



Building a Better Community®

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May 12, 2020

CCC Real Property Division
Attn: Karen Laws – Real Property Agent
651 Pine Street
Martinez, CA 94553

Land Advisors Organization
c/o Steve Reilly
156 Diablo Road, Suite 340
Danville, CA 94526

Re: Letter of Intent to Acquire & Develop the “Oak Park” project in Pleasant Hill, CA

Dear Ms. Laws & Mr. Reilly

Thank you very much for presenting DeNova Homes with the opportunity to respond to Contra Costa County’s (“CCC”) RFP. We greatly appreciate the opportunity for us to present you with this Letter of Intent to work with CCC in acquiring and developing the “Oak Park” community to bring it to life. DeNova Homes has developed numerous projects all throughout Contra Costa County, and has recently completed its Tananger Heights community at the corner of Taylor Blvd. & Mercury Way; so we have the knowledge and experience needed to navigate the final permitting processes to bring the community to life as expeditiously as possible. As a private company we also have the ability to offer our general contracting services to help bring any of the other public improvements in the area to life (i.e. the library or the park), and would be happy to provide those services in parallel with developing Oak Park if needed or desired.

The following paragraphs in this letter are intended to outline the main deal points to be inserted into the draft Purchase and Sale Agreement (“Agreement”) provided and will be used to guide to finalize that Agreement should we be selected and granted the opportunity. DeNova Homes, Inc., or its related assigns (“Buyer”) would like to enter into a Purchase and Sale Agreement (“Agreement”) with Contra Costa County, or related assigns (“Seller”). The following are the main deal points for Agreement finalization:

A. Property:

The Property in question contains approximately 5 acres located at the Oak Park Blvd & Monticello Ave intersection in the City of Pleasant Hill, County of Contra Costa. Property is being delivered with all entitlements for Buyer to pursue permits for development of the thirty four (34) single family residential lot community being delivered by Seller, commonly referred to as “Oak Park” as outlined in the offering materials.

B. Purchase Price:

The Purchase Price for the Property shall be **Twelve Million Dollars (\$12,000,000)** for the entirety of the project in question and its related entitlements.

Buyer’s Purchase Price is based on the Site Work & Fee Estimates provided in the offering materials (and acknowledges they are only estimates and will work with Seller on final “Purchase Price Adjustment” as outlined in the offering memorandum). Please note that Buyer removed line items under Landscaping Improvements for Front Yard Landscaping & Fencing as Buyer accounts for those numbers within vertical construction hard costs, so our assumed site work budget is \$502,840 less with those line items removed so we are not double dipping on costs.

C. Deposits:

A deposit for the Property in the amount of **Two Hundred Thousand Dollars (\$200,000)** shall be placed into an interest-bearing escrow account with First American Title Company in Pleasanton, CA within three (3) business days following execution of the forthcoming Purchase Agreement (“Initial Deposit”). Upon approval of Buyer's Feasibility Period, the Deposit shall become non-refundable to Buyer and released to Seller. Prior to Buyer providing its Notice of Approval to clear the allotted Feasibility Period, Buyer shall deposit another **Five Hundred Twenty Thousand Dollars (\$520,000)** into escrow (“Additional Deposit”) to be released to Seller immediately following Seller providing Notice of Approval. In the event of the Seller's default under the Agreement, the Deposits shall be returned to Buyer. All Buyer deposits and accrued interest shall be applicable towards the Purchase Price.

D. Feasibility Period:

Buyer shall have until **forty-five (45) calendar days** (“Feasibility Period”) following the execution of the Agreement to review in its sole discretion, the condition and suitability of the Property for its intended use. Seller agrees to promptly provide all documents in Seller's possession relating to the Property within three (3) business days from mutual execution the Purchase and Sale Agreement. Examples include any environmental reports, biological reports, city fee estimates, cost estimates, soils reports, Phase 1 or Phase 2 studies, etc. Should a Phase 2 study be required with a Phase 1 identifying Recognized Environmental Concerns, an additional thirty (30) days shall be added to the Feasibility Period for Buyer to conduct the Phase 2 Environmental Site Assessment. Buyer shall, immediately upon acceptance of this Letter of Intent, instruct the Title Company to prepare an updated preliminary title report on the Property, including copies of all plotted easements and copies of underlying exceptions attached. Immediately following mutual execution, the Purchase and Sale Agreement, Buyer and its agents shall have the right to enter the Property for the purpose of doing any tests, surveys, inspections or related work as required by Buyer for the inspection and development of the Property. On or before the last day of the Feasibility Period, Buyer shall notify Seller in writing that the feasibility conditions either have been approved or disapproved. Failure to provide such notice shall be deemed disapproval by Buyer of this feasibility of the property for development. If Buyer disapproves the feasibility conditions, the contract shall terminate immediately, and the Agreement will be considered null and void and all deposits made by Buyer shall be returned in full.

E. Processing Responsibility:

It will be Buyer's responsibility to continue processing for the project's final map, improvement plans, and other related permitting requirements; Seller is delivering the entitled project. Seller shall cooperate with any and all required applications and materials prepared by Buyer in order to begin in pursuits for permitting prior to closing escrow.

F. Escrow Closing:

The Close of Escrow is to occur (i) fifteen days after the issuance of the Feasibility Notice of Approval, or (ii) seven days after receipt of the Notice of Completion confirming that the demolition/site preparation is complete, whichever is later.

G. Property Condition:

Seller shall deliver Property to Buyer in a condition that is clean and suitable for residential development with no hazardous waste and/or environmental materials on the property following the demolition and site clearing activities, with no lease encumbrances, and clean/lien-free title.

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H. Representations and Warranties & PSA:

Seller shall provide customary representations and warranties to Buyer in the forthcoming Purchase and Sale Agreement. Buyer has reviewed the draft Purchase & Sale Agreement provided and is confident Buyer will be able to work with County Staff/Seller to get finalized for execution.

I. Commission:

Seller shall be responsible for all fees/commissions owed to Steve Reilly of Land Advisors Organization. Buyer and Seller each agree to indemnify, defend and hold the other free and harmless from any claims of any brokers, finder, representative employee, agents or other intermediaries claiming to have represented Buyer or Seller, respectively, or otherwise to be entitled to compensation pursuant to an agreement with the indemnifying party in connection with this agreement or connection with the sale of the Property.

J. Confidentiality

Buyer and Seller each agree that they shall treat as confidential any information received from the other party relating to this Offer to Purchase or the purchase of the Subject Property. The parties further agree that they shall use all such information solely for the purpose of evaluating the merits of the proposed transaction and shall not disclose or permit the disclosure of, such information to any unrelated third parties without the other party's express written consent.

K. Other Terms

Seller shall assign all work product related to the Property to the extent any exists. This includes all documents, plan sets, permits, entitlements, pre-paid fees, and other related materials to buyer upon the close of escrow, to the extent they exist. Buyer is also willing to act as a general contractor for Seller and its partners if desired to have assistance with other community improvements as well while Buyer is developing the project (i.e. new library and park) in order to more expeditiously bring overall vision for the area to life.

This Letter of Intent merely contains the general terms and conditions of our agreement and is not intended to be representative of all the terms and conditions that will be included in the final purchase and sale agreement. This Letter of Intent does not create any legally binding rights or obligations on Seller or Buyer, except as provided in this paragraph below. During the negotiation period for the Agreement, Seller's only binding obligations are to negotiate with Buyer in good faith and refrain from marketing the property to any other party. If the basic outline of this agreement, as presented above, is acceptable to the Seller, Seller shall countersign this letter. Immediately thereafter, Buyer & Seller shall initiate discussions to finalize the draft Purchase & Sale Agreement for execution.

We look forward to your response and thank you again for your time and the opportunity to present you with this Letter of Intent! Please do not hesitate to let me know if you have any questions or need clarification on anything within this offer.

Very Truly Yours,

Trent Sanson

Vice President of Land Acquisition & Entitlements (*and a proud Pleasant Hill resident*)



AGREED TO AND ACCEPTED BY SELLER'S AUTHORIZED AGENT

(Seller)

(Date)