



**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT (METRO)
BOARD OF DIRECTORS AGENDA
SPECIAL MEETING
JULY 11, 2024 – 10:00 AM
HYBRID MEETING**

Members of the public may attend in-person or participate remotely via Zoom.

**METRO Admin Office
110 Vernon Street
Santa Cruz, CA**

**Zoom [Link](#)
Dial In: 1-669-900-9128
Meeting ID: 878 5252 1949**

The Board of Directors Special Meeting agenda packet can be found online at www.SCMTD.com and is available for inspection at Santa Cruz METRO's Administrative Office at 110 Vernon Street, Santa Cruz, CA.

Public comment may be submitted via email to boardinquiries@scmtd.com. Please indicate in your email the agenda item to which your comment applies. Comments submitted before the meeting will be provided to the Directors before or during the meeting. Comments submitted after the meeting is called to order will be included in the Board's correspondence that is posted online at the Board meeting packet link. Oral public comments will also be accepted during the meeting through Zoom. Each public comment is limited to three minutes or less. Board and Committee Chairs have the discretion to manage the public comment process in a manner that achieves the purpose of public communication and assures the orderly conduct of the meeting.

The Board may take action on each item on the agenda. The action may consist of the recommended action, a related action, or no action. Staff recommendations are subject to action and/or change by the Board of Directors.

BOARD ROSTER

Director Kristen Brown	City of Capitola
Director Rebecca Downing	County of Santa Cruz
Director Jimmy Dutra*	City of Watsonville
Director Shebreh Kalantari-Johnson	City of Santa Cruz
Director Manu Koenig	County of Santa Cruz
Director Donna Lind	City of Scotts Valley
Director Bruce McPherson**	County of Santa Cruz
Director Scott Newsome	City of Santa Cruz
Director Larry Pageler	County of Santa Cruz
Director Vanessa Quiroz-Carter	City of Watsonville
Director Mike Rotkin	County of Santa Cruz
Ex-Officio Director Alta Northcutt	Cabrillo College
Ex-Officio Director Edward Reiskin	UC Santa Cruz

*275 Main Street, Watsonville, CA

**97 Pasatiempo Drive, Santa Cruz, CA

Corey Aldridge
Julie Sherman

CEO/General Manager
General Counsel

SECTION I: OPEN SESSION

NOTE: THE BOARD CHAIR MAY TAKE ITEMS OUT OF ORDER

1 CALL TO ORDER

2 SAFETY DEBRIEF

Gregory Strecker, Safety, Security and Risk Management Director

3 ROLL CALL

In accordance with Assembly Bill 2449, Board members may participate remotely due to “just cause” or “emergency” circumstances. If applicable, following an announcement, the Board will take action on approving Board members’ emergency teleconference participation.

4 ORAL AND WRITTEN COMMUNICATIONS TO THE BOARD OF DIRECTORS

This time is set aside for Directors and members of the general public to address any item not on the agenda which is within the subject matter jurisdiction of the Board. No action or discussion shall be taken on any item presented except that any Director may respond to statements made or questions asked, or may ask questions for clarification. All matters of an administrative nature will be referred to staff. Each public comment is limited to three minutes or less. Board and Committee Chairs have the discretion to manage the public comment process in a manner that achieves the purpose of public communication and assures the orderly conduct of the meeting. When addressing the Board, the individual may, but is not required to, provide his/her name and address in an audible tone for the record.

5 APPROVE: CONSIDER AUTHORIZING THE CEO/GM TO EXECUTE AN EXCLUSIVE NEGOTIATING AGREEMENT BETWEEN THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT AND MIDPEN HOUSING CORPORATION FOR THE WATSONVILLE TRANSIT CENTER – INFILL TRANSIT ORIENTED DEVELOPMENT PROJECT

John Urgo, Planning and Development Director

6 ANNOUNCEMENT OF NEXT REGULAR MEETING: FRIDAY, AUGUST 23, 2024 AT 9:00 AM, METRO ADMIN OFFICE, 110 VERNON STREET, SANTA CRUZ, CA

Board Chair Brown

7 ADJOURNMENT

Board Chair Brown

TITLE 6 - INTERPRETATION SERVICES/TÍTULO 6 - SERVICIOS DE TRADUCCIÓN

Spanish language interpretation and Spanish language copies of the agenda packet are available on an as-needed basis. Please make advance arrangements with the Executive Assistant at 831-426-6080. Interpretación en español y traducciones en español del paquete de la agenda están disponibles sobre una base como-necesaria. Por favor, hacer arreglos por adelantado con Coordinador de Servicios Administrativos al numero 831-426-6080.

ACCESSIBILITY FOR INDIVIDUALS WITH DISABILITIES

This document has been created with accessibility in mind. With the exception of certain 3rd party and other attachments, it passes the Adobe Acrobat XI Accessibility Full Check. If you have any questions about the accessibility of this document, please email your inquiry to accessibility@scmttd.com. Upon request, Santa Cruz METRO will provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in and provide comments at/related to public meetings. Please submit a request, including your name, phone number and/or email address, and a description of the modification, accommodation, auxiliary aid, service or alternative format requested at least two days before the meeting. Requests should be emailed to boardinquiries@scmttd.com or submitted by phone to the Executive Assistant at 831-426-6080. Requests made by mail (sent to the Executive Assistant, Santa Cruz METRO, 110 Vernon Street, Santa Cruz, CA 95060) must be received at least two days before the meeting. Requests will be granted whenever possible and resolved in favor of accessibility.

PUBLIC COMMENT

If you wish to address the Board, please follow the directions at the top of the agenda. If you have anything that you wish distributed to the Board and included for the official record, please include it in your email. Comments that require a response may be deferred for staff reply.

Pursuant to Section 54954.2(a)(1) of the Government Code of the State of California, this agenda was posted at least 24 hours in advance of the scheduled meeting at a public place freely accessible to the public 24 hours a day. The agenda packet and materials related to an item on this agenda submitted after distribution of the agenda packet are available for public inspection in the Santa Cruz METRO Administrative Office (110 Vernon Street, Santa Cruz) during normal business hours. Such documents are also available on the Santa Cruz METRO website at www.scmttd.com subject to staff's ability to post the document before the meeting.

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DATE: July 11, 2024

TO: Board of Directors

FROM: John Urgo, Planning and Development Director

SUBJECT: CONSIDER AUTHORIZING THE CEO/GM TO EXECUTE AN EXCLUSIVE NEGOTIATING AGREEMENT BETWEEN THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT AND MIDPEN HOUSING CORPORATION FOR THE WATSONVILLE TRANSIT CENTER - INFILL TRANSIT ORIENTED DEVELOPMENT PROJECT

I. RECOMMENDED ACTION

That the Board of Directors authorize the CEO/GM to execute an Exclusive Negotiating Agreement between the Santa Cruz Metropolitan Transit District and MidPen Housing Corporation for the Watsonville Transit Center – Infill Transit Oriented Development Project.

II. SUMMARY

- The Watsonville Transit Center, located in downtown Watsonville, is an underutilized bus station with issues of safety and maintenance, and needs repair.
- In February 2023, the Santa Cruz Metropolitan Transit District (METRO) partnered with MidPen Housing Corporation to apply for funding through the Transit and Intercity Rail Capital Program (TIRCP) Cycle 6 program to redevelop the Watsonville Transit Center into 60+ deed-restricted affordable housing units that will be affordable to individuals and families earning between thirty percent (30%) and sixty percent (60%) of area median income above a redesigned Watsonville Transit Center.
- In April 2023, the California State Transportation Agency awarded \$8.5 million in TIRCP funds to the project.
- In November 2023, the Association of Monterey Bay Area Governments (AMBAG) awarded the Santa Cruz Metropolitan Transit District (METRO) \$2 million through the Regional Early Action Planning Grants of 2021 program (REAP 2.0) to fund predevelopment costs for the project.
- With pre-construction and a portion of construction funded, the project is ready to move into the predevelopment stage.

- Staff recommends that the Board authorize the CEO/GM to execute an Exclusive Negotiating Rights Agreement between METRO and MidPen to negotiate governing documents for the potential construction of the project.

III. DISCUSSION/BACKGROUND

The Watsonville Transit Center, located in downtown Watsonville, is an underutilized bus station with issues of safety and maintenance, and needs repair. Its location – on the edge of downtown and near residential parts of Watsonville, surrounded by commercial uses on two sides and a school across the street - is key to its potential. Currently around 20% of METRO passenger trips begin or end at the Watsonville Transit Center, making it a primary destination of the METRO bus system.

In late 2022 and early 2023, METRO partnered with MidPen Housing Corporation (MidPen) to develop a proposal to redevelop the Watsonville Transit Center into an affordable housing development above a new, ground floor transit center. METRO and MidPen have a history of successful partnerships, including the development of 61 units of affordable housing in downtown Watsonville on a site immediately adjacent to the current Watsonville Transit Center. That development was a partnership between METRO, MidPen and the City of Watsonville, and provides affordable homes to low-income families as well as a childcare center serving the entire community.

METRO and MidPen plan to build on this successful partnership to redevelop Watsonville Transit Center. Based on a few months of analysis and design review, and drawing on the Watsonville redevelopment study completed in 2014, METRO and MidPen determined that the Watsonville Transit Center is an ideal site for additional affordable housing:

- The site is well-located, with easy access to many amenities.
- The site will yield 60+ homes for low-income families or individuals.
- The project will be well-positioned to apply for financing designed to encourage density near transit, including the Affordable Housing and Sustainable Communities program.
- The City of Watsonville supports housing at this location and will be a partner in the entitlement and permitting processes.

In February 2023, METRO included the project proposal jointly developed with MidPen, titled the Watsonville Transit Center - Infill Transit Oriented Development project, as one of the key components in its application for Cycle 6 TIRCP funds. The project proposes to construct 65 deed restricted affordable housing units that will be affordable to individuals and families earning between thirty percent (30%) and sixty percent (60%) of area median income, in a 100% affordable housing development above a redesigned Watsonville Transit Center. The project will also

fund station retrofitting costs to improve transit connections to Santa Cruz, including accommodating new zero-emission buses and the construction of a bike mobility hub.

A measurable goal of this project will be increased ridership as a result of transit-oriented affordable housing. The planned provision of free METRO passes to all residents will drive additional ridership. In addition, the project will streamline the development process for 276 units of housing in downtown Watsonville that are in various stages of planning or entitlement through the introduction of transit service meeting the state's definition of high-quality transit service.

In April 2023, the project was awarded \$8.5 million in design and construction funding from the Cycle 6 TIRCP program. This was followed in December 2023 by an award of \$2 million in Regional Early Action Planning Grants of 2021 (REAP 2.0) program funds administered by the Association of Monterey Bay Area Governments (AMBAG) to fund preconstruction costs.

With pre-construction and a portion of construction funded, the project is ready to move into the predevelopment stage. As such, staff would like to enter into an Exclusive Negotiating Rights Agreement (Agreement) with MidPen. The intent of both METRO and MidPen under this Agreement is to establish a specific, limited period of time to negotiate mutually acceptable governing documents for the potential ground lease of the property leading to the undertaking of the construction of the project on the property by MidPen. METRO desires to negotiate one or more agreements, including but not limited to disposition and development agreements, ground leases, and affordable housing agreements for the project with MidPen. The parties agree to negotiate in good faith and the Agreement provides MidPen's exclusive right to negotiate with METRO.

The Agreement will have a term of one year, during which time MidPen will use its best efforts to prepare any studies, surveys, plans, specifications and reports ("Developer's Studies") that it deems necessary or desirable to complete its due diligence for the property. Developer's Studies may include title investigation, relocation analyses, marketing, feasibility, soils, seismic and environmental studies, financial feasibility analyses, and design studies. Within 270 days of commencement, MidPen shall submit to METRO the above studies and documents as a "Preliminary Development Package," the contents of which are subject to change as the project evolves. If upon expiration of the term of the Agreement and or any extensions, the Parties have not successfully negotiated the Disposition Agreements, MidPen will provide METRO within 15 days following the date of expiration, electronic copies of the Developer's Studies completed by such date, as well as any such studies in progress.

IV. STRATEGIC PLAN PRIORITIES ALIGNMENT

The actions taken in this report align with the following Strategic Priorities:

- Service Quality and Delivery
- Strategic Alliances and Community Outreach
- Financial Stability, Stewardship & Accountability

V. FINANCIAL CONSIDERATIONS/IMPACT

METRO has received \$2,000,000 in grant proceeds from the REAP 2.0 Program to fund predevelopment costs related to the construction of the Watsonville Transit Center – Infill Transit Oriented Development Project. METRO has also received \$8.5 million in design and construction funding contained in the Cycle 6 TIRCP award. There is no local match requirement for either grant program. METRO and MidPen will partner to secure the remaining gap funding needed to construct the project, should the parties continue to work together beyond the preconstruction stage.

VI. ALTERNATIVES CONSIDERED

The Board could direct staff not to execute the Agreement with MidPen Housing Corporation. Staff does not recommend this alternative as the redevelopment of the Watsonville Transit Center into affordable housing and the new transit center is a key component of METRO's TIRCP award. METRO has partnered with MidPen for more than a decade, including the development of the affordable housing complex on METRO-owned property immediately adjacent to the Watsonville Transit Center. MidPen is a qualified affordable housing developer with a locally staffed office in Watsonville and a strong community presence. MidPen is committed to developing projects that are 100% affordable, which supports the Board's goal of developing 175+ units of affordable housing on METRO owned property by the end of the decade. MidPen was also named as the affordable housing developer in METRO's Cycle 6 TIRCP award.


VII. ATTACHMENTS

Attachment A: Exclusive Negotiating Rights Agreement by and among MidPen Housing Corporation and the Santa Cruz Metropolitan Transit District

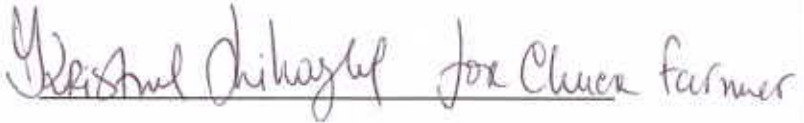
Prepared by: John Urgo, Planning and Development Director

VIII. APPROVALS:

John Uργο, Planning
and Development Director



Approved as to fiscal impact:
Chuck Farmer, CFO



Corey Aldridge, CEO/General Manager



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Attachment A

EXCLUSIVE NEGOTIATING RIGHTS AGREEMENT

by and among

MIDPEN HOUSING CORPORATION

and

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATED: July 18th, 2024

Attachment A

THIS EXCLUSIVE NEGOTIATING RIGHTS AGREEMENT (this “**Agreement**”) is entered into by and between the Santa Cruz Metropolitan Transit District, a California municipal corporation (“**METRO**”) and MidPen Housing Corporation, a California non-profit corporation (the “**Developer**”) as of _____, 2024 (the “**Effective Date**”). METRO and the Developer are each referred to herein as “**Party**” or collectively referred to as the “**Parties.**”

WHEREAS, METRO is the owner of certain property known as the Watsonville Transit Center located at 475 Rodriguez St, Watsonville, CA 95076, known as Assessor Parcel Number 017-011-156 (the “**Property**”), as more particularly described in Exhibit A attached hereto and incorporated herein by this reference; and

WHEREAS, in February 2023 METRO submitted an application to Cycle 6 of the Transit and Intercity Rail Capital Program (the “**TIRCP**”) which named the Developer as responsible for the development of affordable housing on the Property; and

WHEREAS, the Developer proposes to build approximately sixty-one (61) affordable family housing units on the Property (the “**Project**”); and

WHEREAS, the affordable housing units proposed by Developer will be affordable to individuals and families earning between thirty percent (30%) and sixty percent (60%) of area median income; and

WHEREAS, the intent of both METRO and Developer under this Agreement is to establish a specific, limited period of time to negotiate a mutually acceptable governing documents for the potential ground lease of the Property and undertaking of the construction of the Project on the Property by the Developer; and

WHEREAS, METRO desires to negotiate one or more definitive agreements, including but not limited to disposition and development agreements, ground leases and affordable housing agreements (collectively, the “**Disposition Agreements**”) for the Project with Developer; and

WHEREAS, pursuant to Government Code Section 54221(f)(1)(F), disposition of the Property is not subject to the State Lands Act as the intended use of the Property is for affordable housing, provided the required exemption declaration is made by METRO's governing body.

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Good Faith Efforts to Negotiate. The Parties will use their best efforts to successfully negotiate Disposition Agreements for the ground lease of the Property and any other documents necessary for the construction of the Project. The Parties will diligently and in good faith pursue such negotiations. Furthermore, the Parties will use their best commercially reasonable efforts to obtain any third-party consent, authorization, approval, or exemption required in connection with the transactions contemplated hereby.

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This Agreement does not impose a binding obligation on the Parties to enter into any agreements contemplated herein or METRO to convey any interest in the Property to Developer, nor does it obligate METRO to grant any approvals or authorizations required for the Property or any project or improvements constructed thereon.

- a. If Developer has not continued to negotiate diligently and in good faith, METRO will give written notice thereof to Developer who will then have ten (10) business days to commence negotiating in good faith. Following the failure of Developer to thereafter commence negotiating in good faith within such ten (10) business day period, this Agreement may be terminated by METRO, and following such termination neither Party will have any further rights against or liability to the other under this Agreement. If METRO has not continued to negotiate diligently and in good faith, Developer will give written notice thereof to METRO which will then have ten (10) business days to commence negotiating in good faith. Following the failure of METRO to thereafter commence negotiating in good faith within such ten (10) business-day period, this Agreement may be terminated by Developer, and neither Party will have any further rights against or liability to the other under this Agreement. However, if METRO defaults on METRO's obligation hereunder to exclusively negotiate with Developer, then Developer may institute an action for specific performance of this Agreement.
 - b. If, notwithstanding METRO's and Developer's mutual diligent, good faith negotiations, the Parties have not entered into at least one Disposition Agreement on or before expiration of the Term of this Agreement (as defined in Section 3 of this Agreement) or any extension thereof, and provided that METRO has not defaulted on its obligations under Sections 1 and 2, this Agreement will terminate, and neither Party will have any further rights against or liability to the other under this Agreement.
2. Developer's Exclusive Right to Negotiate With METRO. METRO agrees that it will not, during the term of this Agreement, directly or indirectly, through any officer, employee, agent, or otherwise, solicit, initiate or encourage the submission of bids, offers or proposals by any person or entity with respect to the acquisition of any interest in the Property or the development of the Property, and METRO will not engage any broker, financial adviser or consultant to initiate or encourage proposals or offers from other parties with respect to the disposition or development of the Property or any portion thereof.

Furthermore, METRO will not, directly or indirectly, through any officer, employee, agent or otherwise, engage in negotiations concerning any such transaction with, or provide information to, any person other than Developer and its representatives with a view to engaging, or preparing to engage, that person with respect to the disposition or development of the Property or any portion thereof.

Attachment A

3. Term.

- a. The term of this Agreement (“**Term**”) commences on the Effective Date and will terminate two hundred forty (365) days thereafter, unless extended or earlier terminated as provided herein.
- b. The Term of this Agreement may be extended for up to a maximum of one (1) year (the “**Term Extension**”) upon the mutual written agreement of Developer and METRO acting through and in the reasonable discretion of its CEO/General Manager, or their designee (“**CEO**”). The Term Extension may be extended further upon written agreement of the Parties and approval by the METRO Board.

4. Relationship of the Parties. Nothing in this Agreement creates between the Parties the relationship of lessor and lessee, of buyer and seller, or of partners or joint-venturers.

5. Specific Terms and Conditions for Discussion.

- a. Disposition Agreements. The Parties agree to use their good faith best efforts to successfully negotiate the terms of the Disposition Agreements including, but not limited to (i) ground lease terms for the Property, including terms for the ground floor Metro Transit Mobility Center and Commercial Tenant Space; (ii) the proposed Project to be constructed on the Property; (iii) the schedule of performance for the construction of the Project; (iv) a proposed Disposition and Development Agreement; and (v) a regulatory agreement for the restriction of the affordable units.

6. Developer’s Studies; Right of Entry.

- a. During the Term of this Agreement, Developer will use its best efforts to prepare any studies, surveys, plans, specifications and reports (“**Developer’s Studies**”) that the Developer deems necessary or desirable in Developer’s sole discretion, to complete its due diligence for the Property. Developer’s Studies may include, without limitation, title investigation, relocation analyses, marketing, feasibility, soils, seismic and environmental studies, financial feasibility analyses and design studies. The Developer will have rights of access to the Property to prepare the Developer’s Studies, subject to the terms and conditions of an access agreement between the Parties.

Developer hereby agrees to notify METRO twenty-four (24) hours in advance of its intention to enter the Property.

- b. Developer will provide METRO with workplans, drawings, and descriptions of any intrusive sampling it intends to do and any additional items stated in this section. Developer must keep the Property in a safe condition during its entry. Developer shall repair, restore and return the Property to its condition immediately preceding Developer’s entry thereon at Developer’s sole expense.

- c. Preliminary Development Package.

Attachment A

- i. Within two hundred and seventy (270) days from the Effective Date, Developer shall submit to METRO a “Preliminary Development Package.” With the understanding that the specifics included in the Preliminary Development Package are subject to change as the Project evolves, the Preliminary Development Package shall consist of the following:
- (1) General overview of the Project including details on the management and operation of the Project;
 - (2) Developer team breakdown identifying members of the team, the teams experience, including the Developer’s organizational documents;
 - (3) Proposed identification of all potential sources of financing, including predevelopment, construction, and permanent financing with a description of the terms and conditions of such financings;
 - (4) A well-defined site plan generally describing the Project using schematic drawings, and which depicts in detail the proposed design, density, and configuration thereof;
 - (5) Square footages of all improvements; total gross building area (“GBA”) of the proposed Project, with the GBA of the affordable units, with size and floor plan/configuration of each of the affordable units;
 - (6) The circulation areas and GBA thereof;
 - (7) Description of the common area amenities and common areas GBA thereof;
 - (8) Configuration of onsite parking, including residents’, guests’ and handicapped users’ parking spaces with number and type of parking spaces;
 - (9) A detailed and updated pro forma for the Project that identifies all sources and uses of funds including but not limited to design of the Project and supporting infrastructure, along with initial estimates of development costs, including hard and soft construction and non-construction costs;
 - (10) A timeline that includes, based upon consultation with METRO staff, as well as the best professional judgment of Developer, the provision of necessary onsite and offsite improvements for the Project;

Attachment A

- d. If upon expiration of the Term of this Agreement and or any extensions, the Parties have not successfully negotiated the Disposition Agreements, Developer will provide METRO within fifteen (15) days following the date of expiration, electronic copies of the Developer's Studies completed by such date. Developer will also provide METRO with copies of any Developer's Studies completed after the expiration of the Term within fifteen (15) days following completion of such studies, or if Developer intends not to complete any Developer Studies, Developer will provide METRO with copies of such uncompleted studies. In the event Developer provides METRO with the Developer Studies under this Section 6.d., METRO will thereafter assume all risk of damage to property or injury to person in connection with or arising from any cause in connection with the use those studies and agrees that Developer shall not be liable for any damage either to person or property or resulting from the loss of use thereof. At the time of delivery, METRO shall provide Developer with a release and indemnification from any and all loss, cost, damage, expense and liability incurred in connection with or arising from any cause in connection with the use of the Developer Studies thereafter.
7. METRO's Reports and Studies. Within ten (10) days following the Effective Date, METRO will make available to Developer for review or copying at Developer's expense all studies, surveys, plans, specifications, reports, and other documents with respect to the Property that METRO has in its possession or control, which have not already been provided. Studies or documents prepared by METRO and its agents solely for the purpose of negotiating the terms of Disposition Agreements, other than those pertaining to the condition of the Property, are not required to be provided by METRO to Developer and are excluded from this requirement.
8. Developer's Pro Forma and Evidence of Financing. Prior to the execution of the Disposition Agreements contemplated by this Agreement, Developer will provide METRO with a pro forma for the Project that confirms the financial feasibility of Developer's proposed development of the Property. The pro forma shall include the names and amounts from each anticipated or proposed funding source. Developer will provide monthly progress reports to METRO on the status of funding applications and commitments. METRO is not obligated to seek approval of a Disposition Agreements from the METRO Board unless and until the documents required by this Section have been provided.
9. Full Disclosure. Developer is required to make full disclosure to METRO of its principals; officers; major stockholders, partners or members; joint venturers; negotiators; development managers; consultants and directly involved managerial employees, if any, (collectively, "**Developer Parties**"); and all other material information concerning Developer's ability to perform its obligations under this Agreement. Any change in the identity of the Developer Parties will be subject to the approval of METRO, which will not be unreasonably withheld. Developer will make and maintain full disclosure to METRO of its methods of financing to be used in the acquisition and development of the Property.

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10. Expenses. Except as otherwise expressly provided herein, third-party costs and expenses (including, without limitation, all legal fees and expenses) incurred in connection with this Agreement and the activities contemplated hereby will be paid by the Party incurring the same.
11. Confidentiality; Dissemination of Information. To the extent permitted by law, during the term of this Agreement, each Party will obtain the consent of the other Party prior to issuing or permitting any of its officers, employees or agents to issue any press release or other information to the press with respect to this Agreement; provided however, no Party will be prohibited from supplying any information to its representatives, agents, attorneys, advisors, financing sources and others to the extent necessary to accomplish the activities contemplated hereby so long as such representatives, agents, attorneys, advisors, financing sources and others are made aware of the terms of this Section. Nothing contained in this Agreement will prevent either Party at any time from furnishing any required information to any governmental entity or authority pursuant to a legal requirement or from complying with its legal or contractual obligations.
12. Execution of Disposition Agreements. If the Parties successfully negotiate Disposition Agreements, METRO agrees to comply with all applicable federal and state legal requirements, including the California Environmental Quality Act (“CEQA”). METRO has no legal obligation to grant any approvals or authorizations for the sale of the Property or any development thereon until the Disposition Agreements have been approved by the METRO Board.
13. Termination; Specific Performance.
 - a. This Agreement may be terminated at any time by mutual consent of the Parties.
 - b. METRO will have the right to terminate this Agreement upon Developer’s material breach of this Agreement, subject to any cure periods provided herein.
 - c. Developer will have the right to terminate this Agreement, in accordance with the provisions set forth in Section 1 of this Agreement, if the results of its investigation of the Property is unsatisfactory, in Developer’s sole and absolute discretion, with respect to Developer’s desired development activities, if Developer is unable to obtain other necessary approvals, rights or interests, or if Developer determines the Project are not financially feasible.
 - d. Neither Party will have the right to seek an award of damages as a result of the termination of this Agreement pursuant to this Section.
 - e. In the event of an uncured default by METRO in connection with METRO’s obligation to negotiate exclusively with Developer under this Agreement, in lieu of terminating this Agreement, the Developer shall have the right to institute an action for specific performance of this Agreement.
14. Effect of Termination. Upon termination as provided herein, or upon the expiration of the Term and any extensions thereof without the Parties having successfully negotiated Disposition Agreements, this Agreement will forthwith be void, and there will be no

Attachment A

further liability or obligation on the part of either of the Parties or their respective officers, employees, agents or other representatives; provided however, the provisions of Section 10 (Expenses), Section 11 (Confidentiality; Dissemination of Information), Section 16 (Indemnification), and Section 20 (Brokers) will survive such termination. Provided further, that upon termination or expiration of this Agreement without the Parties having successfully negotiated Disposition Agreements, Developer will deliver to METRO all of the Developer's Studies pursuant to the provisions of Section 6 of this Agreement.

15. Notices. Except as otherwise specified in this Agreement, all notices to be sent pursuant to this Agreement will be made in writing, and sent to the Parties at their respective addresses specified below or to such other address as a Party may designate by written notice delivered to the other parties in accordance with this Section. All such notices will be sent by:
- a. Personal delivery, in which case notice is effective upon delivery;
 - b. Certified or registered mail, return receipt requested, in which case notice will be deemed delivered on receipt if delivery is confirmed by a return receipt;
 - c. Nationally recognized overnight courier, with charges prepaid or charged to the sender's account, in which case notice is effective on delivery if delivery is confirmed by the delivery service;
 - d. Electronic transmission, in which case notice will be deemed delivered upon transmittal, provided that duplicate copy of the notice is promptly delivered by first-class or certified mail or by overnight delivery.

METRO:

Santa Cruz Metropolitan Transit District
110 Vernon Street
Santa Cruz, CA 95060
Attn: Chief Executive Officer
Tel (831) 420-2505
Fax (831) 426-6117

with a copy to:

Developer: MidPen Housing Corporation
275 Main Street, Suite 204
Watsonville, CA 95076
Attn: Vanessa Diffenbaugh, Associate Director of
Housing
Tel (925) 330-2113
Fax (650) 357-9766

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16. Indemnification. Developer hereby covenants, on behalf of itself and its permitted successors and assigns, to indemnify, hold harmless and defend METRO and its elected and appointed officials, officers, agents, representatives and employees (“**Indemnitees**”) from and against all claims, costs (including without limitation reasonable attorneys’ fees and litigation costs) and liability, arising out of or in connection with Developer’s breach of this Agreement and/or arising out of or in connection with claims resulting from or arising in connection with Developer or Developer’s agents, employees, consultants, contractors or subcontractors’ negligent activities upon access to and entry on the Property pursuant to Section 6 of this Agreement; provided however, Developer will have no indemnification obligation with respect to the gross negligence or willful misconduct of any Indemnitee.
17. Severability. If any term or provision of this Agreement or the application thereof will, to any extent, be held to be invalid or unenforceable, such term or provision will be ineffective to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining terms and provisions of this Agreement or the application of such terms and provisions to circumstances other than those as to which it is held invalid or unenforceable unless an essential purpose of this Agreement would be defeated by loss of the invalid or unenforceable provision.
18. Entire Agreement; Amendments In Writing; Counterparts. This Agreement contains the entire understanding of the Parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings, oral and written, between the Parties with respect to such subject matter. This Agreement may be amended only by a written instrument executed by the Parties or their successors in interest. This Agreement may be executed in multiple counterparts, each of which will be an original and all of which together will constitute one agreement.
19. Successors and Assigns; No Third-Party Beneficiaries. This Agreement will be binding upon and inure to the benefit of the Parties and their respective successors and assigns; provided however, that neither Party will transfer or assign any of such Party’s rights hereunder by operation of law or otherwise without the prior written consent of the other Party, and any such transfer or assignment without such consent will be void. Subject to the immediately preceding sentence, this Agreement is not intended to benefit, and will not run to the benefit of or be enforceable by, any other person or entity other than the Parties and their permitted successors and assigns.
20. Brokers. Each Party warrants and represents to the other that no brokers have been retained or consulted in connection with this transaction. Each Party agrees to defend, indemnify and hold harmless the other Party from any claims, expenses, costs or liabilities arising in connection with a breach of this warranty and representation. The terms of this Section will survive the expiration or earlier termination of this Agreement.
21. Approvals. Unless otherwise provided in this Agreement, the CEO/General Manager will be authorized to enter into all written approvals, consents or waivers by METRO without further authorization by the METRO Board. Nothing herein, however, will be deemed to prevent the CEO/General Manager from requesting formal approval by the METRO

Attachment A

Board if the CEO/General Manager, in their sole discretion, determines to seek such approval.

22. Captions. The captions of the sections and articles of this Agreement are for convenience only and are not intended to affect the interpretation or construction of the provisions hereof.
23. Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

METRO

By: _____

CEO/General Manager

DEVELOPER

By: _____

SVP of Housing Development

Attachment A

Exhibit A

Legal Description

Beginning on the Southeasterly side of Fourth Street, now called Lake Avenue, at the most Westerly corner of lands now or formerly of Mary Conlan, saidpoint of beginning being about 165 feet 5 inches distant Southwesterly from the Southerly corner of Fourth Street or Lake Avenue, and Rodriguez Street; thence running in a Southwesterly direction along the Southeasterly side of Fourth Street or Lake Avenue to the Northerly corner of land now or formerly of John Balovich, a distance of about 160 feet; thence Southeasterly along the Northeasterly line of said last mentioned land, now or formerly of Balovich, about 151 feet to the Easterly corner thereof; thence Southwesterly along the Southeasterly line of said last mentioned land now or formerly of Balovich about 38 feet and three inches to a corner of the Northeasterly line of the lot of land now or formerly of N. A. Uren; thence Southeasterly and along theNortheasterly line of land now or formerly of Uren and along the Northeasterly line of land now or formerly of Julia Lund (sometimes called Mrs. G. A. Lund) about 178 feet to the Northwesterly line of land now or formerly of O'Neill; thence Northeasterly along said Northwesterly line of last mentioned land and along the Northwesterly line of land now or formerly of David Alexander about 200 feet, to the Southwesterly line of land now or formerly of Margaret S. Moreland; thence Northwesterly along the Southwesterly line of said last mentioned land and of land now or formerly of D. Maheu, of land now or formerly of Louise C. Diggins, of land now or formerly of Grace French, and of said land now or formerly of Mary Conlan, a distance of 331 feet, a little more or less, to the place of beginning. Excepting therefrom those certain lands as condemned by the City of Watsonville in that certain "Final Judgment of Condemnation", recorded November 3, 1971 in Book 2143, Page 99, Official Records of Santa Cruz County, and being more particularly described as follows: Being a portion of the lands described in the matter of the estate of Thomas H. Rosewall, deceased, in the Decree of Settlement of Final Account and of Final Distribution recorded in Volume 1746, Page 1, Official Records of Santa Cruz County, and more particularly described as follows:

Beginning on the Southeast line of West Lake Avenue at the West corner of the lands conveyed by Frank Leslie Richardson and Ola Mae Richardson, his wife, to Reginald D. King and Margaret L. King, his wife, by deed recorded in Volume 644, Page 529, Official Records of Santa Cruz County; and running thence from said point of beginning South 41° 01' East along the Southwest line of last named lands and along the Southwest line of the lands conveyed by Margy F. Storie to Reginald D. King and Margaret L. King, his wife, by deed OLD REPUBLIC TITLE COMPANY ORDER NO. 1117026886-JM 1st Update Page 3 of 7Pages ORT 3158-B recorded in Volume 833, Page 222, Official Records of Santa Cruz County and along the Southwest line of the lands conveyed by Henry R. Pearson and Thelma Pearson Kirkland to Reginald D. King and Margaret L. King, his wife, by deed recorded in Volume 982, Page 396,

Attachment A

Official Records of Santa Cruz County, and along the Southwest line of the lands conveyed by Frances F. Pfeiffer to Charles Crouch, et al, by deed recorded in Volume 1751, Page 438, Official Records of Santa Cruz County, and along the Southwest line of the lands conveyed by Donald L. Grunsky and Mary Lou Grunsky, his wife, to Charles Crouch, et al, by deed recorded in Volume 1845, Page 307, Official Records of Santa Cruz County, for a distance of 330.25 feet to the North corner of the lands designated as itemNo. 49 of Exhibit "B" in the Matter of the Estate of Louis Solomon Alexander in the Decree Settling First and Final Account and Report of Co-Executors, granting petition for approval of payment of statutory compensation to co-executors, statutory fees to attorneys, and distributing estate recorded in Volume 1918, Page 101, Official Records of Santa Cruz County; thence Southwesterly along theNorthwest line of last named lands and along said line produced 56.95 feet; thence Northwesterly on a curve to the right from a tangent bearing North 65° 52' 30" West on a radius of 126.69 feet; thence North 41° 01' West 205.74 feet to the aforesaid Southeast West Lake Avenue; thence North 47° 47' East along the last named line 84.02 feet point of beginning.

PARCEL TWO: Beginning on the Southeasterly side of Fourth Street at the Westerly corner of Steiglemann, now or formerly; thence Southeasterly along the line of the said lot 151 feet, a little more or less, to lot now or formerly of Steiglemann; thence Southwesterly along the line of lots now or formerly of Steiglemann and W.H. White 60 feet a little more or less, to line of said White's lot, at right angles with said last line; thence Northwesterly along the line of said White's lot 151 feet, a little more or less, to the line of Fourth Street; thence Northeasterly along the line of Fourth Street 60 feet to the place of beginning.

APN: 17-011-56