

**REIMBURSEMENT AGREEMENT  
BY AND BETWEEN THE  
CITY OF SANTA CLARA, CALIFORNIA,  
AND  
AGNEWS VOP, LLC**

**PREAMBLE**

This Reimbursement Agreement (“Agreement”) is entered into on May \_\_\_\_, 2026 (“Effective Date”), by and between Agnews VOP, LLC, a California limited liability company (“Developer”), and the City of Santa Clara, California, a chartered California municipal corporation (“City”). City and Developer may be referred to individually as a “Party” or collectively as the “Parties.”

**RECITALS**

- A. Developer owns and/or is authorized to submit a development application by the owner of those certain real properties totaling approximately 52.9 acres located at 4220 Network Circle, in Santa Clara, California. Developer would retain a portion of the site (“VOP Retained Parcel”) for the development of residential uses (“Network Circle Residential Project”) and exchange a portion of the site with the City (“VOP Exchange Parcel”) that would accommodate the potential relocation of the City Hall Campus (“City Hall Improvement Project”). Developer is also in preliminary discussions with City for a separate development application for residential uses (“Warburton Residential Project”) on the current City Hall Campus located at 1500 Warburton Avenue (“City Exchange Parcel”). The Network Circle Residential Project and the Warburton Residential Project collectively may be referred to as the “VOP Residential Projects,” and the VOP Residential Projects and the City Hall Improvement Project collectively may be referred to as the “Proposed Projects”). The Developer and City require or contemplate the following approvals and processing (collectively, “Project Approvals”):
1. General Plan Amendments for the Proposed Projects
  2. Rezoning for the Proposed Projects
  3. Development Plans for the VOP Residential Projects
  4. Subdivision Maps for the VOP Residential Projects
  5. Land Exchange Agreement regarding the exchange of the VOP Exchange Parcel and the City Exchange Parcel
  6. One or more Development Agreements for the VOP Residential Projects
  7. Analysis necessary to comply with the California Environmental Quality Act (“CEQA”) for each of the Proposed Projects, which would include at least one Environmental Impact Report (“EIR”), consisting of a Draft EIR, Responses to Comments, a Final EIR, and a Mitigation Monitoring and Reporting Program.

- B. The Parties executed that certain Exclusive Negotiation Agreement dated May \_\_, 2026 (“ENA”). The ENA defines a period of time during which the Parties will engage in good faith negotiations regarding the potential exchange of the VOP Exchange Parcel and the City Exchange Parcel. Negotiation pursuant to the ENA, review and processing of the Project Approvals, and due diligence work associated with the City Hall Improvement Project will require City to incur various costs and expenses including consultant costs and attorneys’ fees and costs that the City has not budgeted for. The Developer has agreed to reimburse the City for Eligible Costs (as defined below) that incurred by City in connection with the Proposed Projects beginning on December 30, 2025 and continuing during the ENA’s term.
- C. In order to facilitate processing of the Project Approvals and conduct negotiations pursuant to the ENA, City has retained a law firm with expertise in CEQA and land use matters (the “Outside Counsel”) and a real estate consulting firm (the “Real Estate Consultant”). City also expects to retain other professionals, including a certified real estate appraiser, and architectural and engineering firm, and various technical consultants to inform the due diligence, feasibility, and valuation efforts associated with the potential exchange of the VOP Exchange Parcel and the City Exchange Parcel (the “Due Diligence Consultants”). Finally, City will retain a community engagement specialist to manage communications, outreach and an online website portal (the “Community Engagement Consultant”). Developer is willing to reimburse City for costs charged by the Outside Counsel, Real Estate Consultant, and Due Diligence Consultants, and to share costs of the Community Engagement Consultant, starting as of December 30, 2025, and continuing throughout the ENA’s term and pursuant to this Agreement’s terms and conditions.
- D. Separately, City has identified, and Developer is directly reimbursing, an environmental consultant with expertise in CEQA and their subconsultants to conduct the environmental analysis, and such costs are outside the scope of this Agreement. The parties acknowledge and agree that the City is the lead agency conducting review pursuant to CEQA, and any final determination must reflect the City’s independent judgement as to the analysis and how to comply with CEQA.
- E. Developer understands and agrees that its funding of such costs is at its sole risk and that nothing in this Agreement is or shall be construed to control or limit the City’s exercise of discretion with respect to any aspect of evaluating the Proposed Projects, nor shall it be construed as making any commitment regarding the granting of any entitlements for development.

In consideration of the recitals and mutual promises contained herein, the Parties agree as follows:

## **AGREEMENT PROVISIONS**

### **1. PURPOSE OF AGREEMENT.**

The purpose of this Agreement is to provide for payment by Developer of all Eligible Costs (defined below) actually incurred by City in connection with the Proposed Projects.

## 2. REIMBURSEMENT OBLIGATION.

Developer shall reimburse the City for all “Eligible Costs,” which shall consist of the following:

- A. Outside Counsel’s and Real Estate Consultant’s fees and costs associated with the negotiation, drafting, and implementation of the ENA and costs and expenses related to City’s work on the Proposed Projects, including review and consideration of the Project Approvals;
- B. Due Diligence Consultants’ fees and costs associated with the analysis of the VOP Exchange Parcel and the City Exchange Parcel for purposes of evaluating the potential land swap pursuant to the ENA;
- C. One-half (1/2) of a Community Engagement Consultant’s fees and costs associated with outreach efforts under the ENA; and
- D. Outside Counsel’s fees and costs (“Legal Defense Costs”) actually incurred in connection with the legal defense of the ENA and any activities conducted pursuant thereto (“Legal Challenge”), subject to the limitations below.

Eligible Costs shall include City costs incurred beginning on December 30, 2025 through the Effective Date to cover initial feasibility analysis and the negotiation and preparation of the ENA. Beginning as of the Effective Date, additional Eligible Costs shall be strictly limited to fees and costs incurred during the term of the ENA; provided, however, that if a Land Exchange Agreement is approved by the City during the term of the ENA, additional Eligible Costs shall also include fees and costs related to the implementation of such Land Exchange Agreement. If either Party terminates the ENA pursuant to the terms thereof, no further Eligible Costs shall accrue; provided, however, that Developer shall remain obligated to reimburse the City for Eligible Costs incurred prior to such termination.

Outside Counsel and Real Estate Consultant will initially focus on tasks related to the Project Approvals, environmental review, and negotiation of the key financial terms of the land swap pursuant to the ENA. Prior to commencement of drafting the Land Exchange Agreement or a development agreement, City shall provide Developer with a good faith, non-binding estimate of additional fees and costs for the subsequent phase of work in writing. Developer shall have five (5) business days after receipt of such notice to terminate the ENA prior to such work commencing. If Developer fails to provide timely notice of its desire to terminate the ENA, or provides early notice that it accepts the costs, such additional work shall commence and be considered Eligible Costs.

Prior to commencement of Due Diligence Consultants’ work, City shall provide Developer with a good faith, non-binding estimate of fees and costs for the due diligence work in writing. Developer shall have five (5) business days after receipt of such notice to terminate the ENA prior to such work commencing. If Developer fails to provide timely notice of its desire to terminate the ENA, or provides early notice that it accepts the costs, such additional work shall commence and be considered Eligible Costs.

Prior to commencement of Community Engagement Consultant's work, City shall provide Developer with a good faith, non-binding estimate of fees and costs for the community engagement work in writing. Developer shall have five (5) business days after receipt of such notice to terminate the ENA prior to such work commencing. If Developer fails to provide timely notice of its desire to terminate the ENA, or provides early notice that it accepts the costs, such additional work shall commence and be considered Eligible Costs.

In the event of a Legal Challenge, the City and Developer shall meet and confer to assess the Legal Challenge for no more than ten (10) business days following the date the City is served with such Legal Challenge. If, and only if, during the meet and confer period, Developer opts to defend any such Legal Challenge (in the Developer's sole and absolute discretion) and informs the City of this election, Eligible Costs shall include the Legal Defense Costs, and Developer shall indemnify and hold harmless the City from costs and expenses (including, without limitation, any fines, penalties, judgments, settlements, actual litigation expenses and experts' and actual attorneys' fees) arising from or related to the Legal Challenge, except to the extent caused by the gross negligence or willful misconduct of the City. If, during the meet and confer period, Developer opts not to defend any such Legal Challenge, informs the City of this election, and terminates the ENA to moot any Legal Challenge, Legal Defense Costs shall be excluded from Eligible Costs, but Developer shall remain responsible for costs and expenses (including potential third-party catalyst attorney's fees) incurred as a result of the Legal Challenge.

The City will make a good faith effort to track spending on an at least monthly basis and shall promptly notify Developer in writing if City becomes aware that actual costs are expected to materially exceed the original estimates ("Increase Notice"). For purposes of this Agreement, an increase of 15% or more shall be considered a material increase. Such increase within 15% of the estimate shall not affect the Developer's obligation to reimburse the City for Eligible Costs actually incurred. Upon receipt of the City's Increase Notice Developer shall have five (5) business days after receipt of such notice to terminate the ENA. If Developer fails to provide timely notice of its desire to terminate the ENA, or provides early notice that it accepts the costs, Developer shall pay such costs and the ENA shall remain in effect. .

Subject to Section 6, the City shall provide summary invoices to verify that the Eligible Costs were incurred in accordance with this Agreement.

### **3. EVERGREEN DEPOSIT.**

(a) City shall establish and Developer shall fund a deposit account designed to ensure that City is never required to perform work for which reimbursement funds have not been previously deposited ("Evergreen Deposit"). The Evergreen Deposit shall contain funds necessary to cover three months' worth of budgeted expenditures by City for Eligible Costs. Developer shall fund the Evergreen Deposit initially by depositing with City on or before the Effective Date the sum of Two Hundred Fifty Thousand Dollars (\$250,000) in the form of a cashier's check. Developer shall replenish the Evergreen Deposit on a monthly basis until termination of this Agreement or as long as expenditures made by City relating to City's review, evaluation, consideration, and processing of the Proposed

Projects remain unreimbursed, whichever is later. At no time shall there be less than \$50,000 remaining fund balance in the account.

Beginning on the Effective Date, Developer shall replenish the Evergreen Deposit by depositing on or before the last day of each month the full amount of all invoices delivered by City to Developer within the previous month. Thus, for example, on or before July 1, 2026, Developer would replenish the Evergreen Deposit by depositing the sum of all invoices submitted by City to Developer during the month of June, 2026.

(b) In the event City determines that total invoices for any particular three-month period are likely to exceed \$250,000, City may request that Developer increase the total funds available in the Evergreen Deposit accordingly. If Developer does not agree to increase the deposited amount, City may adjust its work schedule, including through the adjustment of project deadlines, so as not to exceed the amount available in the Evergreen Deposit.

(c) The Parties acknowledge that deposits to the Evergreen Deposit are not a “source of income” within the meaning of the California Political Reform Act (pursuant to California Government Code Section 87103.6).

(d) Upon termination of this Agreement, if the City has incurred Eligible Costs in excess of total funds available in the Evergreen Deposit, the City shall, within ninety (90) days of such termination, deliver to Developer reasonable evidence of its incurrence of such Eligible Costs, and Developer shall, within ninety (90) days of receipt of such evidence, reimburse City for all remaining and outstanding reimbursements of Eligible Costs to which it is entitled under this Agreement. Once all remaining and outstanding reimbursements have been paid to the City by the Developer, City shall return to Developer any remaining unused portion of the Evergreen Deposit.

#### **4. REFUND OF UNEXPENDED BALANCE.**

The City shall refund any unexpended balance of the Deposit within 120 days of the occurrence of any of the following: (1) the termination of this Agreement pursuant to Section 7 below; or (2) the no-fault termination of the ENA pursuant to its terms; (3) the date of a final City Council action to disapprove the Proposed Projects; or (4) the date on which all applicable limitations periods to challenge a final City Council action to approve the Proposed Projects, if so approved, have expired or, if any challenge is filed, then the date on which such challenge is finally resolved.

Notwithstanding the foregoing, if the ENA is terminated by City due to an uncured default of Developer under the ENA, the Deposit and any interest earned thereon shall be retained by City, and City shall be reimbursed by Developer for any additional Eligible Costs incurred by City in excess of the remaining balance of the Deposit prior to the effective date of such termination of the ENA.

#### **5. NO COMMITMENT AS TO FUTURE APPROVALS.**

Nothing in this Agreement is or shall be construed to be a covenant, promise, or commitment by the City (including, without limitation, any agency, board, or

commission of City) to grant or issue any Project Approvals or any other preliminary or final approvals in connection with the Proposed Projects or to enter into a Land Exchange Agreement. Developer acknowledges and agrees that nothing in this Agreement limits City's discretion, in any manner, with respect to any aspect of the Proposed Projects. Developer agrees that it shall remain obligated to pay all Eligible Costs incurred prior to termination of this Agreement or the ENA, regardless of whether any aspect of the Proposed Projects is approved and regardless of whether City and Developer enter into the proposed Land Exchange Agreement.

**6. ATTORNEY-CLIENT RELATIONSHIP AND CONSULTANT WORK PRODUCT.**

Developer recognizes that City will be the client of Outside Counsel, and that attorney-client privilege will apply to all communications between City and Outside Counsel, whether verbal, written, or electronically transmitted, including but not limited to exchanges of administrative draft documents and discussions about administrative draft documents. Developer does not have an attorney-client relationship with Outside Counsel and shall not have access to any such communications.

Developer further recognizes that City will be the client of Real Estate Consultant, Due Diligence Consultants, and Community Engagement Consultant, and that the City shall have sole authority to direct such consultants' work, and all consultant work product remains under the control and ownership of such consultants (or the City, as may be set forth in individual consultant agreements).

**7. TERMINATION OF AGREEMENT.**

Either Party may terminate this Agreement without cause by giving the other Party written notice ("Notice of Termination") which clearly expresses that Party's intent to terminate the Agreement. Notice of Termination shall become effective no less than ten (10) calendar days after a Party receives such notice.

As of the Notice of Termination effective date, the ENA shall automatically terminate, and the City shall stop processing the Warburton Residential Project application.

Developer shall have no obligation to pay any Eligible Costs incurred on or after the effective date of the termination, but shall remain responsible for any fees incurred prior to the effective date of the termination. Developer shall remain liable for expenses incurred by City following Developer's termination in order to terminate any contractual relationships and/or to conduct clerical, logistical, or other non-substantive work required to efficiently terminate the consulting relationship.

**8. INTEGRATED DOCUMENT.**

This Agreement, along with the ENA, represents the entire agreement between City and Developer. Other than the ENA, no other understanding, agreements, conversations, or otherwise, with any representative of either Party prior to execution of this Agreement shall affect or modify any of the terms or obligations of this Agreement. Any verbal

agreement shall be considered unofficial information and is not binding upon either Party.

**9. SEVERABILITY.**

In case any one or more of the provisions in this Agreement shall, for any reason, be held invalid, illegal or unenforceable in any respect, it shall not affect the validity of the other provisions, which shall remain in full force and effect.

**10. AMENDMENTS.**

This Agreement may only be modified by a written amendment duly authorized and executed by the Parties.

**11. WAIVER.**

Waiver of any one or more of the conditions of performance under this Agreement shall not be construed as waiver(s) of any other condition of performance under this Agreement.

**12. NOTICES.**

All notices to the Parties shall, unless otherwise requested in writing, be sent to City addressed as follows:

City of Santa Clara  
Attention: City Manager  
1500 Warburton Avenue  
Santa Clara, California 95050  
Email: [manager@santaclaraca.gov](mailto:manager@santaclaraca.gov)

With copies to:

City of Santa Clara  
Attention: City Attorney  
1500 Warburton Avenue  
Santa Clara, California 95050  
Email: [cityattorney@santaclaraca.gov](mailto:cityattorney@santaclaraca.gov)

Burke, Williams & Sorenson, LLP  
1 California Street, Suite 3050  
San Francisco, CA 94111  
Attention: Anna Shimko  
Email: [ashimko@bwslaw.com](mailto:ashimko@bwslaw.com)

and to Developer addressed as follows:

Agnews VOP, LLC  
c/o Valley Oak Partners GP, LLC  
734 The Alameda  
San Jose, CA 95126  
Attention: Doug Rich  
Email: doug@valleyoakpartners.com

With a copy to:

Holland & Knight, LLP  
560 Mission St. Suite 1900  
San Francisco, CA 94105  
Attention: Tamsen Plume  
Email: tamsen.plume@hkllaw.com

If notice is sent via email, a signed, hard copy of the material shall also be mailed. The workday the email was sent shall control the date notice was deemed given. An email transmitted after 5:00 p.m. on a Business Day shall be deemed to have been transmitted on the following Business Day.

**13. CAPTIONS.**

The captions of the various sections, paragraphs and subparagraphs of this Agreement are for convenience only and shall not be considered or referred to in resolving questions of interpretation.

**14. LAW GOVERNING CONTRACT AND VENUE.**

This Agreement shall be governed and construed in accordance with the statutes and laws of the State of California. The venue of any suit filed by either Party shall be vested in the state courts of the County of Santa Clara, or if appropriate, in the United States District Court, Northern District of California, San Jose, California.

**15. COUNTERPARTS AND SIGNATURES.**

This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but both of which shall constitute one and the same instrument; and, the Parties agree that signatures on this Agreement, including those transmitted by facsimile, shall be sufficient to bind the Parties.

The Parties acknowledge and accept the terms and conditions of this Agreement as evidenced by the following signatures of their duly authorized representatives. The Effective Date is the date that the final signatory executes the Agreement. It is the intent of the Parties that this Agreement shall become operative on the Effective Date.

**CITY OF SANTA CLARA, CALIFORNIA**  
a chartered California municipal corporation

APPROVED AS TO FORM:

Dated: \_\_\_\_\_

\_\_\_\_\_  
GLEN GOOGINS  
City Attorney

\_\_\_\_\_  
JOVAN GROGAN  
City Manager  
1500 Warburton Avenue  
Santa Clara, CA 95050  
Telephone: (408) 615-2210  
Fax: (408) 241-6771

“CITY”

**AGNEWS VOP, LLC**  
a California Limited Liability Company

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Local Address: \_\_\_\_\_

Email Address: \_\_\_\_\_

Telephone: ( ) \_\_\_\_\_

Fax: ( ) \_\_\_\_\_

“DEVELOPER”