

Esquivel, Alessandra

CORRESPONDENCE

RD DATE: 6/23/26 ITEM: S94Z

From: Ross, Jamie
Sent: Tuesday, June 23, 2026 7:03 AM
To: Esquivel, Alessandra
Subject: FW: Item S94Z - Dana Point Harbor
Attachments: Letter to BOS w redlined attachments - fully executed - 6-22-26.pdf

From: Stieler, Robin <Robin.Stieler@cob.oc.gov>
Sent: Tuesday, June 23, 2026 6:52 AM
To: Ross, Jamie <Jamie.Ross@cob.oc.gov>; Lopez, Maria [COB] <Maria.Lopez@cob.oc.gov>; Guillen, Dora <Dora.Guillen@cob.oc.gov>
Subject: FW: Item S94Z - Dana Point Harbor

Robin



Robin Stieler

Orange County Clerk of the Board of Supervisors

- 714-834-2206
- <https://cob.ocgov.com/>
County Administration North
400 W. Civic Center Drive, Sixth Floor
Santa Ana, CA 92701

**NEW EMAIL: Robin.Stieler@cob.oc.gov **

From: Miller, Thomas 'Mat' <Thomas.Miller@ceo.oc.gov>
Sent: Monday, June 22, 2026 8:19 PM
To: Chaffee, Doug <Doug.Chaffee@bos4.oc.gov>; Foley, K <katrina@bos5.oc.gov>; Nguyen, Janet <janet@bos1.oc.gov>; Sarmiento, Vicente <Vincent@bos2.oc.gov>; Wagner, D <dwagner@bos3.oc.gov>
Cc: Jabbar, Al <Al.Jabbar@bos4.oc.gov>; Anas, Nick <nick.anas@bos5.oc.gov>; Nguyen, Diane <diane.nguyen@bos1.oc.gov>; Goebel, Yasia <yasia.goebel@bos2.oc.gov>; Campbell, Tara <Tara.Campbell@bos3.oc.gov>; Aguirre, Michelle <Michelle.Aguirre@ceo.oc.gov>; Roestenberg, KC <Kc.Roestenberg@ocit.oc.gov>; Witt, Jessica <Jessica.Witt@ceo.oc.gov>; Napuri, Alyssa <alyssa.napuri@bos5.oc.gov>; Page, Leon <Leon.Page@coco.oc.gov>; Stieler, Robin <Robin.Stieler@cob.oc.gov>; Wright, Dylan <Dylan.Wright@occr.oc.gov>
Subject: Fw: Item S94Z - Dana Point Harbor

Members of the Board of Supervisors,

Please see the attached letter received from Dana Point Harbor Partners regarding Item S94Z on tomorrow's Board agenda.

Thomas (Mat) Miller
Chief Real Estate Officer
Office: (714) 834-6019
thomas.miller@ceo.oc.gov

From: Matsler, Sean <SMatsler@coxcastle.com>
Sent: Monday, June 22, 2026 7:38:54 PM
To: Miller, Thomas 'Mat' <Thomas.Miller@ceo.oc.gov>
Cc: COB_Response <COB.Response@cob.oc.gov>; Bob Olson <bob.olson@rdodevelopment.com>; Bryon Ward (bward@burnham-ward.com) <bward@burnham-ward.com>; Aguirre, Michelle <Michelle.Aguirre@ceo.oc.gov>; Roestenberg, KC <Kc.Roestenberg@ocit.oc.gov>; Haubert, Michael <Michael.Haubert@coco.oc.gov>; Bauer, Brian <Brian.Bauer@ceo.oc.gov>; Verdaguer, Zoila <Zoila.Verdaguer@ceo.oc.gov>; Joe Ueberroth <jueberroth@bellwetherfinancialgroup.com>; Scott Burnham <sburnham@burnhamusa.com>; Dustin Schmidt <Dustin.Schmidt@rdodevelopment.com>; Bobby A. Olson <bolson@wrightlegal.net>; Thompson, Kim <ktthompson@rutan.com>
Subject: Item S94Z - Dana Point Harbor

Attention: This email originated from outside the County of Orange. Use caution when opening attachments or links.

Mat,

Please see the attached letter on behalf of Dana Point Harbor Partners and Dana Point Harbor Drystack in connection with Item S94Z on the Board's June 23, 2026, agenda.

I have cc'd the Clerk of the Board but would appreciate it if your office could also circulate this letter to each Supervisor in advance of tomorrow's hearing.

Thank you,
Sean

Sean T Matsler



Cox, Castle & Nicholson LLP
3121 Michelson Drive | Suite 200 | Irvine, CA 92612
direct: 949.260.4652 | mobile: 714.330.0797
main: 949.260.4600
SMatsler@coxcastle.com | [vcard](#) | [bio](#) | [website](#)

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DANA POINT HARBOR PARTNERS, LLC, a
California limited liability company
and
DANA POINT HARBOR PARTNERS
DRYSTACK, LLC,
a California limited liability company
860 Newport Center Drive, Suite 100
Newport Beach, CA 92660

CORRESPONDENCE
BOARD DATE: 6/23/26 ITEM: S942

June 22, 2026

VIA FEDEX

Honorable Chair Chafee and Members of the
Board of Supervisors
County of Orange
400 W Civic Center Dr., 5th Floor
Santa Ana, CA 92701

Re: Dana Point Ground Lease Amendments

Chair Chafee and Members of the Board:

As you know, the Dana Point Harbor Partners and Dana Point Harbor Drystack (DPHP) teams have been working closely with County Real Estate staff in recent months to bring forward new leases for the hotel, commercial core, and drystack, which leases are necessary to facilitate the successful development of the two proposed new hotels: The Doheny (130 rooms) and The Salt Haus (169 rooms). We have made enormous progress and appreciate staff's cooperation and diligence.

The purpose of this letter is to provide perspective on the County's proposed provisions pertaining to County's ability to utilize free meeting room and event spaces for private County staff purposes within the Hotel and Commercial Core areas. We reviewed language provided by staff in this regard and have redlined it to reflect our ability to minimize business and negative revenue impacts for reserving spaces at no charge, thus eliminating the ability to sell the same spaces at market rates. Our proposed revisions to each lease are attached hereto as Exhibit A. We feel that our changes reflect a fair and reasonable outcome for us and the County in an effort to accommodate the County on this request. Therefore, we respectfully request that this Board accept our proposed changes to the County language by adopting Exhibit A as a modification to the leases attached to the staff report.

While the DPHP team understands the County's desire for the unfettered use of event spaces and meeting rooms at no cost to the County at the Harbor, and as hard as DPHP worked to achieve consensus with County staff, we kept returning to the same problems which are outlined

Honorable Chair Chafee and Members of
the Board of Supervisors
June 22, 2026
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below. We also wanted to express our concern about limiting revenue potential on key spaces such as meeting rooms and event spaces by pre-committing them free of charge to County Staff, thus denying the broader Orange County residents and taxpayers the top line revenue from these spaces, which the percentage rent paid to the County is calculated on.

1. **Operational Limitations** - Portions of the project that could possibly be considered “event spaces” subject to County use are carved into, and dispersed throughout, the retail common areas. There simply is not a period of time during the operating hours when these spaces would not be utilized by our tenants and/or their customers. County use of these spaces would create operational challenges for tenants and their customers and may affect the experience and atmosphere that the project is designed to provide. Therefore, our redlines limit the applicability of the County’s free use to meeting rooms that are not otherwise subject to a sublease or license agreement.
2. **Marriot Concerns** – As explained in the attached June 16, 2026, e-mail from Marriott’s Regional Vice President, Alex Ahluwalia (Exhibit B), the County’s request would “create a substantial hardship” on hotel operations given the limited amount of meeting space at the hotel, anticipated high-demand for such space, and the practical constraints on forecasting meeting room vacancies months (or even weeks) in the future. DPHP is fortunate to be working with an operator like Marriott and simply cannot enter into agreements that undermine Marriott’s business and operational expectations. Additionally, many of the requests for meeting rooms come with connected requests for hotel rooms and therefore the financial impacts can be compounded if we do not have meeting spaces to offer. Lastly, our experience with meetings rooms is that many of the requests come at the last minute or with very short notice and that allows for the greatest revenue potential on the meeting rooms.
3. **Alternative Meeting Room Options are Available to the County** - Perhaps unlike other areas where County leases are entered into, in the case of Dana Point Harbor, there exist other County spaces that are excluded from DPHP’s leased premises which can adequately accommodate County meeting rooms and events, *at no cost to the County*. For example, the Sailing and Event Center and adjacent Baby Beach are both managed by OC Parks and can easily accommodate nonprofits groups and events at no cost. Another example is the Ocean Institute, which is a County subsidized leasehold. It would be perfectly appropriate for these facilities to accommodate such events for the County.

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4. **Unanticipated Financial Implications** - The original DPHP leases never contemplated gifted meeting space and were not underwritten to bear the financial burden of such a request. To the contrary: DPHP's management and control over hotel and commercial spaces it is critical to achieve the best revenue outcome to the County, which revenue all County residents benefit from. Meeting rooms and event spaces are inextricably linked to the project's overall financial performance. The County's request would compromise that performance.
5. **Long Term DPHP/County Relations** – The lease language attached to the staff report could the unintended effect of causing strain on the DPHP and County relationship for the next 60+ years. We understand that, prior to DPHP's involvement in the Harbor, there were instances where Dana Point Marina Inn rooms were offered to County employees by County Harbor officials at heavily discounted rates, in one case for 147 consecutive nights. Obviously, nobody anticipates such abuse would repeat itself, but DPHP is nevertheless justifiably wary of special fee (or no fee) arrangements.
6. **Timing and Frequency of Use** – The County's proposed language would allow for an unlimited number of free County meetings, all booked on January 1 of each year. Such an outcome is inconsistent with what we understand to be the County's reasonable expectations here: that is, to utilize meeting rooms that would not otherwise be occupied. To that end, our redlines propose a cap of 6 annual events per lease and a requirement that such meeting requests from the County come no more than 30 calendar days in advance of the proposed event.

The reality here is that without the changes to the pending hotel, commercial core, and drystack leases outlined in Exhibit A, DPHP is unable to proceed with the development of the two proposed hotels (299 combined rooms) and will be forced to continue operation of the existing Dana Point Marina Inn, as allowed by DPHP's existing agreements with the County. This is an undesirable outcome for the city of Dana Point, the County, and DPHP. The budgeted \$333,254,873 in ground lease revenue to the County over the life of the ground lease with the 2 proposed hotels would disappear, leaving the County with just \$53,869,036 in budgeted revenue from the Marina Inn—a loss of \$279,385,836 to the County. Under separate cover we provided staff with the annual budget ground rent calculations. On the City side, failure to develop the proposed hotels would result in a net Transit Occupancy Tax (TOT) loss of \$80,418,000 over the initial 20 years alone (not the life of the ground lease), representing the delta between the expected TOT revenue from the proposed hotels (\$93,141,000) and the existing Marina Inn (\$12,722,000).

Finally, since this meeting space question speaks to public access, I would be remiss if I did not highlight DPHP's demonstrated commitment to underserved youth, at no cost those served.

Honorable Chair Chafee and Members of
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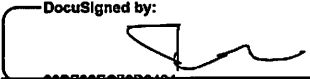
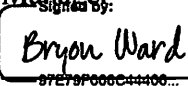
Annually, DPHP hosts over 30 events and serves thorough its established "Underserved Youth Program", more than 1,000 youth participants from Title I schools, indigenous tribes, and local nonprofit organizations like Big Brothers Big Sisters, Boys & Girls Club, Sandy Feet Initiative. Participants learn how to swim or sail, experience whale watching for the first time, master kayaking or stand-up paddling, and personal training to be good ocean stewards. Since 2023, DPHP's outreach programs have provided ocean experiences to 3,643 underserved youth. DPHP has, and continues to, do its part for the community. In addition, the County's approval of the Hotel bifurcation paves the way for these programs to be expanded. As part of its Coastal Commission conditions, DPHP has agreed to provide the County, at County's option, an additional \$110,000 per year to be used for (a) County youth programing, or (b) to expand DPHP's Youth Program. With these additional monies, DPHP can more than double the amount underserved and underprivileged youth that are currently benefiting from its current program. We are also hoping that the Board utilizes the existing and expanding funding to make these programs available to all Orange County youth, not just from the local area. In summary, we have put into place specific programs within our premises area to serve the public at no cost and also have supported, and will continue to support, hosting charitable events within the harbor and, as a partnership, charitable giving within the Orange County community.

With the changes set forth in Exhibit A, DPHP is ready to execute the leases and move the Harbor redevelopment forward. We are also amenable to proceeding with the Memorandum of Understanding attached hereto as Exhibit C, as revised.

Sincerely,

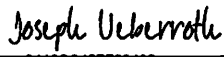
DANA POINT HARBOR PARTNERS, LLC,
a California limited liability company

By: Burnham-Ward Properties LLC,
a California limited liability company,
Manager

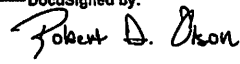
By: 
Name: Scott T. Burnham
Title: Manager
By: 
Name: Bryon Ward
Title: Manager

Honorable Chair Chafee and Members of
the Board of Supervisors
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By: Bellwether Financial Group, Inc.,
a California corporation,
Manager

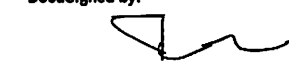
DocuSigned by:

By: _____
Name: Joseph Ueberroth
Title: President

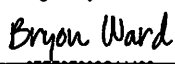
By: Olson Real Estate Group, Inc.,
a California corporation (dba RD Olson
Development),
Manager

DocuSigned by:

By: _____
Name: Robert D. Olson
Title: President

DANA POINT HARBOR PARTNERS DRYSTACK, LLC,
a California limited liability company

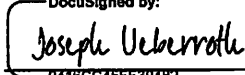
By: Burnham-Ward Properties LLC,
a California limited liability company,
Manager

DocuSigned by:

By: _____
Name: Scott T. Burnham
Title: Manager

Signed by:

By: _____
Name: Bryon Ward
Title: Manager

Honorable Chair Chafee and Members of
the Board of Supervisors
June 22, 2026
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By: Bellwether Financial Group, Inc.,
a California corporation,
Manager

By: 
Name: Joseph Ueberroth
Title: President

By: Olson Real Estate Group, Inc.,
a California corporation (dba RD Olson
Development),
Manager

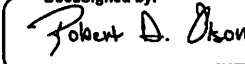
By: 
Name: Robert D. Olson
Title: President

EXHIBIT A

DPHP PROPOSED LEASE REVISIONS

Commercial Core/Marina Component

In addition, ~~to the extent provided that neither Lessee or nor any Lessee Parties are not using Party is using or has reserved an unleased meeting roomsroom~~ within the Commercial Core area for Lessee's or Lessee Parties' activities or business operations, the County may request to use such meeting rooms for County sponsored meetings or events consistent with any other applicable policies and procedures for Lessee's facility or meeting room. The foregoing shall in no event be deemed to include any meeting room in a premises or space which is subject to a Sublease or any license agreement. Such requests shall be made in writing in advance no more than six (6) times per calendar year and shall be made no more than thirty (30) calendar days in advance, unless Lessee permits an earlier reservation in it's reasonable discretion. Lessee shall not unreasonably withhold or delay approval of County's request for use of meeting space nor shall such use by County interrupt Lessee's use of the Property. County's access to and use of meeting rooms shall be at no cost to County for room usage, and County is responsible for other costs consistent with applicable policies for use of meeting rooms and event spaces by others, unless otherwise negotiated between County and Lessee. Notwithstanding the above, Lessee reserves the right to cancel this right by the County for meeting space usage if Lessee determines that such use has a negative impact on Lessee's business or Lessee's lender objects to such provision.

Hotel Component *

In addition, provided that neither Lessee nor any Lessee Party is using or has reserved meeting rooms or event spaces at the Hotel Property for Lessee's or Lessee Parties' activities or business operations, the County may request to use such meeting rooms or event spaces for County sponsored meetings or events consistent with any other applicable policies and procedures for Lessee's facility or meeting room. Such requests shall be made in writing in advance no more than twelve (12) times per calendar year and shall be made no more than thirty (30) calendar days in advance, unless Lessee permits an earlier reservation in its reasonable discretion. Lessee shall not unreasonably withhold or delay approval of County's request for use of such meeting room or event space nor shall such use by County interrupt Lessee's use of the Hotel Property. County's access to and use of meeting rooms and event spaces shall be at no cost to County for room usage, and County is responsible for other costs consistent with applicable policies for use of meeting rooms and event spaces by others, unless otherwise negotiated between County and Lessee. Notwithstanding the foregoing, Lessee reserves the right to cancel this right by the County for meeting room and event space usage if Lessee determines that such use has a negative impact on the business of Lessee or Lessee Parties, or Lessee's lender objects to such provision.¶

* Please note that corresponding changes would need to be made to Exhibits D-1 and D-2 of the Hotel Component Lease, as those are the forms of Full Service Hotel Lease and Select Service Hotel Lease.

Drystack Lease

In addition, to the extent provided that neither Lessee or nor any Lessee Parties are not using meeting rooms or spaces Parties are not using Party is using an unleased meeting room at the Property for Lessee's or Lessee Parties' activities, and such meeting rooms or spaces a room is not reserved for use by any Lessee Party or third party, the County may request to use such meeting rooms or spaces room for County sponsored meetings consistent with any other applicable policies and procedures for the Lessee's facility. The foregoing shall in no event be deemed to include any meeting room in a premises or space which is subject to a Sublease or any license agreement. Such requests shall be made in writing in advance no more than six (6) times per calendar year and shall be made no more than thirty (30) calendar days in advance, unless Lessee permits an earlier reservation in it's reasonable discretion. Lessee shall not unreasonably withhold or delay approval of County's request for use of meeting space nor shall such use by County interrupt Lessee's use of the Commercial Core area. County's access to and use of meeting rooms shall be at no cost to County or Lessee for room usage, and County is responsible for other costs consistent with applicable policies for use of meeting rooms and event spaces by others, unless otherwise negotiated between County and Lessee. Notwithstanding the above, Lessee reserves the right to cancel this right by the County for free meeting space usage if Lessee determines that such use has a negative impact on Lessee's business or Lessee's lender objects to such provision.

EXHIBIT B

JUNE 16, 20206, MARRIOTT E-MAIL

Dana Point Autograph - Event Space use

Ahluwalia, Alex <Alex.Ahluwalia@marriott>

To: Olson, Bob

Cc: Bolson@wrightlegal.net; Dustin Schmidt; Nicolas Christiano; Blake Evans

Tue 6/16/2026 6:12 PM

[If there are problems with how this message is displayed, click here to view it in a web browser.](#)

Reply Reply All Forward

Good Afternoon Bob,

Thank you for sharing the request related to the use of Event Space. I can certainly appreciate the spirit behind the request. Having said that, this would be very difficult to deliver and create a substantial hardship on the business for the following reasons:

- The meeting space at the hotel is limited. We need full use of the entire space to sell the guest rooms. On weekdays and off-peak periods, we anticipate that a significant portion of the demand for rooms is going to come from Meetings and Events. Limiting availability will impact performance.
- Over peak demand periods, including weekends/summer, we anticipate using all event space to ensure that we deliver on the opportunity. The same is true for high demand periods in Spring and Fall.
- The booking window for small events is often less than 30 days. We regularly book small programs within 3-21 days of arrival date. It will be very difficult to predict "excess" event space due to this demand window.
- We know from experience that the Meeting Space needs of Group Programs changes throughout the planning process. Meeting Planners regularly add Break Out space within a few days to arrival and during the program.
- Relative to the expectations for attendance at the time of booking, the actual attendance can vary meaningfully. As an industry practice, the count for the final attendance is due 72 hours prior to the event. We need to be able to flex and move around Meeting Rooms to adapt to final changes

Bob, as you know, we have collaborative relationships with County and City organizations across markets. We would be delighted to partner with the City and County Leadership to host any paid events. Thanks.

Alex

In addition, to the extent that Lessee or Lessee Parties are not using meeting rooms or event spaces at the Hotel Property for Lessee's activities, and such meeting rooms or event spaces are not reserved for use by any third party, the County may request to use such meeting rooms or event spaces for County sponsored meetings or events consistent with any other applicable policies and procedures for the Lessee's facility. County shall give Lessee at least one month notice to Lessee, and shall have access to meeting rooms or event spaces up to a maximum of 12 times per year, but in no event shall such usage be on weekends, nor in June, July or August. Lessee shall not unreasonably withhold or delay approval of County's access nor shall such access interrupt in any way Lessee or Lessee Parties use of the Hotel Property. County's access and use of the Hotel Property shall be at no cost to County for the room usage, unless Lessee is required to cater, rent equipment, or otherwise provide any services for the meeting/event, in which case County shall pay to Lessee the actual costs charged for such services excluding any service, resort or surcharge fees.

Alex Ahluwalia
Regional Vice President
+1 (808) 359-1032 (M)

EXHIBIT B

EXHIBIT C

MEMORANDUM OF UNDERSTANDING

(See attached)

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (this “MOU”) is dated as of June __, 2026 (“Effective Date”) between the COUNTY OF ORANGE, a political subdivision of the State of California (“County”), as lessor, and DANA POINT HARBOR PARTNERS, LLC, a California limited liability company (“DPHP”), as an outline of the terms for the parties to investigate the feasibility of, and negotiate: (a) a potential amendment (the “Drystack Amendment”) to that certain Master Ground Lease Agreement Dana Point Harbor (the “Drystack Lease”) dated as of June __, 2026, between the County, as lessor, and DANA POINT HARBOR PARTNERS DRYSTACK, LLC, a California limited liability company (together with its permitted successors and assigns, “Drystack Lessee”), as lessee, with respect to certain premises located in Dana Point Harbor, Dana Point, California (the “Drystack Property”), and; (b) a potential separate lease at OC Parks Sailing & Event Center (the “SEC Lease”) of a building which shall consist of approximately 5,000 square feet plus an outdoor patio of approx. 2,000 square feet of space currently a part of the Sailing and Event Center (the “SEC Restaurant Premises”) as conceptually depicted on Exhibit A, between the County, as lessor, and DANA POINT HARBOR PARTNERS SE RESTAURANT, LLC, a California limited liability company (together with its permitted successors and assigns, “SEC Lessee”), as lessee. All capitalized terms, unless defined hereunder, are as defined in the Drystack Lease.

1. **Terms of the Drystack Amendment.** During the term of this MOU, the parties hereto shall use their best efforts to negotiate the Drystack Amendment suitable to both parties, which shall incorporate the following terms and conditions, among others:

<i>Tolling</i>	County and Drystack Lessee will confirm by separate letter, executed by the Chief Real Estate Officer, the tolling of the Required Construction Commencement Date until the later of (i) January 2035, or (ii) until such date as the Drystack Lessee received approval of the CDP Amendment contemplated as set forth below.
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CDP Amendment:

Once the Required Construction Commencement Date and the Required Construction Completion Date have been tolled, Drystack Lessee agrees to perform all actions reasonably necessary to apply for a CDP amendment, or other related approval(s) as necessary, to reduce the day boater parking requirements on the Drystack Property from 334 to 150 cars. As part of this effort, Drystack Lessee will, among other things, complete a demand analysis to support the application, and any other necessary studies, and pursue any required approvals with the California Coastal Commission and the City, as appropriate. County shall cooperate and support Drystack Lessee in such efforts.

Cost Reductions based on Amendment

In the event that the CDP amendment effort is successful and a CDP amendment is approved, the savings resulting from the reduction in the Applicable Redevelopment Costs associated with the Redevelopment Work (the “**Redevelopment Allowance Adjustment**”), and made available to the County to be applied to the costs of their Sailing and Events Center redevelopment.

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***Modification to
Redevelopment Work
Related to CDP
Amendment***

In the event that the CDP Amendment effort is successful and a CDP amendment is approved, any usable land area recovered from the reduction in day boater parking will be utilized to fulfill ~~on-dry boat storage utilizing an on-grade~~ dry boat rack system that works in concert with the proposed Marina Bull launch system (i.e. vs. in rack dry boat storage) ~~parking requirements as set forth and what may be imposed in the new CDP (currently set at 493 spaces).~~

In such event, Drystack Lessee shall use commercially reasonable efforts to reconfigure dry boater storage space to maximize on-grade rack storage and reduce the planned vertical dry storage racking system. The resulting net reduction in Applicable Redevelopment Costs shall be ~~included in the~~ Redevelopment Allowance Adjustment. In addition, the Redevelopment Work may be modified to include a boardwalk extension within the Drystack Property as depicted on Exhibit B terminating at Puerto Place (collectively the "Boardwalk Extension"), thereby enhancing public access to Dana Point Harbor.

***Deferral of Funding
Redevelopment
Allowance Release for
up to \$10 million in
Drystack designated
funds for County use***

In the event that the CDP Amendment effort is successful and a CDP amendment is approved, Drystack Lessee will agree to defer funding of \$10 million of the Redevelopment Allowance; ~~which amount until such time as the Redevelopment Allowance Adjustment is determined.~~ The Redevelopment Allowance shall be reduced by the Redevelopment Allowance Adjustment referenced above, if achieved. In the event County fails to disburse the Redevelopment Allowance when due, Lessee shall have the right to offset disbursements due from County of the Redevelopment Allowance against Rent under the Drystack Lease, the SEC Lease and/or the Comm Core/Marina Lease if elected in Lessee's discretion.

2. **Terms of the SEC Lease.** During the term of this MOU, the parties hereto shall use their best efforts to negotiate the SEC Lease suitable to both parties, which shall incorporate at least the following terms and conditions, among others:

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-3-

Premises:	The SEC Restaurant Premises
Lessee	DANA POINT HARBOR PARTNERS SEC RESTAURANT, LLC, a California limited liability company to be formed with identical ownership as the Drystack Lessee
Commencement Date:	Upon the opening for business by the subtenant(s) procured by SEC Lessee in all or the majority of the leasable area within the SEC Restaurant Premises. However, in no event sooner than County has substantially completed its improvements to the adjacent Sailing and Event Center premises such that the SEC Lessee may be able to operate the SEC Premises without disruption, in SEC Lessee's sole and absolute discretion.
Term:	Coterminous with the Commercial Core/Marina Lease, or Drystack Lease, as agreed to by the parties.
Initial Base Rent:	The Base Rent shall be negotiated by the parties taking into account market conditions and similar operations, including the Comm Core/Marina Lease.
Percentage Rent.	The Percentage Rent shall be negotiated by the parties taking into account market conditions and similar operations, including the Comm Core/Marina based on the percentages and categories set forth in the Drystack Lease.
Delivery Condition:	Except as negotiated by the parties during the MOU term, County shall deliver the SEC Restaurant Premises to SEC Lessee in its AS-IS condition. County is not responsible for additional SEC Lessee improvements to the SEC Restaurant Premises, all of which shall be at SEC Lessee's sole cost and expense. All surrounding site work and parking lot construction (and ongoing maintenance thereof) shall be the responsibility of County. <u>County shall cooperate with SEC Lessee on bringing utilities and infrastructure into the SEC Restaurant Premises sized for a full service restaurant use.</u>

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-4-

Tenant Improvements

SEC Lessee shall be responsible for improving the SEC Restaurant Premises and patio associated therewith based on plans to be prepared by SEC Lessee and reasonably approved by County. Lessee shall expend not less than \$5,000,000 towards remodeling the SEC Restaurant Premises and building out the restaurant and other tenant improvements.

The proposed SEC Restaurant Premises and patio shall be first class and complimentary in look and feel with the adjacent commercial core and programmed with a first class restaurant operator managed by SEC Lessee, with all costs funded by SEC Lessee. SEC Lessee shall work in cooperation with County and its land planner/designer on establishing the restaurant and patio footprint for the SEC Restaurant Premises and shall determine best approach for its construction through refurbishment of the existing structure. The County and Lessee shall coordinate to determine the most efficient way to complete the improvements to the remnant structure and land (pilot house, public rooms and OC Parks offices).

Security Deposit:

Covered under Drystack Lease provisions.

Use:

Restaurant, retail and other compatible uses.

Assignment and Subletting:

Per Drystack Lease provisions.

Renewal Options:

Per Drystack Lease provisions.

3. **Term.** This MOU shall commence as of the Effective Date and shall continue thereafter until the earlier to occur of (a) the mutual execution of the SEC Lease and Drystack Amendment (which shall be executed concurrently) and (b) the date that is one hundred eighty (180) days after the Effective Date.

4. **Notices.** All notices, requests, consents, claims, demands, waivers, and other communications under this MOU must be in writing and addressed to the other party at its address set forth below (or to such other address that the receiving party may designate from time to time in accordance with this Section). Unless otherwise agreed herein, all notices must be delivered by personal delivery, nationally recognized overnight courier, or certified or registered mail (in each case, return receipt requested, postage prepaid). Except as otherwise provided in this MOU, a notice is effective only on receipt or refusal by the receiving party. Notices shall be given to the addresses set forth in the Drystack Lease or such other address as designated by the applicable party in a writing delivered to the other party pursuant to this Section 3:

255/025907-0046
23938972.12 a06/1922/26

5. **Relationship of the Parties.** Nothing contained in this MOU shall be construed as creating any agency, partnership, joint venture, or other form of joint enterprise, employment, or fiduciary relationship between the parties, and neither party shall have authority to contract for or bind the other party in any manner whatsoever.

6. **Choice of Law.** This MOU and all related documents are governed by, and construed in accordance with, the laws of the State of California.

7. **Binding Effect.** This MOU shall be binding upon the parties until the earlier of: (a) the mutual execution of the SEC Lease and Drystack Amendment, at which point those agreements shall override and supersede the terms of this MOU, or (b) the expiration of the Term of this MOU.

8. **Entire Agreement.** This MOU constitutes a single, integrated written contract expressing the entire agreement of the parties. There is no other agreement, written or oral, express or implied, between the parties with respect to the subject matter hereof, except this MOU. This MOU may not be orally modified, and may be modified only in a written instrument signed by the parties.

9. **Counterparts.** This Amendment and any modifications, amendments or supplements thereto may be executed in several counterparts, and all so executed shall constitute one agreement binding on all parties hereto, notwithstanding that all parties are not signatories to the original or the same counterpart. The parties may also deliver executed copies of this Amendment to each other by electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. No party may raise the use of any image transmission device or method or the fact that any signature was transmitted as an image as a defense to the enforcement of this Amendment. At the request of either party, the parties will confirm signatures by signing and delivering an original document.

[Signatures Follow]

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date set forth above.

**DANA POINT HARBOR
PARTNERS, LLC**, a California
limited liability company

COUNTY OF ORANGE,
a political subdivision of the State of California

By: _____

Chief Real Estate Officer

**BURNHAM-WARD PROPERTIES,
LLC**, a California limited liability
company, Manager

By: _____

Name: _____

Title: _____

**BELLWETHER FINANCIAL GROUP,
INC.** a California corporation, Manager

By: _____

Name: _____

Title: _____

APPROVED AS TO FORM:

County Counsel

**OLSON REAL ESTATE GROUP,
INC.**, a California corporation (dba RD
Olson Development), Manager

By: _____
Senior Deputy

By: _____

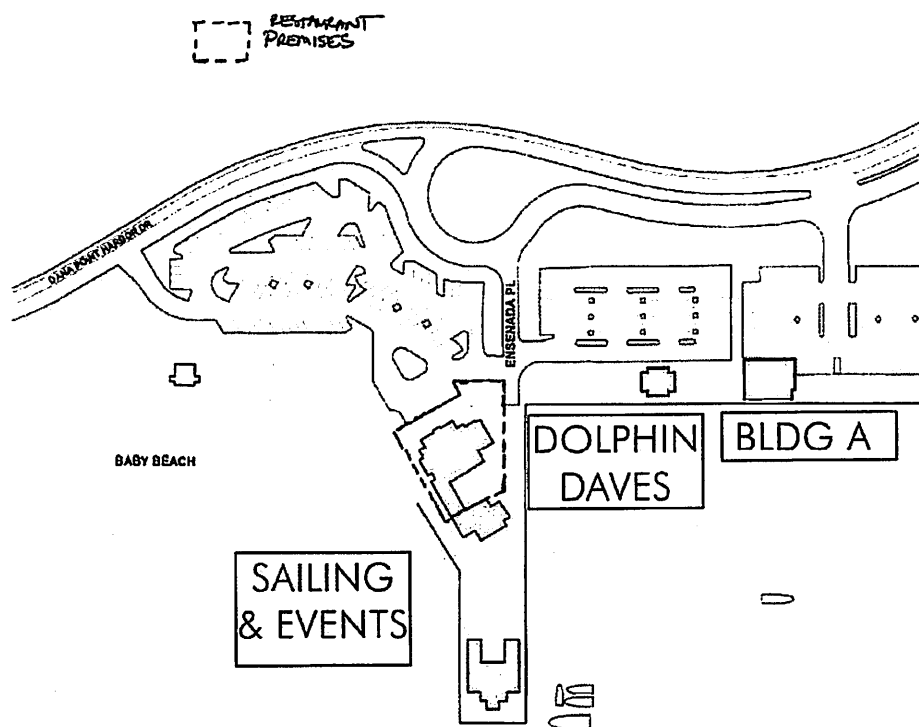
Name: _____

Title: _____

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EXHIBIT A
SE BUILDING



255/025907-0045
23942179.1 a06/4/22/26

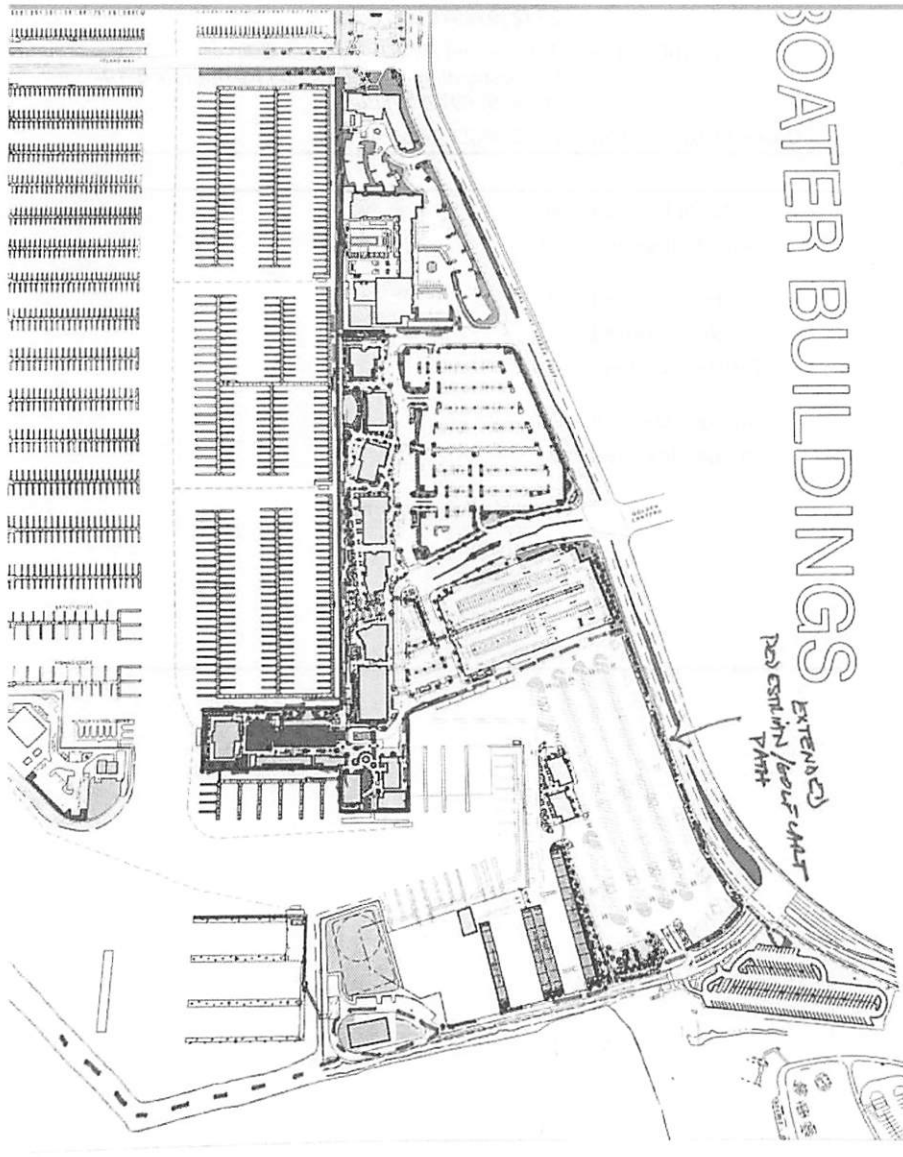
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EXHIBIT C
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EXHIBIT B

BOARDWALK EXTENSION



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23942179.1 a06/22/26

EXHIBIT C

Comparison Summary

Original file: *Term Sheet (MOU) Memorandum of Understanding - Drystack and Restaurant 6-19-26 [23938972 V1].docx*

Modified file: *Term Sheet (MOU) Memorandum of Understanding - Drystack and Restaurant 6-19-26 [23938972 V2].docx*

Date of Comparison: 2026/06/22 04:38:44 PM

Words Deleted: 40

Words Inserted: 111

Tables Deleted: 0

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Tables Modified : 4

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Word Markup Scheme

Insertions

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