



August 20, 2021

Lisa Kim
Assistant City Manager
City of Garden Grove
11222 Acacia Parkway
Garden Grove, CA 92840

RE: Updated and Clarified Offering Terms to Purchase/Lease the Willowick Golf Course located at 3017 W. 5th Street in the City of Santa Ana (the “Property”)

Dear Lisa:

Thank you for your letter dated July 24, 2021. As requested, we have provided updated and clarified offering terms. Willowick Community Partners, LLC (“WCP”) proposes to acquire the Property from the City of Garden Grove (“City”) on the terms and conditions set forth in this letter:

1. Proposed Transaction Terms:

- A. **Deposit.** Five Hundred Thousand Dollars (\$500,000) at Opening of Escrow (the “Diligence Deposit”). If Buyer approves of the results of the feasibility investigations by delivering written notice of its approval to Escrow Agent and Seller (the “Approval Notice”), the Diligence Deposit shall be increased to Two Million Dollars (\$2,000,000) and become non-refundable. The Diligence Deposit shall be applicable to the Purchase Price.
- B. **Feasibility Period.** WCP shall have Ninety (90) days from the mutual execution of a Purchase Agreement to complete its due diligence (the “Feasibility Period”).
- C. **Closing/Purchase Price.** WCP proposes to acquire the Property under the following scenarios:
 - i. **Contingent Offer #1:**
 - a. The Close of Escrow shall occur within 15 days after Final Approval of Entitlements and WCP’s receipt of a Grading Permit.
 - b. The Purchase Price shall be \$100,000,000 all cash paid at the Closing.

ii. **Contingent Offer #2:**

- a. The Close of Escrow shall occur within 15 days after Final Approval of Entitlements and WCP's receipt of a Grading Permit.
- b. The Purchase Price shall be \$100,000,000.
- c. At the Closing WCP shall pay the City \$5,000,000 in cash and a \$95,000,000 Note.
- d. The Note shall have a 3% interest rate for 45 years with full amortization and term/payment schedule commencing after completion of the Master Infrastructure Improvements or 3 years after the Close of Escrow, whichever is sooner.
- e. Total proceeds to the City would be \$178,000,000 (\$100,000,000 Purchase Price plus \$78,000,000 in interest). Note payments would be \$3,800,000 per year.
- f. The Note will be secured by a First Trust Deed.

iii. **Non-Contingent Offer #1:**

- a. The Close of Escrow shall occur within 15 days after WCP's approval of the Feasibility Approval.
- b. The Purchase Price shall be \$50,000,000.

iv. **Non-Contingent Offer #2:**

- a. The Close of Escrow shall occur within 15 days after WCP's approval of the Feasibility Approval.
- b. The Purchase Price shall be \$50,000,000.
- c. At the Closing WCP shall pay the City \$5,000,000 in cash and a \$45,000,000 Note.
- d. The Note shall have a 3% interest rate for 45 years with full amortization and term/payment schedule commencing 5 years after the Close of Escrow.
- e. Total proceeds to the City would be \$87,000,000 (\$50,000,000 Purchase Price plus \$37,000,000 in interest). Note payments would be approximately \$1,800,000 per year
- f. The Note will be secured by a First Trust Deed.

D. **Option to Convert to Ground Lease.** WCP will provide the City an Option to convert Contingent Offer #2 and/or Non-Contingent Offer #2 into a Ground Lease. The Ground Lease shall contain a provision allowing WCP to acquire fee title of one (1) or more parcels of the Property consisting of up to approximately thirty (30) acres.

E. **Transaction Contingencies.** WCP's obligation to purchase the Property is subject to the satisfaction of the following contingencies:

- i. The Title Company's irrevocable commitment to issue the Title Policy to WCP.
- ii. The non-occurrence of any material adverse change to the physical status of the Property between the end of the Feasibility Period and the Closing.
- iii. There shall be no moratorium, prohibition or any other regulation or restriction, including, without limitation, any moratorium on the provision of or hook-up to public water or sewer facilities or the issuance of water will serve letters that was not in force as of the last day of the Feasibility Period and whose effect would be to preclude any inspections or the issuance of any building or other permits, or construction, sale and occupancy of residential dwelling units on the Property.

2. **Description of Proposed Project:** WCP, in close coordination with the community, will bring all the necessary development experience and capital required to bring the revitalization goals to fruition. The City will greatly benefit from WCP's successful track record of delivering communities that are cherished by residents and neighbors alike. Our proposed development plan is comprised of the following land uses:

A. **Residential.** WCP proposes to construct 1,690 residential units on the Property ranging from detached single-family homes to medium density townhomes to higher density apartments. 25% of the overall residences (or 423 homes) will be restricted to Affordable Households as follows:

- i. Affordable Component #1 & #2: Family - 2 Phases of 95 units each (190 total)
 - a. 38 units @30% AMI
 - b. 20 units @40% AMI
 - c. 82 units @50% AMI
 - d. 50 units @60% AMI
- ii. Affordable Component #3: Supportive Housing - 86 units for special needs population
 - a. 20 units @ 20% AMI
 - b. 50 units @30% AMI
 - c. 16 units @40% AMI
- iii. Affordable Component #4: Integrated - 118 units for families, 29 units for special needs population (147 total)
 - a. 29 units @ 20% AMI
 - b. 80 units @50% AMI
 - c. 38 units @60% AMI

B. **Commercial.** WCP proposes approximately 70,000 square feet of commercial space. The intent of the retail component is to create a village like feel. In addition,

the adjacency of the retail and the regional riverfront park will leverage off of each other resulting in a unified whole that is greater than the sum of its parts. The project is envisioned to provide everyday necessities to residents, both existing and new, such as grocer, fitness, bank, coffeeshop, drug/health, a mix of restaurants from casual cafes to destination sit-down patio restaurants that take advantage of the riverfront park.

- C. **Open Space.** WCP proposes approximately 15% of the Property to be public open space. As the site is currently zoned open space, we see this component of the proposed plan as a critical element to the success of the proposed rezoning. We see the primary opportunities for open space in the proposed riverfront, neighborhood, and pocket parks; the streetscapes and pedestrian networks within the project site; and the private residential gardens of the residents themselves.

Please let us know if you have any questions regarding our Proposed Transaction Terms or Proposed Project. Also, let us know when you have received revised offering terms from the other negotiating parties so that we can set up a meeting to discuss the WCP proposal and next steps towards a binding transaction agreement.

Sincerely,

WILLOWICK COMMUNITY PARTNERS, LLC



Ryan Aeh
Senior Vice President, Land Acquisition
City Ventures