

CITY OF LANCASTER
EXCLUSIVE NEGOTIATION AGREEMENT

THIS EXCLUSIVE NEGOTIATION AGREEMENT (“Agreement”) is dated as of _____, 2025 (“Effective Date”), for reference purposes only, and is entered into by and between the City of Lancaster, a California municipal corporation (“City”), and Grupe Investment Company, Inc., a California Corporation (“Grupe”). The City and Grupe are sometimes referred to in this Agreement individually, as a “Party” and, collectively, as the “Parties.” This Agreement is entered into by the Parties with reference to the following recited facts:

RECITALS

- A. The City owns approximately 35 acres of real property located at the intersection of East Avenue I and Division Street in Lancaster, California [Assessor’s Parcel Nos. 3176-005-915, -918, -919, - 921, -930], more particularly described on Exhibit A-1 attached hereto and depicted on Exhibit A-2 attached hereto (the “Property”).
- B. Grupe is interested in acquiring approximately 12.9 acres of the Property from City (depicted in Exhibit B; the “Grupe Portion”), and thereafter, securing all necessary entitlements to redevelop the Grupe Portion with approximately 200 units of workforce for-sale housing, (the “Grupe Project”).
- C. Other portions of the Property are anticipated to be developed by Grupe and other developers in cooperation with Grupe, each of whom is expected to also eventually execute an Exclusive Negotiation Agreement with City for those other portions of the Property. It is anticipated that other projects on the Property will not compete directly with Grupe’s Project.
- D. The intent of the City and Grupe in entering into this Agreement is to establish a specific, limited period of time to negotiate the terms of a future agreement between the Parties governing the potential disposition and development of the Grupe Portion (“DDA”).

NOW, THEREFORE, in view of the goals and objectives of the City relating to the development of the Grupe Portion, and the promises of the City and Grupe set forth in this Agreement, the City and Grupe agree, as follows:

1. Term of Agreement. The City and Grupe have 90 days from the Effective Date to agree on a term sheet detailing terms similar to the example in Exhibit C. If the Parties fail to reach agreement on the term sheet by the 90-day deadline, this Agreement expires. If the Parties agree on a term sheet by the 90-day deadline, this Agreement continues and the Parties have until

12 months from the Effective Date to negotiate and execute the DDA. The initial 90-day period and the extension, if applicable, are the “Negotiation Period.”

2. Negotiation of DDA. During the Negotiation Period, the Parties will attempt to negotiate a DDA diligently and in good faith. Nothing in this Agreement binds either Party to reach an agreement on a DDA.

3. Each Party to Pay Its Respective Costs and Expenses. Each Party is responsible for its own expenses in connection with this Agreement and the DDA negotiation.

4. Appraisal of Property. During the Negotiation Period, either Party may, at its sole expense, obtain an appraisal of the Grupe Portion to determine its fair market value to aid the Parties in negotiating a purchase price as part of the DDA. The City will share with Grupe any appraisals obtained by the City. Grupe will share with the City any appraisals obtained by Grupe.

5. CEQA. Grupe agrees that the City is by law entitled or required to exercise discretion in various ways concerning development of the Grupe Portion, including but not limited to in considering entitlements and permits for the development, as well as adoption of any amendments to City ordinances, regulations, or planning or policy documents. The Parties recognize that execution of this Agreement does not constitute “approval” of a “project,” as those terms are defined by the California Environmental Quality Act and does not limit the ability of the City to consider alternatives or mitigation measures for any project that might arise and be subject to CEQA.

6. Exclusivity. During the Negotiation Period, the City and City staff may not negotiate with any other person or entity concerning the Grupe Portion. The City may receive and retain unsolicited offers regarding the Grupe Portion, but the City may not negotiate with the proponent of any such offer during the Negotiation Period. The City may disclose the fact that the City is a party to this Agreement.

7. Acknowledgments and Reservations. If this Agreement expires or is terminated for any reason, or a future DDA is not approved and executed by both the City and Grupe for any reason, neither Party is under any obligation, nor has any liability to the other or to any other person regarding the Grupe Portion. Neither Party is bound by any statement, promise, or representation made by the other Party’s staff or representatives during the course of negotiations of a future DDA. The Parties will only be legally bound after a complete DDA is approved and executed by both the Parties, each in its respective absolute discretion following one or more duly noticed public hearings as required by law.

8. Breach. If a Party commits a material breach of this Agreement and the Party does not cure the breach within 30 days, the exclusive remedy of the Party who has not breached is to terminate this Agreement by serving written notice of termination on the breaching Party.

9. Notice. Any notice or instrument required to be delivered under this Agreement must be delivered at the addresses shown below.

TO GRUPE:	Attn: _____ _____ Phone: _____ Email: _____
TO CITY OF LANCASTER	Attn: City Manager _____ _____ Phone: _____ Email: _____

10. Counterpart Originals. This Agreement may be executed by the Parties in multiple counterpart originals, all of which together constitute a single agreement. The Parties may sign this Agreement electronically.

11. No Third-Party Beneficiary; Assignees. Nothing in this Agreement is intended to benefit any person or entity other than the City and Grupe. Grupe may not assign its rights under this Agreement without the City's written consent, which the City may grant or withhold at its sole discretion; except that the City may not unreasonably withhold its consent if the assignment is to a Grupe-owned and controlled entity.

12. Governing Law. This Agreement is governed by exclusively by the laws of the State of California, without application of any conflict-of-laws principles or statutes. Venue for any dispute regarding the Agreement lies exclusively in the courts in Los Angeles County, California.

13. Waivers. No waiver of any breach of any term or condition contained in this Agreement may be deemed a waiver of any preceding or succeeding breach of such term or condition, or of any other term or condition contained in this Agreement. No extension of the time for performance of any obligation or act, no waiver of any term or condition of this Agreement, nor any modification of this Agreement is enforceable against either Party unless it is made in writing and executed by both Parties.

CITY:

DEVELOPER:

CITY OF LANCASTER,
a California municipal corporation

GRUPE INVESTMENT COMPANY, INC.,
a California corporation

By: _____
[NAME], [TITLE]

By: _____
[NAME], [TITLE]

APPROVED AS TO FORM:

By: _____
City Attorney

EXHIBIT A-1

Legal Description of Property

[See Attached]

EXHIBIT A-2

Depiction of Property

[See Attached]

The Grupe Portion

