall contain such other terms and conditions as are customary and appropriate in transactions of this nature and reviewed and approved by Buyer.

Miscellaneous:

Amendments, changes, or modifications in the terms of this LOI may be made at any time by mutual written agreement between the Parties hereto and shall be signed by the persons authorized to bind the Parties.

If the proposals set forth above are acceptable to you, please sign and date the enclosed copy of this Letter of Intent indicating that you agree with these terms. This Letter of Intent may be signed in counterpart. Upon our receipt of your signature to this Letter of Intent, and the counter signing of this Letter of Intent by the City, we will proceed with the steps necessary to enter into a Conveyance Agreement.

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CITY:

BUYER:

CITY OF ELK GROVE,
a California municipal corporation

SHELDON FARMS, L.P.,
a California limited partnership


By: 
Jason Behrmann
City Manager

By: 
Lara Regus
Senior Vice President, Development


Date: 2/18/2025 | 10:56 AM PST

Date: 2/3/2025 | 3:42 PM PST

Approved as to form:

By: 
Jonathan P. Hobbs
City Attorney

Attest:

By: 
Jason Lindgren
City Clerk