



CITY OF DEL REY OAKS

650 CANYON DEL REY BLVD., DEL REY OAKS, CALIFORNIA 93940
PHONE (831) 394-8511 FAX (831) 394-6421

Staff Report

DATE: October 27, 2026

TO: Honorable Mayor and City Council

FROM: John Guertin, City Manager

SUBJECT: Approval of an Exclusive Right to Negotiate Agreement with Shea Homes Limited Partnership for Potential Development of City-Owned Former Fort Ord Parcels

CEQA: Approval of the negotiating framework does not constitute a project under CEQA Guidelines Section 15378(b)(5). Future development and any physical site investigations remain subject to applicable environmental review and approvals, as discussed below.

Recommendation

Adopt a Resolution approving an Exclusive Right to Negotiate Agreement (ENA) with Shea Homes Limited Partnership and authorizing the City Manager to execute the agreement following approval as to form by the City Attorney. Authorize nonmaterial corrections and administration of the ENA within its express terms; reserve approval of the Term Sheet, Development and Disposition Agreement (DDA), and any material amendments to the City Council.

Rationale for Recommendation

The ENA provides a structured opportunity to test project feasibility, negotiate a fiscally sustainable development program, and obtain community input with a qualified development partner. It funds eligible City negotiating work and establishes milestones while preserving the Council's authority over the business terms, land disposition, and project approvals. Staff recommends approval to advance this evaluation.

Background

The City has pursued a development partner for its City-owned former Fort Ord property. In February 2023, the City issued a Notice of Availability/Offer to Sell Surplus Property. In June 2024, the City approved an exclusive negotiating agreement with City Ventures. That process did not result in a development agreement, and the negotiating period was not extended further.

As described in the proposed Shea ENA, the City initiated a targeted solicitation on February 26, 2026, inviting three qualified development teams. Shea offered the strongest overall

combination of financial capacity, development expertise, understanding of Fort Ord redevelopment challenges, and commitment to a collaborative public-private partnership. On June 23, 2026, the City selected Shea and directed staff to return to the Council with the proposed ENA to explore potential development of the sites.

Discussion

The proposed ENA establishes a defined process for evaluating a potential mixed-use project anticipated to include for-sale housing and commercial uses. The ENA identifies approximately 259 acres across APNs 031-191-026 and 031-191-028, along South Boundary Road east of General Jim Moore Boulevard.

The ENA provides time for due diligence and good faith negotiations toward a Term Sheet and a possible Development and Disposition Agreement (DDA) governing the sale and development of the property. It does not establish a purchase price, authorize construction, convey property, or obligate either party to enter into a future agreement. Both the Term Sheet and DDA require separate City Council approval.

Negotiating Period and Exclusivity

Initial period: The first 180 days begin on the agreed Effective Date and are intended to produce a Term Sheet. If the parties agree on the Term Sheet within that period, the ENA automatically extends for another 180 days to negotiate a DDA. The City Manager may approve an additional 180 days if the parties are making progress toward a DDA. Further extensions require written City Council approval.

DDA review period: If Shea submits a signed DDA with fewer than 60 days remaining, the ENA automatically extends to allow 60 days after submission for City review and consideration. Shea may terminate if the City does not approve the submitted DDA within 60 days and the negotiating period has not expired. This provision does not require Council approval of the DDA.

Exclusivity: Except as needed to comply with applicable law, the City cannot solicit or process competing proposals, discuss another party's potential acquisition or development, enter competing agreements, or provide site information or access for another prospective developer's evaluation during the ENA term.

Deposit and Negotiation Payment

Shea must provide a \$150,000 good faith deposit within five business days of the Effective Date. The deposit is held in an interest-bearing account and pays eligible City expenses within the mutually approved work budget. When the balance reaches \$25,000 or less, Shea must replenish it to \$50,000 within 30 days after written notice, subject to the agreement's notice and cure provisions. The City must provide expense accountings at least every 60 days.

Shea must also pay a separate \$15,000 negotiation payment within five business days. This payment is earned on the Effective Date and is nonrefundable except for a breach of the City's exclusivity obligations. The deposit is distinct from entitlement fees and CEQA costs.

Term Sheet and Future Development Agreement

The Term Sheet will establish conceptual business terms and the work necessary to determine whether a feasible development agreement can be reached. Required subjects include:

- Land value and City fiscal balance: A process for determining the land disposition price and any financial assistance, using analysis of project costs, developer profit, financing costs, and revenues. The proposed land use mix must generate a positive fiscal balance for the City, with project revenues offsetting City service costs.
- Infrastructure and financing: A business plan identifying construction and permanent financing, including infrastructure and building development. The draft anticipates consideration of Mello-Roos Community Facilities District special taxes or other appropriate financing methods; it does not establish a district or approve financial assistance.
- Development program and schedule: A conceptual project description, phasing and locations of land take-downs, a performance schedule, and an updated budget for the extended negotiating period.
- Environmental review and public participation: Identification of required discretionary approvals and CEQA documents, a process for City selection of the environmental consultant, and a public participation plan for the entitlement, CEQA, and land use planning processes occurring in parallel with DDA negotiations.

Responsibilities and City Decision Making

Shea is responsible for its due diligence and negotiations at its own expense, progress reports upon City request no more frequently than monthly, disclosure of proposed financing and financial capacity upon written request, and reasonable cooperation in obtaining community input. If no DDA is reached, the City may request eligible studies and reports, but excludes protected materials.

The City must negotiate in good faith, review submissions promptly, and provide available site information and appropriate assistance. The City Manager and designated staff serve as the negotiating representatives. The City retains its independent land use and CEQA discretion, including the ability to impose mitigation, reject proposed agreements, or decline project approvals. A DDA signed by Shea becomes effective only if approved by the Council after a duly noticed public hearing.

Site Access and Other Agreement Terms

Shea and designated consultants may enter the sites after providing required liability and workers' compensation insurance. Invasive testing requires at least 72 hours' advance written notice and all necessary permits or approvals. Site restoration is required, subject to exceptions for preexisting hazardous materials.

The proposed indemnity covers Shea's and its designees' negligence or willful misconduct during site access, survives termination for two years, and excludes consequential,

punitive, and special damages under that provision. Certain affiliate, controlled-entity, and business-acquisition transfers are permitted without prior approval; other assignments require City Manager approval. Confidential information is protected only to the extent allowed by law, and disputes first proceed to nonbinding mediation.

Fiscal Impacts

The \$150,000 deposit advances funds for eligible City work. Shea's reimbursement obligation for the initial negotiating period is capped at \$200,000 unless Shea agrees in writing to a higher amount. The parties must use good faith efforts to finalize a scope of work and itemized budget within ten days of the Effective Date. Expenditures outside that scope or above the agreed amounts require Shea's prior written consent. An updated budget is to be included in the Term Sheet for the extended period.

Staff will monitor the budget and deposit to avoid unreimbursed obligations; reimbursement is limited to eligible expenses. Upon termination, eligible documented costs may be deducted and the undisputed unused balance, including interest, returned within 30 days. Disputed deductions follow the accounting and mediation process. Purchasing Shea's studies after unsuccessful negotiations would be an additional City cost requiring separate review.

Shea must fund CEQA document preparation separately under City fee policies; those costs and entitlement fees are not charged against the negotiation deposit. Approval does not authorize City infrastructure funding, a land sale, or a development subsidy. Any proposed future financial commitments will return to Council for consideration.

Next Steps and Final Agreement Preparation

Following execution, staff and Shea will finalize the work budget, undertake due diligence, develop the public participation plan, and negotiate the Term Sheet for Council consideration. Staff will report progress and seek Council policy and financial direction as needed. Shea may terminate at any time by written notice. The City may terminate if it declines the Term Sheet, planning approvals, or DDA, or pursuant to the agreement's default provisions; termination is generally the exclusive remedy for an uncured default.

Environmental Review

The recommended action establishes an exclusive negotiating framework without committing the City to a particular development or land disposition. Staff recommends a finding that this administrative action is not a project under CEQA Guidelines Sections 15060(c)(3) and 15378(b)(5). Any site investigation involving physical disturbance must be evaluated separately for applicable environmental requirements and obtain required approvals before work begins. The ENA preserves the City's discretion over the project, alternatives, and mitigation. Required CEQA review must precede City commitment to the project or a DDA approving it.

ATTACHMENTS:

1. Draft Resolution 2026-26
2. Proposed Exclusive Right to Negotiate Agreement with Shea Homes Limited Partnership dated October 8, 2026, to be attached separately as Exhibit A to the Resolution

Respectfully Submitted,

John Guertin
City Manager

RESOLUTION NO. 2026-26

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DEL REY OAKS APPROVING AN EXCLUSIVE RIGHT TO NEGOTIATE AGREEMENT WITH SHEA HOMES LIMITED PARTNERSHIP FOR POTENTIAL DEVELOPMENT OF CITY-OWNED FORMER FORT ORD PARCELS AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE AGREEMENT

RECITALS

WHEREAS, the City owns property identified in the proposed Exclusive Right to Negotiate Agreement as Assessor's Parcel Numbers 031-191-026 and 031-191-028, portions of which are located on the former Fort Ord military base; and

WHEREAS, the proposed agreement recites that the City declared the sites surplus property by Resolution No. 2022-28, adopted November 15, 2022, and initiated a targeted developer solicitation on February 26, 2026; and

WHEREAS, after consideration of qualified development teams, the City selected Shea Homes Limited Partnership on June 23, 2026, to explore potential development of the sites; and

WHEREAS, the City and Shea desire to establish procedures for exclusive good faith negotiations of a Term Sheet and a possible Development and Disposition Agreement for a potential mixed-use project; and

WHEREAS, the proposed Exclusive Right to Negotiate Agreement establishes negotiating periods, a \$150,000 initial deposit, a separate \$15,000 negotiation payment, budget and reimbursement requirements, due diligence responsibilities, and provisions preserving the City's discretion; and

WHEREAS, the agreement does not convey property, approve a development project, establish a purchase price, or obligate the City to approve a Term Sheet, Development and Disposition Agreement, or land use entitlement; and

WHEREAS, the City Council has considered the staff report and proposed agreement for its October 27, 2026 meeting, and desires to authorize an exclusive negotiating process while retaining approval authority over future agreements and development decisions;

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Del Rey Oaks as follows:

1. Environmental determination. Approval of the negotiating framework is an administrative activity that does not commit the City to development or land disposition and is not a project under CEQA Guidelines Sections 15060(c)(3) and 15378(b)(5). Any physical site investigations shall remain subject to applicable environmental review and required permits and approvals. Required CEQA compliance shall precede any City commitment to the proposed development project.

2. Agreement approval. The City Council approves the Exclusive Right to Negotiate Agreement between the City of Del Rey Oaks and Shea Homes Limited Partnership to be attached as Exhibit A, subject to the finalization requirements in Section 3 below.

3. Execution authority. The City Manager is authorized to execute the agreement on behalf of the City following approval as to form by the City Attorney. Before execution, the City Manager and City Attorney shall ensure that the property description is verified and the map and legal description exhibits are complete and accurate. Authority includes nonmaterial corrections necessary to finalize the agreement. Any change materially affecting the property scope, economic terms, City obligations, or retained Council authority shall require further City Council approval.

4. Agreement administration. The City Manager is authorized to administer the agreement, including approving work budgets within available appropriations and the reimbursement provisions, issuing notices, receiving and accounting for payments, and exercising the extension, consent, and termination authority expressly provided in the agreement and consistent with the Del Rey Oaks Municipal Code. This authorization does not expand the agreement's delegation of authority or authorize additional City financial commitments.

5. Future Council approvals. The Term Sheet and any Development and Disposition Agreement shall be submitted to the City Council for separate consideration and approval. A Development and Disposition Agreement shall be considered at a duly noticed public hearing as required by the ENA. Further negotiating extensions beyond those expressly delegated or automatically provided by the ENA, and any material amendments, require City Council approval. All applicable land use, environmental, and public property disposition requirements remain in effect.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF DEL REY OAKS, this 27th day of October, 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

ATTEST:

Scott Donaldson, Mayor

Karen Minami, City Clerk

EXCLUSIVE RIGHT TO NEGOTIATE AGREEMENT

THIS EXCLUSIVE RIGHT TO NEGOTIATE AGREEMENT (“Agreement”) is made as of this _____ day of October 2026 (“Effective Date”), by and between the CITY OF DEL REY OAKS (“City”), a municipal corporation, and SHEA HOMES CALIFORNIA, LLC, a Delaware limited liability company (“Shea”).

RECITALS

A. City owns approximately 259 acres of property among three parcels, identified by Assessor’s Parcel Numbers (“APN”) 031-191-026 031-191-028, portions of which are on the former Fort Ord military base as shown on Exhibit “A” and further described on Exhibit “B” (the “Sites”). The Sites are located on the former Fort Ord along South Boundary Road, east of General Jim Moore Boulevard. The Sites are currently referred to in the City’s Housing Inventory as Site 1 (APN 031-191-026), consisting of one parcel totaling approximately 232 acres north of South Boundary Road, and Site 1A (APN 031-191-028), consisting of one parcel totaling approximately 12 acres south of South Boundary Road.

B. By City Council Resolution No. 2022-28, approved on November 15, 2022, the City declared the Sites as surplus property under the California Surplus Lands Act (Government Code Section §§ 54220 *et seq.*).

C. On February 26, 2026, the City initiated a targeted developer solicitation. Three qualified development teams were invited to participate. Of the three entities, Shea offered the strongest overall combination of financial capacity, development expertise, understanding of Fort Ord redevelopment challenges, and commitment to a collaborative public-private partnership. On June 23, 2026, the City selected Shea to explore potential development of the Sites.

D. The parties desire to enter into an exclusive right to negotiate to allow Shea time to conduct its due diligence to determine the feasibility of developing the Sites as a mixed-use project that is anticipated to include both a for-sale residential and a commercial component (collectively, the “Proposed Project”), and give the parties adequate time to negotiate in good faith toward the execution of a Development and Disposition Agreement (“DDA”) under which Shea will purchase the Sites from the City, and develop them.

E. Subject to the terms of this Agreement, Shea will reimburse the City for expenses it incurs in furtherance of its obligations under this Agreement.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, City and Shea agree as follows:

1. Good Faith Negotiation. City and Shea agree that the sole purpose of this Agreement is for the parties to exclusively negotiate in good faith a Term Sheet (as defined below) and DDA to be entered into between City and Shea for the purchase and sale, and development, of the Sites. The parties have not reached agreement on the matters described herein, and do not intend to be bound until a final written DDA is executed by both parties, as provided in such DDA, other than to establish a period of exclusive negotiations during which time each of the City and

Shea shall negotiate with the other in good faith. By its execution of this Agreement, City is not committing to any disposition of land to Shea, to Shea's ability to obtain any approvals required from City to use the Sites for any particular use proposed by Shea, or to any other acts requiring the subsequent independent exercise of discretion by City or its staff. Each party reserves final discretion and approval as to any proposed Term Sheet and DDA and all proceedings and decisions in connection therewith. The parties further agree and understand that this Agreement does not imply any obligation on the part of City or Shea to enter into any DDA that may result from the negotiations contemplated herein.

City anticipates that following execution of this Agreement, and through the Negotiation Period (defined below) and preparation of the DDA, City, as well as certain consultants and attorneys for City, will devote time and effort in reviewing documents, proposals, plans, and meeting with Shea, each other, and other necessary third parties. City acknowledges that Shea will also expend substantial time and resources, and the parties are willing to engage in these activities subject to the terms and conditions set forth in this Agreement.

During the Negotiation Period, other than acting to comply with applicable law, including without limitation the California Public Records Act, City agrees that it shall not negotiate with any other person or entity for sale or development of the Sites or any portion thereof. The term "negotiate" as used herein shall be deemed to preclude City from (i) processing development proposals for the Sites from other persons or entities, (ii) soliciting development proposals for the Sites from other persons or entities, (iii) engaging in any discussions, meetings, or communications with other persons or entities regarding the potential sale, lease, or development of the Sites, (iv) entering into any letter of intent, memorandum of understanding, term sheet, or other agreement (whether binding or non-binding) with any other person or entity regarding the Sites, or (v) providing site information, due diligence materials, or access to the Sites to any other person or entity for purposes of evaluating the potential acquisition or development of the Sites. If the negotiations with Shea under this Agreement are unsuccessful and do not lead to approval and execution of a Term Sheet during the Initial Negotiating Period, as defined below, or a DDA within the Negotiation Period, then, following the expiration of the Negotiation Period, City reserves the right to negotiate with other entities and/or to solicit new proposals on terms different from those that may have been included in the solicitation Shea responded to.

2. Term. The negotiating period shall commence on the Effective Date and shall continue for one hundred eighty (180) days ("Initial Negotiating Period"). If Shea and the City's City Council agree on a Term Sheet within the Initial Negotiating Period, then the Initial Negotiating Period shall automatically be extended for an additional one hundred eighty (180) days, which period may be extended by approval of the City Manager if the parties are making progress toward the negotiation of a DDA for an additional one hundred eighty (180) days (the "Extended Negotiating Period"). The Initial Negotiating Period and Extended Negotiating Period (if applicable) are referred to herein, collectively, as the "Negotiation Period."

If, at the expiration of the Initial Negotiating Period, Shea and City have not agreed on the final Term Sheet or if, at the expiration of the Extended Negotiating Period, Shea and City have not agreed on the final DDA, then, in either case, this Agreement will automatically terminate, unless City, at the sole discretion of the City Council, agrees in writing to an additional extension.

If, based on the final negotiations with City and an evaluation of proposed terms and conditions Shea deems the DDA acceptable in its sole and absolute discretion, it will sign and

submit the DDA to the City. If, on the submittal, less than sixty (60) days remain in the Negotiation Period, then this Agreement will automatically be extended to a date that is sixty (60) days immediately subsequent to the submittal to enable City (1) to take actions necessary to review and consider the DDA, and (2) schedule for City Council approval and, if approved by the City Council, to execute the DDA. If the DDA is executed by the parties relating to all or part of the Sites during the Negotiating Period, then this Agreement shall terminate upon execution of said DDA and be of no further force and effect.

If City fails to approve the DDA signed and submitted by Shea within sixty (60) days of submittal and the Negotiation Period has not expired, then Shea may, at its election, terminate this Agreement.

Notwithstanding anything to the contrary contained herein, by delivering written notice to City, Shea may elect to terminate this Agreement at any time in its sole discretion without requiring a show of a default by City.

Within ten (10) days following the Effective Date, the parties shall meet and confer to agree upon a budget for City Expenses to be incurred during the Initial Negotiating Period (the "Budget"). The Budget shall include: (i) an agreed-upon scope of work describing the tasks, studies, reviews, and other activities to be performed by the City and its consultants in furtherance of this Agreement; (ii) an itemized list of the consultants, contractors, and City personnel anticipated to perform such work; and (iii) a good faith estimate of the costs associated with each line item ("City Expenses"). The parties shall use good faith efforts to finalize and execute the Budget within such ten (10) day period. Once approved by both parties, the Budget may only be amended by written agreement of the parties. City shall not incur, and Shea shall not be obligated to reimburse, any City Expenses that exceed the amounts set forth in the approved Budget or that are outside the approved scope of work, unless Shea has provided prior written consent to such expenditure, which consent shall not be unreasonably withheld or delayed.

3. Good Faith Deposit. No later than five (5) business days following the Effective Date, Shea shall submit to the City a good faith deposit ("Initial Deposit") in the amount of One Hundred Fifty Thousand Dollars (\$150,000), in the form of a cashier or certified check, or wire transfer, payable to the City. City shall deposit the Initial Deposit in an interest-bearing account and such interest, when received by City, shall become part of the Initial Deposit.

If during the Negotiation Period the amount remaining in the Initial Deposit is Twenty Five Thousand Dollars (\$25,000) or less, then within thirty (30) days following Shea's receipt of written notice from the City, Shea shall deposit with the City an additional amount necessary to ensure that the amount then on deposit with the City equals Fifty Thousand Dollars (\$50,000) (each a "Supplemental Deposit" and with the Initial Deposit, the "Deposit"). Notwithstanding the foregoing, if Shea fails to make the Supplemental Deposit within such thirty (30) day period and such failure continues for five (5) business days after Shea's receipt of a second written notice from City, then, as City's sole and exclusive remedy, City shall have the right to terminate this Agreement by delivering written notice to Shea any time prior to the date on which Shea delivers the Supplemental Deposit.

Subject to the terms and conditions of this Agreement, the City shall apply the Deposit against City Expenses as they are incurred in accordance with the Budget (as the same may be updated pursuant to the Term Sheet). The Deposit amount is separate from and will not be used for the payment of applicable City fees or costs associated with the entitlement of any project

proposed by Shea.

In no event shall Shea's obligation to reimburse City for City Expenses incurred under this Agreement during the Initial Negotiating Period exceed a maximum of Two Hundred Thousand Dollars (\$200,000) unless Shea agrees otherwise in writing (which agreement it may withhold in its sole and absolute discretion).

During the Negotiation Period, no less than every sixty (60) days, City shall provide Shea with an accounting of City Expenses charged against the Deposit, together with copies of invoices, with the understanding that invoices for legal services, including those of the City Attorney Office, will be redacted as provided by law.

Upon termination of this Agreement for any reason, City may expend funds from the Deposit only as needed to pay City Expenses that (i) are then due hereunder, (ii) are consistent with the Budget, and (iii) are supported by reasonable documentation, including invoices or other evidence of the work performed and fees incurred. Within thirty (30) days following a termination, City shall provide Shea with an accounting of all City Expenses it intends to deduct from the Deposit, together with copies of supporting invoices (with the understanding that invoices for legal services, including those of the City Attorney Office, will be redacted as provided by law). If Shea disputes any portion of such City Expenses, Shea shall notify City in writing within ten (10) business days of receipt of such accounting, specifying the disputed amounts and the basis for such dispute. The parties shall then confer in good faith to resolve such dispute. Pending resolution of any such dispute, City shall return the undisputed balance of the Deposit, including any interest, to Shea within thirty (30) days of termination and shall retain only the disputed portion. Any disputed amounts that remain unresolved after thirty (30) days of good faith discussions shall be submitted to mediation pursuant to Section 12.13 hereof.

So long as City does not default hereunder, then Shea acknowledges that any and all expenditures made by it are not recoverable from the City in the event the contemplated DDA, land use entitlements, or other permit applications are not approved.

The parties acknowledge that, except as expressly set forth herein or in the Budget, City reserves the full and sole discretion and authority to determine which consultants, contractors, or employees shall be hired to advise the City on its obligations under this Agreement, and to direct and evaluate such work and to establish the amount of compensation paid. Notwithstanding the foregoing, the City shall give good faith consideration to Shea's input regarding such selections.

4. Non-refundable Negotiation Payment. In partial consideration of City entering into this Agreement within five (5) business days of the Effective Date, Shea shall also pay to the City the amount of Fifteen Thousand Dollars (\$15,000) in the form of a cashier's check, or a certified check or wire transfer ("Negotiation Payment"), naming the City as beneficiary or payee, as applicable. The Negotiation Payment shall be fully earned by the City on the Effective Date and shall be non-refundable to Shea under all circumstances other than a breach of the exclusivity obligations hereunder. Shea waives all claims or rights to any refund of the Negotiation Payment or any interest accrued on the Negotiation Payment.

5. Shea's Responsibilities. During the Negotiating Period, Shea shall diligently and in good faith use commercially reasonable efforts, at its sole cost and expense, to:

5.1. Negotiate the Term Sheet & DDA. Subject to Shea's rights under Section 2, above, negotiate the Term Sheet during the Initial Negotiating Period and, if applicable,

negotiate the DDA during the Extended Negotiating Period.

5.2. Shea's Studies and Reports. As requested by City, from time to time but not more often than monthly, Shea agrees to make oral progress reports and written reports advising City of the status of Shea's investigations and the negotiations of the Term Sheet and, if applicable, the DDA. If parties have not entered into a DDA prior to the expiration of the Negotiation Period, City may request from Shea copies of all non-proprietary and/or non-privileged studies and reports made in connection herewith; provided, however, that (a) such studies and reports will be provided without representation or warranty as to the truth, accuracy or completeness thereof, with no recourse to Shea and subject to the qualifications, limitations and restrictions set forth therein, and (b) Shea shall have no obligation to deliver any such materials to City until such time as the City has reimbursed Shea for Shea's actual out-of-pocket costs and expenses to obtain the applicable material(s).

5.3. Cooperation and Additional Information. Shea shall reasonably cooperate with City and shall supply other documents and information as may be reasonably requested in writing by City; provided, however, that Shea shall not be required to incur any material cost or liability in connection with such cooperation. Shea shall reasonably cooperate with the City in the solicitation of community input regarding any proposed development of the Sites.

5.4. Method of Financing. Shea shall make available and maintain full disclosure to City of its methods of construction financing proposed to be used for development of the Sites. All financing information shall be submitted to City upon written request. Such financial information shall include the following:

- a) Financial statements prepared for Shea and any entities proposed to make an equity contribution to the proposed development of the Sites.
- b) Proof of sufficient equity and other funds available to complete construction of the proposed development of the Sites.

All information disclosed pursuant to this Section 5.4 shall constitute Shea's Confidential Information and shall be subject to the terms of Section 12.12, below.

6. City Responsibilities. During the Negotiating Period, City shall diligently and in good faith use commercially reasonable efforts to:

6.1. Negotiate the Term Sheet & DDA. Negotiate the Term Sheet during the Initial Negotiating Period and, if applicable, negotiate the DDA during the Extended Negotiating Period.

6.2. Development Project Regulations and Review. This Agreement and other documents to be negotiated are subject to and will be reviewed in accordance with the provisions of the Del Rey Oaks General Plan, the Del Rey Oaks Municipal Code, and other applicable and relevant land use regulations and documents. City will review promptly all submittals made pursuant to this Agreement and provide feedback about development standards and permitting requirements.

6.3. City Assistance and Cooperation. City shall cooperate fully in providing Shea with appropriate information and assistance as may be required hereunder. City will negotiate exclusively through the City Manager and its staff members. City will promptly provide Shea with

documents in its possession related to the Sites in connection with Shea's due diligence activities described in this Agreement. However, City does not warranty the accuracy or completeness of the documents in the City's possession related to the Sites or Proposed Project.

6.4. City Public Hearing. If negotiations culminate in a DDA signed by Shea, such agreement shall become effective only after and if the DDA has been considered and approved by the City Council after a duly noticed public hearing.

6.5. Fees. City shall not be liable for any real estate commission or brokerage fees which may arise from this transaction. The City warrants it is not represented by any broker.

7. Conceptual Terms of Term Sheet

7.1. Generally. Subject to the terms and conditions of this Agreement, the parties will use commercially reasonable efforts to negotiate a term sheet setting forth the conceptual material terms of the DDA (the "Term Sheet") during the Initial Negotiating Period. Without limiting the generality of the foregoing, the Term Sheet shall include the following:

- A.** A process for determining the land disposition price and financial assistance (if any) package with respect to the Proposed Project, it being agreed that the land disposition price will be determined through the use of appropriate techniques, including discounted cash flow analysis, involving analysis of project costs, developer profit, financing costs and project revenue potential. The Proposed Project land use mix must generate a positive fiscal balance for the City (i.e., taxes and other City revenues generated by the Proposed Project must offset City service costs). It is anticipated the land disposition price will reflect the use of normal and customary methods of financing infrastructure and services through Mello-Roos Community Facility District Special Taxes or other appropriate methods, as necessary and appropriate.
- B.** An updated Budget for the Extended Negotiating Period.
- C.** A business plan for the development of the Proposed Project identifying the sources of construction and permanent financing, including both horizontal and/or vertical development, based on Shea's prepared Business Plan (the "Business Plan").
- D.** A conceptual development program for the Proposed Project including phasing and locations of land take-downs and a detailed project description sufficient to determine the appropriate level of environmental review necessary for the Proposed Project.
- E.** A schedule for performance.
- F.** A list of all discretionary approvals and entitlements required for the Proposed Project including, without limitation, all necessary environmental documents that may be required pursuant to the California Environmental Quality Act (CEQA) as the parties acknowledge that all applicable requirements of CEQA must be met in order for the City to approve the Proposed Project and/or Proposed Project entitlements and for the City to enter into a DDA for the Proposed Project (collectively, the "CEQA Documents"). The Term Sheet shall also set forth a process by which the City will select a consultant ("Environmental Consultant") to prepare any necessary CEQA Documents after consultation with Shea regarding the qualifications and experience of the proposed Environmental Consultant. Final selection of the Environmental Consultant shall be in the City's reasonable discretion, provided that the City shall give

good faith consideration to Shea's input regarding such selection. If the Term Sheet is approved, the City shall enter into an agreement for the preparation of any necessary CEQA Documents with the Environmental Consultant. Shea will, at its sole cost, reasonably cooperate with the City in the City's preparation of any CEQA Documents including preparation of technical studies necessary for the completion of the CEQA Documents. The cost of complying with CEQA and the preparation of the CEQA Documents shall not be considered City Expenses to be funded by the Deposit and, instead, Shea will be responsible for payment of all costs of preparation of the CEQA Documents consistent with the City's standard fee schedule and policies.

- G.** A public participation plan, detailing the public involvement in the entitlement, CEQA and land use planning processes that occurs in parallel with the DDA negotiation.

7.2. Project Agreements Subject to Further Approval

A. The parties understand and agree that neither party is under any obligation whatsoever to approve or enter into a Term Sheet or the DDA, and that notwithstanding its approval of this Agreement, each party shall have the right to disapprove the proposed Term Sheet or DDA to which it is to be a party in its sole and absolute discretion. Both the Term Sheet and the DDA are subject to approval by the City Council and neither shall be deemed approved or have any force or effect until such City Council approval is obtained and becomes final.

B. Upon execution of the DDA, Shea shall file and pursue with City, and with any other agencies with jurisdiction to issue permits or approvals for the Proposed Project ("Regulatory Agencies"), application for all required permits necessary to develop the Proposed Project, and gain approval for the Proposed Project from the City and such agencies in substantial conformance with the Schedule of Performance attached to the DDA.

8. City Discretion.

8.1. Limitation on Effect of Agreement. Nothing in this Agreement shall obligate the City to exercise its discretion regarding a Proposed Project in any particular manner. Shea acknowledges that execution of this Agreement by the City does not constitute approval by the City of any planning approvals, the Term Sheet, or DDA or any required permits, applications, or maps, and in no way limits the discretion of the City in the permit and approval process.

8.2. City Right to Exercise Discretion. Shea acknowledges that approval, conditional approval, or disapproval of the planning approvals and DDA following completion of the environmental review process is within the sole and exclusive discretion of the City without limitation by or consideration of the terms of this Agreement; that the City may not make any commitment to any particular course of action before it completes environmental review; that the City may not commit to planning and zoning approvals by contract; and that the City makes no representation regarding the ability or willingness of the City to approve the planning approvals or DDA, nor any representation regarding the imposition of any mitigation measures or other conditions of approval. In addition, Shea acknowledges that other local, state or federal agencies may require additional entitlements, including environmental review, and that any approval by the City does not bind any other local, state or federal agency.

8.3. No consents, approvals, comments or discussions by staff shall diminish, affect, or waive: (i) rights of the City to later impose conditions and mitigation measures or requirements under CEQA or as part of approval of entitlements; (ii) the right of City not to

approve the Term Sheet or the DDA; or (iii) the City's other governmental rights, powers, and obligations.

The parties recognize that the City has the sole discretion and right to terminate this Agreement without fault or default if City determines not to approve the Term Sheet, planning approvals or DDA. Upon termination for this reason, neither party shall have any further rights or obligations under this Agreement, except that (i) any provisions of this Agreement that are specified to survive termination shall remain in effect and binding upon the parties, including without limitation, Sections 3 and 11, and (ii) the City shall return to Shea any portion of the Deposit (together with any interest) in accordance with Section 3, above.

9. Actions by City

9.1. Whenever this Agreement calls for or permits the approval, consent, authorization or waiver of the City, the approval, consent, authorization, or waiver of the City Manager shall constitute the approval, consent, authorization or waiver of the City without further action of the City Council unless specified in this Agreement or the Del Rey Oaks Municipal Code. However, Shea acknowledges that nothing in this Agreement (including any approval by the City Manager in accordance with this Agreement or the Del Rey Oaks Municipal Code), or a DDA (if approved by the City Council) shall limit, waive, or otherwise impair the authority and discretion of: (1) the City's Planning Commission or Planning Department, in connection with the review and approval of the proposed plans and specification for the Proposed Project, or any use, or proposed use, of the Sites; (2) the City's issuance of a building permit; or (3) any other office or department of the City acting in its capacity as a governmental entity, regulatory authority and/or police power.

9.2. The City Manager or its designated staff is the City's representative for all purposes under this Agreement. Shea shall have the right to rely on the acts, approvals, consents, authorizations, waivers, directions, and other actions of the City Manager given in accordance with the authority set forth in this Agreement and the Del Rey Oaks Municipal Code, as binding upon the City for all purposes under this Agreement.

10. Right of Entry; Insurance

10.1. Right of Entry. Upon providing to City certificate(s) of insurance confirming that it maintains the insurance required below (including the naming of City as additional insureds, and waiver of subrogation), Shea and its consultants that shall have been designated in writing to City ("Shea Designees") shall have the right to enter the Sites with respect to its Proposed Project throughout the Negotiation Period, to inspect the same and any improvements thereon, and to conduct soils tests, Phase I environmental assessments, and if recommended by the applicable Phase I report(s), Phase II tests. Shea or Shea Designees shall return the Sites to a condition as close as reasonably possible to the condition they were in at the time of the commencement of this right of entry, reasonable wear and tear and the acts of City excepted; provided, however, in no event shall the foregoing be deemed to require Shea or any Shea Designee to remediate, treat, encapsulate, remove, transport or otherwise handle any hazardous or toxic materials not first placed on the Sites by Shea or any Shea Designees except to the extent that Shea or any Shea Designee has caused any release of such hazardous or toxic materials in a manner inconsistent with industry standards for the assessment, investigation, inspection, and testing of properties similar to the Sites. Notwithstanding the above, Shea shall not conduct any invasive testing or testing that requires borings or other earth removal on the Sites

without first providing the City with written notice of such testing at least seventy-two (72) hours in advance of such testing. Shea shall be responsible for obtaining any permits or approvals necessary prior to conducting any tests or investigations.

10.2. Insurance. Shea shall obtain, maintain, and keep in full force and effect all of the following minimum scope of insurance coverages with respect to the project, with an insurance company admitted to do business in California, rated “A-,” Class VIII, or better in the most recent Best’s Key Insurance Rating Guide:

1. Broad-form commercial general liability, in a form at least as broad as ISO from #CG 00 01 11 88, including premises-operations, products/completed operations, broad form property damage, blanket contractual liability, independent contractors, personal injury or bodily injury with a policy limit of not less than Two Million Dollars (\$2,000,000.00), combined single limits, per occurrence. If such insurance contains a general aggregate limit, it shall apply separately to this Agreement or shall be twice the required occurrence limit.
2. Business automobile liability for owned vehicles, hired, and non-owned vehicles, with a policy limit of not less than One Million Dollars (\$1,000,000.00), combined single limits, per occurrence for bodily injury and property damage.
3. Workers’ compensation insurance as required by the State of California and Employers Liability Insurance with a minimum limit of \$1,000,000 per accident. Shea agrees to waive, and to obtain endorsements from its workers’ compensation insurer waiving subrogation rights under its workers’ insurance policy against the City and their officers, agents, employees, and volunteers for losses arising from work performed by the Shea and to require each of its subcontractors, if any, to do likewise under their workers’ compensation insurance policies.

10.3. Labor Code Section 3800. Shea shall also comply with Section 3800 of the Labor Code by securing, paying for and maintaining in full force and effect for the duration of this Agreement, complete Workers’ Compensation Insurance, and shall furnish a Certificate of Insurance to the City Clerk before execution of this Agreement by the City. City and its officers and employees shall not be responsible for any claims in law or equity occasioned by failure of Shea to comply with this section.

10.4. No Warranty or Representation. Neither City nor any of its elected or appointed officials, officers, agents, employees, or volunteers make any representation that the types of insurance and the limits specified to be carried by Shea under this Agreement are adequate to protect Shea. If Shea believes that any such insurance coverage is insufficient, Shea shall provide, at its own expense, such additional insurance as Shea deems adequate.

10.5. Required Policy Provisions. Each commercial general liability insurance policy and business automobile liability policy shall contain or be endorsed to contain the following provisions:

1. Additional insureds: “The City and its elected and appointed boards, officers, officials, agents, employees, and volunteers are additional insureds with respect to: liability arising out of activities performed by or on behalf of the Shea pursuant to its contract with the City; premises owned, occupied or used by Shea; automobiles

owned, leased, hired, or borrowed by the Shea.”

2. Other insurance: “Shea’s insurance coverage shall be primary insurance in respect to the City and its officers, officials, agents, employees, and volunteers. Any other insurance maintained by the City shall be excess and not contributing with the insurance provided by this policy.”
3. Any failure to comply with the reporting provisions of the policies shall not affect coverage provided to City or its officers, officials, agents, employees, and volunteers.
4. Shea insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer’s liability.

10.6. Notices. Shea shall provide prompt written notice to the City if (a) any of the required insurance policies are terminated; (b) the limits of any of the required policies are reduced below the limits required hereunder; or (c) the deductible or self-insured retention is increased above the limits permitted hereunder. In the event of any cancellation or reduction in coverage or limits of any insurance below those required hereunder, Shea shall forthwith obtain and submit proof of substitute insurance. Should Shea fail to procure other insurance, as specified, to substitute for any canceled policy within ten (10) business days of its receipt of written notice from the City, then City may procure such insurance at Shea’s sole cost and expense and until such insurance is obtained, Shea and Shea Designees shall not be entitled to enter the Sites for any reason.

10.7. Deductibles and Self Insurance. If any required insurance policies provide for a deductible or self-insured retention to provide such coverage, the amount of such deductible or self-insured retention shall be approved in advance by the City Manager, which approval shall not be unreasonably withheld, conditioned or delayed. No policy of insurance issued as to which City is an additional insured shall contain a provision which requires that no insured except the named insured can satisfy any such deductible or self-insured retention.

10.8. No Limitation. Nothing in this Section shall be construed as limiting, in any way, the indemnification provision contained in this Agreement, or the extent to which Shea may be held responsible for payments of damages to persons or property.

11. Indemnification. Shea will defend, indemnify, and hold harmless City, its council members, officers, employees, and agents, from all claims, liabilities, damages, losses, expenses, injuries, or claims (including reasonable attorneys’ fees, expert fees and costs of suit) to the extent arising directly or indirectly from or relating to Shea’s and the Shea Designees’ activities on the Sites in exercising its access rights hereunder, except to the extent they are caused by the gross negligence or willful misconduct of City. Notwithstanding the foregoing, Shea shall have no responsibility or liability for any condition existing before Shea’s or a Shea Designee’s entry onto the Sites, or arising from the acts or omissions of any prior owner, occupant, operator, or other third party (each, a “Pre-Existing Condition”), and Shea does not assume any responsibility or liability for any Pre-Existing Condition. If Shea or a Shea Designee exacerbates a Pre-Existing Condition in a manner inconsistent with industry standards for the assessment, investigation, inspection, and testing of properties similar to the Sites, then Shea’s responsibility and liability shall be limited solely to the incremental harm caused by such exacerbation, and shall not extend to the Pre-Existing Condition itself or to any harm that would have resulted from the Pre-Existing

Condition absent such exacerbation. The obligations of this section shall survive termination of this Agreement for a period of three (3) years. Notwithstanding anything to the contrary contained herein, in no event shall Shea be liable to the City for any consequential, punitive or special damages under this Section 11.

12. Miscellaneous

12.1. Assignment. Neither this Agreement nor any interest herein may be assigned or transferred voluntarily or by operation of law to any other party without written approval of the City Manager, which approval shall not be unreasonably withheld, conditioned or delayed. An attempt to transfer this Agreement by Shea to another party, without first obtaining such written permission of City Manager shall constitute grounds for the immediate termination of this Agreement with respect to Shea by the City Manager. Notwithstanding the foregoing Shea shall have the right to assign this Agreement and/or the DDA to (a) a general or limited partnership to be formed, provided that either (i) Shea is one of the general partners of such partnership, (ii) an entity in which Shea, individually, has more than fifty percent (50%) ownership interest in one of the general partners of such partnership, or (iii) any other entity in which Shea has more than a fifty percent (50%) ownership interest, directly or indirectly, in one of the general partners, (b) to an entity that is an affiliate of Shea, (c) a limited liability company in which Shea or an affiliate of Shea owns more than fifty percent (50%) membership interest and is a managing member thereof, (d) to any Shea Controlled Entity (as defined below), or (e) to any entity that acquires all or substantially all of the equity interests or assets of Shea (each of the transferees described in (a), (b), (c), (d), and (e) above are referred to individually as a “Permitted Transferee”). Shea shall promptly notify City in writing of such assumption. Any such Permitted Transferee shall, in writing, assume Shea’s obligations herein, and notice of as much shall be given to the City. For purposes hereof, (1) a “Shea Controlled Entity” means any corporation, partnership, limited liability company, joint venture or other entity, at least 50.1% of the ownership interests in which are held, directly or indirectly, by one or more Shea Family Members (as defined below) or other Shea Controlled Entities or over which one or more Shea Family Members and/or Shea Controlled Entities has voting or day to day management control, and (2) “Shea Family Members” means (A) John Shea, Jr., Mary Shea, Peter Shea, Peter Shea, Jr., or John Morrissey, (B) any spouse of John Shea, Edmund Shea, Mary Shea, Peter Shea, Peter Shea, Jr., or John Morrissey, (C) any child, grandchild or great-grandchild of John Shea, Mary Shea, Peter Shea, Peter Shea, Jr., or John Morrissey, or (D) any spouse of any child, grandchild or great-grandchild of John Shea, Mary Shea, Peter Shea, Peter Shea, Jr., or John Morrissey.

12.2. Defaults and Remedies.

(a) Default. Failure by either party to negotiate in good faith as provided in this Agreement shall constitute an event of default under this Agreement. Additionally, failure of the parties to perform their respective obligations under this Agreement shall constitute an event of default under this Agreement. Upon an event of default, the non-defaulting party shall give written notice of a default to the defaulting party, specifying the nature of the default and the required action to cure the default. If a default remains uncured thirty (30) calendar days after receipt by the defaulting party of such notice, then the non-defaulting party may exercise the remedies set forth in subsection (b); provided, however, that if such default cannot reasonably be cured within such thirty (30) day period, the defaulting party shall have such additional time as is reasonably necessary to complete the cure so long as the defaulting party commences the cure within such thirty (30) day period and diligently and continuously prosecutes the cure to completion.

(b) Remedies. In the event of an uncured default by either party, the non-defaulting party's sole remedy shall be to terminate this Agreement. Following such termination neither party shall have any further right, remedy, or obligation under this Agreement. Notwithstanding the above, upon termination of this Agreement for any reason, the City shall return to Shea any portion of the Deposit that remains after payment of all City Expenses incurred up to the date of termination within thirty (30) days of termination.

(c) Except as expressly provided in this Agreement, neither party shall have any liability to the other party for damages or otherwise for any default, nor shall either party have any other claims with respect to performance under this Agreement. Each party specifically waives and releases any such rights or claims it may otherwise have at law or in equity.

12.3. Notice. Any notice pursuant to this Agreement shall be in writing and shall be deemed to be properly given if delivered in person, sent via overnight courier, mailed by certified mail, postage prepaid or sent via email to the following persons:

To City:

City Manager
City of Del Rey Oaks
650 Canyon Del Rey Blvd.
Del Rey Oaks, CA 93940
Email: _____

To Shea:

Shea Homes California, LLC
4309 Hacienda Drive, Ste. 180
Pleasanton, CA 94588
Attn: Don Hofer
Email: don.hofer@sheahomes.com

With a copy to:

Shea Homes Limited Partnership
655 Brea Canyon Road
Walnut, California 91789
Attention: Ross Kay, Esq.
Email: ross.kay@jfshea.com

Any notice shall be effective and deemed to have been given only upon actual receipt or refusal of delivery; provided, however, that (a) any email sent after 5:00 p.m. Pacific Time on a business day shall be deemed given on the immediately following business day; and (b) if a party sends a notice via email, then it shall concurrently send a copy of such notice by one of the other approved methods hereunder. For purposes of calculating time frames, weekends, and Federal, State, County and City holidays shall be excluded.

12.4. Waiver of Lis Pendens. It is expressly agreed by the parties that no lis pendens shall be recorded against any portion of the Sites with respect to this Agreement or any dispute or act arising from it.

12.5. Limitations of this Agreement. By execution of this Agreement, neither party is committing itself to or agreeing to the disposition, acquisition or transfer of the Sites. In addition, the City is not committed to or agreeing to undertake any acts or activities requiring the subsequent independent exercise of discretion by the City or any agency or department thereof, other than as specifically set forth and agreed to by the City under this Agreement. This Agreement

does not constitute a disposition of the Site by the City, or confer a right on Shea of control over the Site. Execution of this Agreement by the parties is merely an agreement to enter into a period of exclusive negotiations according to the terms hereof. Final discretion and approval by each party as to future agreements and proceedings and decisions in connection therewith are reserved.

12.6. Recitals Incorporated. The Recitals are hereby incorporated by this reference as though fully set forth herein.

12.7. Jurisdiction and Venue. This Agreement and all questions relating to its validity, interpretation, and enforcement shall be governed and construed in accordance with the laws of the State of California. All parties agree that courts in Monterey County, California, shall have jurisdiction and shall be the venue for any action or proceeding that may be brought or arise out of, in connection with or by reason of this Agreement.

12.8. Attorneys' Fees. In the event any judgment is ordered in any action upon this Agreement, the party hereto against whom such judgment is ordered agrees to pay to the opposing party ("prevailing party") hereto, and that there may be added to such judgment, an amount equal to, the reasonable attorneys' fees and costs incurred by such prevailing party.

12.9. Severability. The provisions of this Agreement are severable, and if any part of it is found to be unenforceable, the other paragraphs shall remain in full force and effect.

12.10. Time of Essence. Time is of the essence of every provision herein in which time is a factor.

12.11. Entire Agreement. This Agreement reflects the complete and total understanding between the parties hereto and all agreements or understandings between the parties hereto are contained within them. Any changes, modifications, amendments or addenda to this Agreement must be in writing and signed by all parties to be effective. If a DDA for the Proposed Project is executed by the City and Shea, the DDA shall supersede this Agreement with respect to the Proposed Project and thereafter govern the rights and obligations of the parties with respect to the sale and development of the Sites.

12.12. Confidentiality. Shea acknowledges and agrees that the City is a public entity with a responsibility and, in many cases, legal obligation to conduct its business in a manner open and available to the public. With respect to any information provided by Shea to the City that Shea deems and identifies in writing as proprietary and confidential in nature (the "Confidential Information"), the City agrees to exercise its best efforts to keep such Confidential Information confidential to the extent allowed by law. If the City receives a request for disclosure of any information provided by Shea to the City, whether or not such information was previously identified as confidential, then the City shall promptly notify Shea in writing of such request, and if Shea designates such information in writing as proprietary and confidential within five (5) business days after receipt of such notice, then such information shall be deemed Confidential Information for all purposes of this Agreement and shall be subject to all of the protections set forth in this Section, and the City shall not disclose such information before the end of such five (5) business day period except as required by law. Without limiting the generality of the foregoing sentence, City agrees that City shall not disclose any Confidential Information unless: (a) City Attorney determines that the release of the information is required by the California Public Records Act or other applicable statutes, or (b) a court orders the release of the information; provided, however, that (i) City shall provide Shea with at least ten (10) business days' prior written notice

before any such disclosure (or such shorter period as may be required by law), specifying the information to be disclosed and the legal basis therefor, to allow Shea an opportunity to seek a protective order or other appropriate remedy, (ii) City shall cooperate reasonably with Shea in any effort to obtain such protective relief, provided, however, the City shall be under no obligation to bear any costs associated with obtaining protective relief, and (iii) City shall assert any applicable exemptions under the California Public Records Act prior to disclosing such information. Further, City may share Confidential Information provided by Shea with third party consultants and the City Council as part of the negotiation and decision-making process; provided that any such third party consultants shall be bound by confidentiality obligations no less protective than those set forth herein prior to receiving such information. City shall use such confidential information solely for purposes related to this Agreement and the contemplated transaction.

12.13. Dispute Resolution. The City and Shea agree that any claim or dispute relating to this Agreement, as well as any other matters, disputes, or claims between them, shall first be submitted to non-binding mediation in an attempt to resolve any and all issues.

12.14. Counterparts; Electronic Signatures. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. Signatures transmitted by facsimile, email (including PDF), or other electronic means (including DocuSign and similar electronic signature platforms) shall be deemed original signatures for all purposes.

Signature Page to Follow

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

“CITY”

CITY OF Del Rey Oaks, a municipal corporation

By: _____
John Guertin, City Manager

ATTEST:

By: _____
Karen Minami, City Clerk

APPROVED AS TO FORM:

By: _____
Alex Lorca, City Attorney

“SHEA”

SHEA HOMES CALIFORNIA, LLC, a Delaware
limited liability company

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

EXHIBIT A
Map of Sites

EXHIBIT B
Legal Descriptions