

Attachment 1

**OPERATING MEMORANDUM NUMBER ONE
BETWEEN
THE CITY OF EL PASO DE ROBLES
AND OLSEN RANCH 212, LLC
COMPRISING INSUBSTANTIAL MODIFICATIONS
TO DEVELOPMENT AGREEMENT**

The Development Agreement by and among the City of El Paso de Robles (the “City”) and OLSEN RANCH 212, LLC (“the Developer”), dated AS OF February 14, 2020 and recorded on May 4, 2020 in the Official Records of San Luis Obispo County as Document No. 2020021501 (the “Development Agreement”), provides in Section 1.7 of the Development Agreement that refinements and further development of the Project may demonstrate that minor changes are appropriate with respect to the details of the Project development and the performance of the parties under this Agreement. Therefore, the Development Agreement provides that any minor modification to the Development Agreement which does not modify (i) the Term of the Development Agreement; (ii) permitted uses of the Property, (iii) maximum density or intensity of use, except as allowed pursuant to Section 2.1.3 of the Development Agreement (Final Lotting) (iv) provisions for the reservation, dedication, acquisition, or abandonment of land or public rights of way, (v) conditions, terms, restrictions or requirements for subsequent discretionary actions, (vi) monetary contributions by Developer, or (vii) any other financial commitments by Developer, including the provisions related to Developer’s obligations to finance installation, operations, and maintenance of Project infrastructure and formation and operations of one or more community facilities districts, (any and all of which are hereinafter an “Insubstantial Modification”), and that can be processed under CEQA as exempt from CEQA, or with the preparation of an Addendum to the EIR, shall not require a public hearing prior to the parties executing a modification to the Development Agreement.

The Development Agreement further provides that if and when City and Developer agree that such Insubstantial Modifications are necessary or appropriate, they may implement such clarifications through operating memoranda approved by the City and Developer as insubstantial modifications to the Development Agreement.

With this Operating Memorandum No. 1, City and Developer wish to clarify certain conditions in the Project Approvals in order to carry out the intent of the City and Developer with respect to the design, development, and implementation of the Project. Capitalized terms used in this Operating Memorandum shall carry the same definitions as those set forth in the Development Agreement.

A. PURPOSE:

The purpose of this Operating Memorandum is to identify a basic framework between the City and Developer to facilitate the construction of certain improvements as contemplated under the terms of the Development Agreement. This Operating Memorandum will reduce certain uncertainties associated with the orderly development of the Project and provide for the effective and efficient development of public facilities, infrastructure, and services as required by the Development Agreement.

B. INSUBSTANTIAL MODIFICATIONS:

1) **Off-Site Traffic Improvements Completion Deadline Modifications.** The Development Agreement requires that Developer shall construct certain off-site roadway improvements as specified in the Development Agreement, Specific Plan, and Mitigation Monitoring and Reporting Program. The Parties agree to modify certain deadlines specified in the Development Agreement and Specific Plan as follows:

Traffic Improvement	Summary Description	Original Development Deadline for Completion of Construction of Improvements	Modified Deadline for Completion of Construction of Improvements
13th Street/Riverside Avenue	Implement signal timing optimization	Prior to the issuance of 1 st building permit	The earlier to occur of: (i) prior to issuance of the 350th building permit, or (ii) 12 months following issuance of the 1st building permit.
13th Street/Paso Robles Street	Implement signal timing optimization	Prior to the issuance of 1 st building permit	
Niblick Road /South River Road	Construct Right turn pocket and extend left turn pocket (WB leg); implement signal timing optimization	Prior to the issuance of 1 st building permit	
Creston Road/Scott Street	Install all-way traffic signal	Prior to the issuance of 100 th building permit	

The City concludes, on the advice of its consulting traffic engineer, that these traffic improvement completion deadline modifications will not result in any new or substantially more severe significant environmental impacts.

Developer agrees it shall provide City with documentation reasonably approved by the City Attorney and City Manager, ensuring there are sufficient available and dedicated funds to complete these improvements as required by this Operating Memorandum, at the time of issuance of the first building permit.

2) **Park Improvements Completion Deadline Modifications.** The Development Agreement requires that Developer shall construct certain parks improvements as specified in the Development Agreement and Specific Plan. The Parties agree to modify certain deadlines specified in the Development Agreement and Specific Plan as follows:

Attachment 1

Park Improvement	Summary Description	Original Development Deadline for Completion of Construction of Improvements	Modified Deadline for Completion of Construction of Improvements
Royal Oaks Park	Park upgrades, as Approved by the City’s Parks and Recreation Committee	Prior to the issuance of 50 th Certificate of Occupancy in Phase 1B	The earlier to occur of: (i) issuance of the 250th certificate of occupancy in the Specific Plan, or (ii) 12 months following issuance of the 1st building permit.
PA-6 Farmstand	Amenity per Specific Plan	Prior to 1 st Certificate of Occupancy	
PA-7 Poolhouse	Amenity per Specific Plan	Prior to 50 th Certificate of Occupancy	
Turtle Creek Park (PA-14 East)	Mitigation per Specific Plan	Prior to 50 th Certificate of Occupancy in Phase 2	
Turtle Creek Park (PA 14 West)	Park upgrades and mitigation per Specific Plan	Prior to the issuance of 50 th Certificate of Occupancy in Phase 1B	

Developer agrees it shall provide City with documentation reasonably approved by the City Attorney and City Manager, ensuring there are sufficient available and dedicated funds to complete these improvements as required by this Operating Memorandum, at the time of issuance of the first building permit.

3 Developer’s Cost for Off-Site Traffic Improvements Modification. The Development Agreement requires that Developer pay the City’s traffic impact fee at the time of issuance of each certificate of occupancy, at the rate set forth in Exhibit C of the Development Agreement. The Development Agreement provides that Developer shall be entitled to credit against the City’s traffic impact fee, as set forth in Exhibit C of the Development Agreement, for the off-site roadway improvements specified thereon. The City and Developer agree that to the extent Developer’s cost for applicable off-site traffic improvements, after subtracting any contribution owed from the Beechwood Project’s developers under that separate Development Agreement for the Beechwood Specific Plan recorded on April 14, 2021 in the Official Records of San Luis Obispo County as Document No. 2021028132, exceeds the estimated traffic improvements costs amounts as stated in Exhibit C of the Development Agreement, then the Developers traffic impact fee credits shall be adjusted proportionately to reflect the actual traffic improvements costs, as documented by invoices and other proof of actual costs incurred as approved by the City, subject to a maximum increased credit amount equal to the percentage increase in the City’s traffic impact fees, as allowed per Section 2.5.3 of the Development

Attachment 1

Agreement, between the Effective Date of the Development Agreement and the date of completion of each improvement for which credit is requested.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the last written date below.

FOR CITY:

Date: _____
Ty Lewis, City Manager

ATTEST:

City Clerk

APPROVED AS TO FORM:

APPROVED AS TO FORM:

City Attorney

Special Counsel

(signatures continued on following page)

Attachment 1

FOR DEVELOPER:

OLSEN RANCH 212, LLC,
a California limited liability company

By: _____

Its: _____

By: _____

Its: _____

APPROVED AS TO FORM:

STOWELL, ZEILENGA, RUTH,
VAUGHN & TREIGER LLP

By: _____

James D. Vaughn
Attorneys for Developer Olsen Ranch 212, LLC