

EXCLUSIVE NEGOTIATION AGREEMENT

THIS EXCLUSIVE NEGOTIATION AGREEMENT (the "Agreement") is entered into December 9, 2025, by and between the City of Needles, a municipal corporation (the "City") and Palm Communities, a California corporation (the "Developer"), on the terms and provisions set forth below.

THE CITY AND THE DEVELOPER HEREBY AGREE AS FOLLOWS:**I. [§100] Negotiations****A. [§101] Good Faith Negotiations**

The City and the Developer, , agree for the Negotiation Period (as defined below) to negotiate in good faith the terms and conditions pursuant to which the City may sell and the Developer may purchase for development that certain +/-2.04 acres of real property (the "Site"). The Site is more particularly described in Exhibit A, "Legal Description," attached hereto and incorporated herein by reference, and is shown on the "Map of the Site," attached hereto as Exhibit B and incorporated herein by reference. Except as otherwise provided below, the City agrees, that during the Negotiation Period it will not negotiate with any other person or entity regarding the Site or any portion thereof.

The issues to be negotiated and addressed during the Negotiation Period are: (1) the potential terms and conditions of conveyance of the Site to Developer (2) sale price for the Site; (3) Developer's proposed program to develop the Site; (4) design and aesthetic considerations of the development of the Site, including but not limited to configuration of the development, site density, site circulation and access to surrounding properties including a draft specific plan; (5) all anticipated planning and land entitlement processes and requirements, including preparation of a master plan and a specific plan approval process; (6) all anticipated permitting and environmental reviews and processes; and (7) other City and Housing Authority of the City of Needles ("Housing Authority") requirements pertaining to the development and use of the Site including potential financial assistance and affordability restrictions to be included in a Development and Disposition Agreement ("DDA") for the development concept referred to in Section 201 below.

B. [§102] Duration of this Agreement: Effective Date

1. This Agreement (the "Negotiation Period") shall expire on April 30, 2026.
2. In the event the Developer has not continued to negotiate diligently and in good faith during the Negotiation Period, the City shall give written notice thereof to the Developer who shall then have fifteen (15) days to commence negotiating in good faith. Following the receipt of such notice and the failure of the Developer to thereafter commence negotiating in good faith within such fifteen (15) days, this Agreement may be terminated prior to the expiration of the Negotiating Period by the City Manager sending written notice of termination to the Developer.
3. This Agreement will be superseded if and when the City and the Developer execute a DDA mutually acceptable to both the City and the Developer in each's sole and absolute discretion. For avoidance of doubt, neither the City, the Housing Authority nor the Developer have any obligation to execute a DDA for the acquisition and development of the Site.

C. [§103] Deposit

The City and Developer acknowledge that the Developer has deposited with the City a non-refundable deposit (the "Deposit") in the amount of two thousand five hundred dollars (\$2,500.00) which shall be used by the City to pay for part of the cost of an appraisal of the Site.

II. [§200] Development Concept**A. [§201] Scope of Development**

The negotiations undertaken pursuant hereto shall be based on a development concept for the development on the Site as an affordable multi-family residential subdivision which complies with Government Code Section 37364 ("Project") and this concept shall be required by the terms of the DDA.

Not later than ninety (90) days after the date of execution of this Agreement, the Developer shall

complete the following:

- Perform due diligence on the Site.
- Submit a preliminary schedule of a proposed closing, entitlement and construction timeline for inclusion in the DDA.
- Submit a preliminary financial proforma for the development of the Project, including funding party.
- Reimburse the City for any amount by which the cost of the appraisal of the Site exceeds two thousand five hundred dollars (\$2,500.00) such amount to be due at any time upon demand by the City.

As soon as practicable following the date of execution of this Agreement, the Developer shall commence and complete the actions on the Developer's part described in this Agreement and incorporated herein by this reference prior to the expiration of this Agreement.

B. [§202] Developer's Findings, Determinations Studies and Reports

Upon reasonable notice, and as from time-to-time requested by the City, the Developer agrees to make oral and written progress reports advising the City on the status of Developer's actions being taken under this Agreement. In the event the City and the Developer do not enter into a DDA, the City may request that the Developer submit to the City copies of all studies and reports prepared for the proposed Project by or for the Developer, to the extent the Developer is legally able to do so, and the City may request the right to the use and benefit from all such studies and reports. The Developer shall not unreasonably withhold or delay its consent to the City's access and use of such studies and reports.

III. [§300] Sale of the Site

The sale price and/or other consideration to be paid by the Developer for the Site under the DDA will be equal to at least the appraised fair market value of the Site as determined by the appraisal obtained by City, and will be subject to approval by the City Council after a public meeting(s) or public hearing(s) as required by law. Further, the City will during the term of this Agreement comply with the Surplus Land Act.

IV. • [§400] The Developer

A. [§401] Office of the Developer

The Principal office of the Developer is:
 Danavon L. Horn, President Palm Communities
 2715 Irvine Center Drive, Suite 140
 Irvine, CA 92618
 Attn: Reid Bradshaw, Director of Development

B. [§402] Members of the Developer

The managing member of the Developer is:
 Danavon Horn, President

C. [§403] Full Disclosure

The Developer has made full disclosure to the City of its principals, officers, major stockholders, major partners, joint venturers, key managerial employees and other associates, and all other material information concerning the Developer and its associates. The Developer shall promptly notify the City Manager in writing of any change in the principals, associates, partners, joint venturers, negotiators, development manager, consultants, professional and directly-involved managerial employees of the Developer. Notwithstanding the foregoing, the Developer reserves the right at its discretion to join and associate with other entities in joint ventures, partnerships or otherwise for the purpose of developing the Site, provided that the Developer retains management and control of such entities, remains fully responsible to the City hereunder and provides all disclosure required by the preceding sentence.

V. [§500] Full Disclosure

The Developer shall disclose to the City details of the financing transaction and parties as requested

by the City to be used by Developer for the the acquisition and development of the Site.

VI. [\$600] City's Responsibilities

D. [\$601] City Assistance and Cooperation

The City shall cooperate fully in providing the Developer with appropriate information and assistance with regards to Developer's proposed development of the Site, including, but not limited to the following:

- Appraisal of the Site, as funded by the Developer as herein provided.
- Provide a copy of existing Title Report to Developer.
- Provide a right of access to the Site for due diligence investigations, pursuant to a right of entry agreement wherein Developer shall indemnify, defend and hold harmless City from and against any and all claims., liens, liabilities and costs including reasonable attorney's fees incurred as a result of Developer entering the Site

E. [\$602] City and City Council's Public Meeting(s) or Public Hearing(s)

If the City and Developer agree to a mutually acceptable DDA during the term of this Agreement as a result of the negotiations hereunder it shall become effective only after and if the DDA has been considered and approved by the City Council in the exercise of its sole and absolute discretion at a public meeting(s) or public hearing(s), as applicable, called for such purpose and executed by Developer and City.

VII. [\$700] Real Estate Commissions

The City shall not be liable for any real estate commissions or brokerage fees which may result from this Agreement or a DDA. Developer will indemnify, defend and hold harmless City from any claims, liabilities or costs including reasonable attorney fees incurred as the result of a broker finder or other seeking a commission or fee resulting from the actions of Developer.

VIII. [\$800] Limitations of this Agreement

By its execution of this Agreement, the City is not committing itself to or agreeing to undertake: (1) the sale of land ; or (2) any other acts or activities requiring the subsequent independent exercise of discretion by the City or any department thereof. For the sake of clarity, City is under no obligation by virtue of this Agreement to approve any land use entitlement, permit, license or environmental approval under the California Environmental Quality Act. City hereby retains in full its full sovereignty, police power and discretion with regards to all of its actions at all times.

This Agreement does not constitute a disposition of property or exercise of control over property by the City. Execution of this Agreement by the City is merely an agreement to enter into a period of exclusive negotiations according to the terms hereof, reserving final discretion and approval by the City as to any DDA and all land decisions in connection therewith.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed on the day and year first above written.

CITY OF NEEDLES,
a municipal corporation

PALM COMMUNITIES
a California corporation

By: _____
Patrick Martinez
City Manager

By: _____
Danavon Horn
President

ATTEST:

Candace Clark
City Clerk

APPROVED AS TO FORM:

By: _____
City Attorney

**EXHIBIT A
LEGAL DESCRIPTION**

For APN/Parcel ID(s): 0186-095-03-0-000, and 0186-095-04-0-000

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF NEEDLES, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:
PARCELS 1 AND 2 OF PARCEL MAP NO. 19604, IN THE CITY OF NEEDLES, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 243, PAGES 98 AND 99 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

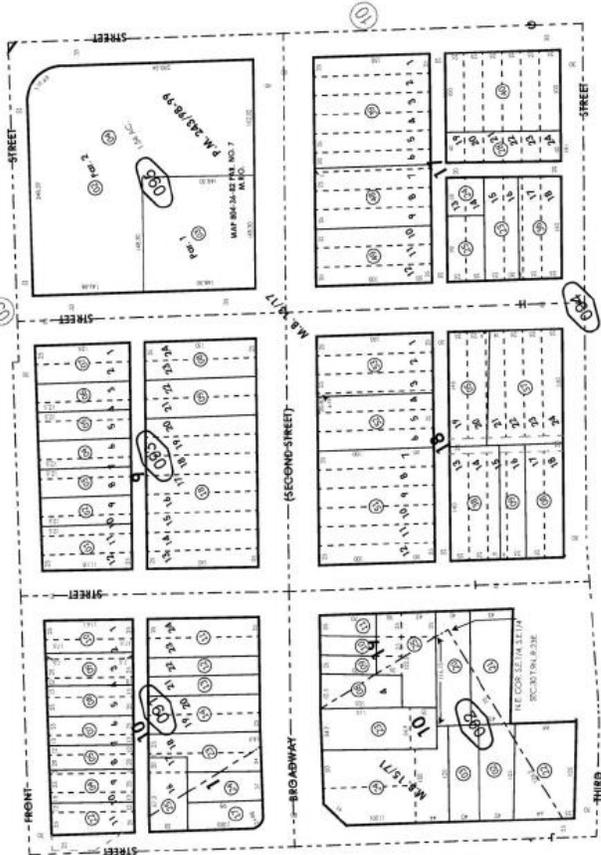
EXCEPT THEREFROM THE MINERALS, OIL, GAS, AND OTHER HYDROCARBON SUBSTANCES LYING BELOW THE SURFACE OF SAID LAND.

EXHIBIT B
MAP OF SITE

0186 - 09

Ptn. S.W.1/4, Sec.29 & S.E.1/4 Sec.30, T.9N., R.23E., S.B.B.&M. City of Needles.
Tax Rate Area
3006

THIS MAP IS FOR THE PURPOSE
OF AD VALOREM TAXATION ONLY



REVISED
03/24/22 L.A.
02/04/25 BS.

Assessor's Map
Book 0186, Page 09
San Bernardino County

0186
12

0186
10

Ptn. Parcel Map No. 3069 P.M. 33/80
Ptn. IAC Williams Survey, M.B. 11/17
Parcel Map No. 19604, P.M. 243/98-99

May 2005