



Contra Costa County  
Real Estate Division  
c/o Steve Reilly  
Land Advisors  
156 Diablo Road, Ste. 340  
Danville, CA 94526

May 12, 2020

**RE: Letter of Intent  
Oak Park, Pleasant Hill**

Dear Mr. Reilly:

This is a Letter of Intent from Davidon Homes, a California limited partnership, the "Buyer", to purchase parcels owned by Contra Costa County, the "Seller":

1. **Property.** The property ("Property") is located in the City of Pleasant Hill, California, and consists of one parcel, parcel number 149-271-014, of approximately 4.8 acres. The Property also includes ownership of all subdivision plans, architectural plans, completed studies, other documents relevant to completing entitlement of the Property for residential development, and any refundable contracts and deposits, in existence at the time of the Close of Escrow. A definitive description of the Property and the legal owner shall be provided in the formal purchase and sale agreements ("Agreement").
2. **Purchase Price.** The Purchase Price ("Purchase Price") for the Property shall be Thirteen Million Six Hundred Thousand Dollars (\$13,600,000), The Purchase Price is based on thirty-four (34) lots and the Purchase Price shall be subject to adjustment as set forth in Paragraph 3a below. The Purchase Price shall be paid as follows:
  - a. On or before two (2) business days from the execution of the Agreement, Buyer shall deposit with the Escrow Holder the sum of One Hundred Thirty Six Thousand Dollars (\$136,000) ("Initial Deposit"), into an interest-bearing account with the interest accruing to Buyer's benefit. The Initial Deposit shall be applicable to the Purchase Price and shall be refundable to the Buyer if the Agreement is cancelled prior to the expiration of the Feasibility Period, discussed in Paragraph 6 below.
  - b. Upon expiration of the Feasibility Period, if Buyer elects to continue with the purchase of the Property, a "Second Deposit" in the amount of Six Hundred Eighty Thousand Dollars (\$680,000) shall be deposited within two (2) business days into an interest-bearing account with the interest accruing to Buyer's benefit, and shall be applicable to the Purchase Price. Both the Initial Deposit and Second Deposit ("Deposits") become non-refundable in the event

of Buyer default, and shall remain in escrow until Close of Escrow or termination of the Agreement by Buyer,

- c. On or before the Close of Escrow, Buyer shall deposit the balance of the Purchase Price, in cash, with the Escrow Holder.
- d. At any time between the expiration of the Feasibility Period and the Close of Escrow, Buyer may terminate the Agreement by providing written notice of such termination to the Seller. In the event of such termination, the Deposits in escrow shall be released to Seller, and Buyer and Seller shall have no further liabilities or obligations to one another under the Agreement, provided however, that Buyer shall release all plans and studies pertaining to the Property completed by third parties on behalf of Buyer.

3. Conditions of Purchase

- a. The impact fees listed in the Oak Park VDR for Pleasant Hill Park and Recreation In-lieu Fee in the amount of \$17,647.06 per unit and the City of Pleasant Hill Traffic Impact Fee in the amount of \$3,480 per unit are estimates and are assumed for the Purchase Price. If the actual final fees imposed differ from these assumed amounts, the Purchased Price shall be adjusted accordingly.
- b. The Property shall be delivered in accordance to the Oak Park Properties Demolition and Site Leveling Plan, prepared by BKF, dated April 9, 2020.

- 4. Opening of Escrow. Escrow shall be established at the First American Title Company, Pleasanton office, (the "Escrow Holder"), within three (3) business days after the Buyer and Seller have executed the Agreement. Seller shall be responsible for all transfer taxes. All property taxes, assessments and escrow charges and fees shall be prorated as of the Close of Escrow as commonly done in transactions of this type in Contra Costa County.
- 5. Close of Escrow. Close of Escrow for the Property shall occur on or before the later of a) fifteen (15) days after the expiration of the Feasibility Period, b) seven (7) days following the approval of a Tentative Map and CEQA certification by the City of Pleasant Hill, and the expiration of all applicable appeal periods and resolution of any litigation, and resolution of a filed referendum, and c) seven (7) days after the receipt of the Notice of Completion confirming that the Demolition/Site Preparation is complete.
- 6. Feasibility Period. The Buyer shall have forty-five (45) days from the date of execution of the Agreement to conduct any and all investigations and inspections it finds necessary or pertinent to making a determination of the feasibility of acquiring the Property (the "Feasibility Period"). In order to facilitate Buyer's due diligence activities, the Seller shall furnish any materials Seller has in its possession that relates to the Property, including but not limited to contracts, agreements or permits with any agency, company or private party, plans or reports prepared by the project civil engineers, architects, soils engineer and other consultants employed by or on behalf of the prior owner or Seller with respect to the Property. Seller shall cooperate fully with Buyer during the

Feasibility Period. Buyer shall have access to the Property at all times during the Feasibility Period but will coordinate access with the Seller. Access is required for purposes of conducting engineering, soils, and all other studies Buyer elects to have performed. Buyer agrees to indemnify and hold harmless Seller and Property from any and all liability, loss, cost, damage or expense that Seller sustains or incurs by reason of or in connection with any such entry, inspection, test or study conducted by Buyer during said Feasibility Period. Buyer shall restore Property to the conditions that existed prior to Buyer conducting tests or inspections. At any time during the Feasibility Period, Buyer, at its sole discretion, may elect to terminate the Agreement, unreleased Deposits shall be refunded to Buyer, and Buyer and Seller shall have no further liabilities or obligations to one another. Upon termination, Buyer shall return all work product to Seller, and Buyer and Seller shall have no further liabilities to one another.

7. Title. Upon opening of Escrow, Seller shall deliver to Buyer at Seller's expense a preliminary title report (the "PTR") for the Property together with legible copies of all back-up documents referenced in the PTR. Buyer shall have thirty (30) business days to approve the PTR or notify Seller of any disapproved exceptions. In the event Buyer is not satisfied with the conditions of title, Buyer shall so notify Seller in writing of any disapproved exceptions. Seller shall have ten (10) business days from the Buyer's notification in which to correct, cure or eliminate any of Buyer's disapproved exceptions. If, at the end of the ten (10) business day period or by such later date mutually agreed upon by both parties, Seller provides written notice to Buyer and Escrow Holder that Seller has been unable or unwilling to remove or otherwise clear title to Buyer's satisfaction of any disapproved exceptions, the Buyer shall have the right in its sole discretion, to elect to either (a) terminate the Agreement as set forth below, or (b) continue with the Agreement in full force and effect in which event the disapproved exceptions shall be deemed permitted exceptions. Seller shall deliver title to the Property at close of escrow free and clear of any liens and encumbrances other than non-delinquent real estate taxes and other exceptions as may be approved by Buyer prior to the expiration of the Feasibility Period. At close of Escrow, Seller shall provide at Seller's expense a CLTA owner's title policy consistent with the PTR approved by Buyer.
8. Real Estate Commission. Each of the parties hereto represents to the other that it has dealt with no brokers in connection with this transaction, except for Steve Reilly with Land Advisors, whose commission shall be paid by the Seller.
9. Confidentiality. Both parties agree to keep the terms of this transaction, including this Letter of Intent, strictly confidential except to the extent disclosure to parties' respective principals, attorneys, persons, firms, corporations or lenders reasonable involved in conducting the feasibility review and/or having an interest in this transaction.
10. Effect of this Letter. This letter contains only a statement of the basic terms and conditions for the Agreement. It is not intended to be a contract or a promise of performance by either party, and no contract or other obligations whether oral or written shall be deemed to have arisen by virtue of this letter. A contract shall exist only if and when an Agreement setting forth all the terms and conditions of this transaction has been executed by the Buyer and the Seller

The parties agree to negotiate in good faith and use their best reasonable efforts to arrive at a mutually acceptable Agreement. Seller agrees not to offer the Property to any other party while the Agreement is being negotiated, and agrees that, notwithstanding the non-binding nature of this letter, this provision shall be binding on Seller. This Letter of Intent will expire if not accepted by Seller, at 5:00 pm Pacific Standard Time on Tuesday, May 26, 2020.

If the foregoing terms and conditions are acceptable to you, please sign and return a copy of this letter to our office. Upon its receipt, Seller shall prepare a definitive Agreement for our review and execution.

Sincerely,  
DAVIDON HOMES



Steven B. Abbs  
Vice President, Land Acquisition & Development

To Davidon Homes: The foregoing terms and conditions are hereby accepted and approved.

SELLER: Contra Costa County


By: \_\_\_\_\_ Date: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_ Date: \_\_\_\_\_

Title: \_\_\_\_\_

## Exhibit A

12-May-20 

### **Oak Park Offer Assumptions**

<b>Avg. Home Revenue (Base price + Upgrades/Premiums - Incentives)</b>	<b>\$1,580,000 / unit</b>
<b>Assumed Sales Velocity</b>	<b>2.25 units / month</b>
<b>Vertical Direct Construction</b>	<b>\$146 / sf</b>
<b>In Tract Improvement Costs</b>	<b>\$4,558,500</b>
<b>Other on Lot Costs</b>	<b>\$0</b>
<b>Common Area Landscaping Costs (includes front yards &amp; park amenities)</b>	<b>\$945,000</b>
<b>Avg. Estimated Building Permit and Impact Fees</b>	<b>\$44,840 / unit</b>
<b>Soft Costs (Consultants and fees to final map)</b>	<b>\$1,225,000</b>
<b>Assumed Effective Tax Rate</b>	<b>\$13,500 / lot</b>

## **Draft Purchase and Sale Agreement Review**

May 12, 2020 

Davidon has retained Perkins Coie to review the draft Agreement for Purchase & Sale. In its review, they have identified and commented on the following potential primary additional closing conditions/material changes to the Agreement:

### **Section 2 – Escrow and Closing**

- **Section 2.2 (Closing Date)** – Add language to extend the Outside Closing Date due to Buyer not willing to close prior to Entitlements and expiration of all appeal periods. Add language to require funds to stay in Escrow to cover all Buyers cost to complete demo and grading, if necessary.
- **Section 2.3.1 (Buyer Closing Conditions)** - Add condition that Buyer has successfully obtained Buyer Entitlements (defined in Section 3.6).
- **Section 2.6.3 (County's Default)** - In Subsection 2.6.3(i) revise to provide that in addition to termination of Agreement and return of Deposit to Buyer, County shall pay Buyer's specific and general damages including actual costs incurred by Buyer in performing Feasibility Matters.

### **Section 3 – Actions Pending Close of Escrow**

- **Section 3.1.4 (Confidentiality)** – Revise to make confidentiality requirements mutual
- **Section 3.5 (Demolition/Site Preparation)** – Demo work and grading plans/work should be subject to Buyer's inspection and approval.
- **Section 3.6 (Buyer's Entitlement Processing)** -- Receipt of Buyer Entitlements should be added as a Buyer Closing Condition in Section 2.3.1. Add County shall be required to support Buyer's entitlement efforts.

### **Section 4 – Representations, Warranties and Covenants**

- **Section 4.1.4 (Limitation on County Liability)** -- Raise cap amount on Claim(s) for breach of reps/warranties.

### **Section 8 – General Provisions**

- Add: Covid-19 Impacts (tolling of deadlines)
- Add: Development Moratorium (tolling of deadlines)