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Helen Nolan
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City of San Luis Obispo
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990 Palm Street
San Luis Obispo, CA 93401

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**SECOND ADMINISTRATIVE AMENDMENT
TO DEVELOPMENT AGREEMENT**

THIS SECOND ADMINISTRATIVE AMENDMENT TO DEVELOPMENT AGREEMENT (the "Second Administrative Amendment") is made in San Luis Obispo County, California as of 10/15, 2021, by and between the City of San Luis Obispo, a California general law city ("City"), and MI San Luis Ranch LLC ("SLR"). The City and SLR may be referred to herein as a "Party" or, collectively, as the "Parties."

RECITALS

A. The City and SLR entered into that certain Development Agreement dated as of on or about September 18, 2018 (the "Development Agreement"), which was recorded against certain real property located within the City as described in the Development Agreement (the "Property") as Instrument No. 2018039139 in the San Luis Obispo Recorder's Office. All terms not specifically defined in this Second Administrative Amendment shall have the meanings ascribed to them in the Development Agreement.

B. Section 9.04 of the Development Agreement provides that minor modifications to any Project Approval may be approved by the Planning Director through an Administrative Amendment where such amendments or modifications are both minor and substantially conform to the material terms of the Development Agreement.

C. The Parties desire to enter into this Administrative Amendment to set forth the Parties' understanding and agreement with regard to changes in the timing of notifications under the Local Preference Program set forth in Exhibit F of the Development Agreement, which changes the Planning Director has determined are minor and substantially conform to the material terms of the Development Agreement and the Applicable Law and are appropriate to be memorialized in an Administrative Amendment.

NOW, THEREFORE, in consideration of the foregoing Recitals, which are hereby incorporated into the operative provisions of this Second Administrative Amendment by this reference and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the City and SLR agree as follows:

Section 1. Local Preference (“SLO Workers First”) Program.

The provisions of the Local Preference (“SLO Workers First”) Program set forth on pages 5 through 7, inclusive, of Exhibit F to the Development Agreement, shall be modified to read as set forth in Exhibit 1 to this Second Administrative Amendment, which is hereby incorporated herein by reference.

Section 2. Miscellaneous Provisions.

(a) Entire Agreement. Except for the Development Agreement which this Second Administrative Amendment amends, the First Administrative Amendment and the prior Operating Memoranda, this Second Administrative Amendment represents the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, whether oral or written, between the Parties with respect to the matters contained in this Second Administrative Amendment.

(b) Section Headings. The section headings contained in this Second Administrative Amendment are for convenience and identification only and may not be deemed to limit or define the contents to which they relate.

(c) Counterparts. This Second Administrative Amendment may be executed in any number of counterparts, each of which will have the same force and effect as if executed in the form of an original single document.

(d) Waiver. No waiver of any provision of this Second Administrative Amendment will be effective unless in writing and signed by a duly authorized representative of the Party against whom enforcement of a waiver is sought.

(e) Severability. If any term, covenant, condition or provision of this Second Administrative Amendment, or the application thereof to any person or circumstance, is held by a court of competent jurisdiction or rendered by the adoption of a statute by the State of California or the United States invalid, void or unenforceable, the remainder of the terms, covenants, conditions or provisions of this Second Administrative Amendment, or the application thereof to any person or circumstance, will remain in full force and effect and will in no way be affected, impaired or invalidated thereby; provided that the invalidity or unenforceability of such provision does not adversely affect the benefits accruing to, or the obligations imposed upon, any Party to this Second Administrative Amendment of the Development Agreement.

(f) No Reliance on Other Parties. All Parties to this Second Administrative Amendment declare that, prior to the execution of this Second Administrative Amendment, they have informed themselves of sufficient relevant data, either through experts or other sources of their own selection, and have sought and obtained legal counsel, in order that they might intelligently exercise their own judgment in evaluating the contents of this Second Administrative Amendment and making the decision to execute it. The Parties each represent and acknowledge that in executing this Second Administrative Amendment, they do not rely and have not relied upon any representation or statement not set forth herein made by any other Party

to this Second Administrative Amendment or their respective legal counsel with regard to the subject matter, basis or effect of this Second Administrative Amendment.

(g) Construction. The provisions of this Second Administrative Amendment will be liberally construed to effectuate its purpose. The language of this Second Administrative Amendment will be construed according to its plain meaning and may not be construed for or against any Party, as each Party has participated in the drafting of this Second Administrative Amendment and has had its legal counsel review it. Whenever the context and construction so require, all words used in the singular will be deemed to be used in the plural and vice versa.

(h) Successors and Assigns. This Second Administrative Amendment and the Development Agreement that it amends are binding on and inure to the benefit of the Parties and their respective legal representatives, successors and assigns.

(i) Governing Law. The validity and interpretation of this Second Administrative Amendment is governed by the laws of the State of California without giving effect to the principles of conflict of laws.

(j) Authorizations. Each Party certifies and warrants that all individuals executing this Second Administrative Amendment and other related documents on its behalf have the capacity and have been duly authorized to do so.

(k) Impact of Second Administrative Amendment on Development Agreement. Unless otherwise specifically amended by this Second Administrative Amendment, all provisions of the Development Agreement, the First Administrative Amendment, and the Operating Memoranda are hereby ratified and remain in full force.

IN WITNESS WHEREOF, the Parties to this Second Administrative Amendment have each executed this Second Administrative Amendment as of the date first written above.

[signatures begin on following page]

CITY:

CITY OF SAN LUIS OBISPO,
a municipal corporation of the State of California

By: 
Michael Codron
Community Development Director

DEVELOPER:

MI SAN LUIS RANCH LLC
a Delaware limited liability company

By: MI ENTITLEMENT IV, LLC
a Delaware limited liability company
Its: Sole Member and Manager

By: Presidio Merced Land IV Passive, LLC
a Delaware limited liability company, its Manager

By: 
Michael M. Sullivan
Its: Authorized Representative

EXHIBIT 1

LOCAL PREFERENCE (“SLO WORKERS FIRST”)

Section 1. Local Preference (“SLO Workers First”). SLR shall maintain an interest list for persons interested in purchasing or renting residences within the SLR SP area, and SLR shall take reasonable steps to publicize the existence of the list through local media outlets. SLR will give first preference to purchase or rent any residence within the SLR SP area to Local Employees identified on the interest list. Specifically, for purposes of this Section, the term “**Local Employee(s)**” shall include individuals who are employed by employers that are located in geographic areas that are customarily included in the City’s annual jobs-housing balance analysis in the City’s General Plan Annual Report, including the following zip codes: 93401, 93405 and 93407, and employees working within the City’s corporate limits and areas outside the City limits for employers such as Cal Poly, California Men’s Colony, Cuesta College, employers on agricultural lands within the Edna Valley area and business parks on South Broad Street (“**Local Employers**”). New employees to businesses in these geographic areas with bona fide employment offers will be considered Local Employees as well. SLR will maintain and update the interest list through full build-out of the Project. SLR will operate and administer this program as follows:

- (a) SLR shall maintain the interest list and shall separate and prioritize names of Local Employees based on interest in each Product Type. In addition to the notifications required in subsection (b), SLR shall not less than quarterly on March 1, June 1, September 1 and December 1 of each year provide a notification to all Local Employees on each interest list of the availability of all Product Types to afford Local Employees the opportunity to request movement to a different interest list.
- (b) Ninety days before a Product Type is released for sale, SLR shall notify Local Employees on the Product Type interest list of the opportunity to purchase or rent a residence on a lottery basis. To ensure equal opportunity for all Local Employees, the notification of Product Type available will be completed via electronic communication utilizing information provided on the Product Type interest list. Once notified, those individuals shall have 60 days to get pre-qualified to purchase or rent the residence and to provide SLR with proof that the individual is a Local Employee (i.e. paycheck or bona fide offer of employment from a Local Employer). Any and all such documentation provided to SLR shall be deemed confidential. A priority list will be established based on the timing of pre-qualification, except for the affordable units, which will be offered via lottery. If a Local Employee fails to get pre-qualified or fails to provide SLR with proof of local employment within the 60 day time period indicated above, then SLR may remove or put that name at the end of the interest list.
- (c) SLR agrees not to sell or rent any units within the Project to any individual without first offering the unit to Local Employees who are on the interest list for that Product Type. Upon exhausting all Local Employees on the interest list for the available Product Type, SLR agrees to give priority in the sale or rental of such units to individuals employed full-time by employers located in the County of San Luis Obispo (“**County Employee(s)**”). SLR shall notify County Employees on the interest list, pursuant to this subsection, of the opportunity to purchase or rent a residence on a lottery basis. The same methodology for notification and establishing a priority list

as identified in Section 4.1(b) shall be implemented. Once notified, those individuals shall have 60 days to get pre-qualified to purchase or rent the residence and to provide SLR with proof that the individual is a County Employee (i.e. paycheck or bona fide offer of employment from a local employer). Upon exhausting all Local Employees and County Employees on the interest list for the available Product Type, the unit may be offered to individuals who are employed outside the County of San Luis Obispo. Except as set forth in subsection (e) below, any and all such documentation provided to SLR pursuant to this subsection shall be deemed confidential.

(d) Nothing herein shall preclude SLR from notifying multiple Local Employees, or County Employees, of the opportunity to purchase or rent a residence, so long as SLR complies with all other provisions of this Section 4.1 Nor does anything herein preclude SLR from using a lottery to prioritize the purchase and sale or rental of a unit if demand by Local Employees, or County Employees, exceeds supply. Nothing herein shall preclude SLR from taking all reasonable actions necessary in order to facilitate the sale or rental of units within the Project provided such actions are consistent with the "SLO Workers First" preference program described in this Section. SLR shall, upon request, provide documentation to the City on its implementation of this preference program and provide City with the interest list and proof of employment for all sales made under this preference program.

(e) At the Director's request, not more than quarterly, SLR or its designee(s) shall provide a report to the Director to verify compliance with this Section.

City and SLR acknowledge that this preference program described above will accomplish three important objectives: (i) use new housing to address the current imbalance between existing jobs and housing; (ii) ensure that, to the maximum extent practicable, that the increased housing in San Luis Obispo results in a decline in the current commute traffic; and, (iii) reduce competition from outside buyers in the initial offering and sales.

Section 2. Local Heroes. In addition to all other provisions of this Agreement, SLR will offer an incentive to buyers of any residential unit with the SLR SP area who are considered "Local Heroes," defined for purposes of this Section as Police, Firefighters, Active and Retired Military, Teachers, EMTs, Nurses, and City of San Luis Obispo or County of San Luis Obispo Employees. The incentive described herein will include a minimum of \$1,500 credited to the Local Hero buyer at closing for use at the design center for upgrades and/or for closing costs. Qualification for this incentive is verified through the buyer's loan application, as reviewed and confirmed by SLR's Preferred Lender. At the Director's request, not more than quarterly, SLR or its designee(s) shall provide a report to the Director to verify compliance with this Section.

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF ~~CALIFORNIA~~ Minnesota)
Hennepin) ss:
COUNTY OF _____)

On October 12, 2021 before me, Amy Sundell, Notary Public
Notary Public (insert name and title of the officer),

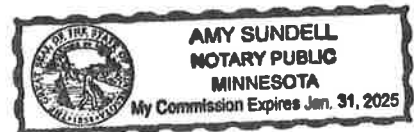
personally appeared Michael M. Sullivan, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Amy Sundell

[Seal]



A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)

COUNTY OF San Luis Obispo)

SS:

On 10/15/2021, 2021 before me, Megan Wilbanks
Notary Public (insert name and title of the officer),

personally appeared Michael Cadron, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Megan Wilbanks

[Seal]

