

EXCLUSIVE NEGOTIATING AGREEMENT

(Development of 1580-1590 Maple Street, Redwood City)

This EXCLUSIVE NEGOTIATING AGREEMENT (“**ENA**”) is dated as of _____, 2026 (the “**Effective Date**”) and is entered into by and between the COUNTY OF SAN MATEO, a political subdivision of the State of California (the “**County**”) and MIDPEN HOUSING CORPORATION, a California non-profit public benefit corporation (the “**Developer**”). The County and the Developer are sometimes individually referred to herein as a “**Party**” and sometimes collective referred to herein as the “**Parties**.”

R E C I T A L S

- A. The City of Redwood City (the “**City**”) owns fee title to that certain real property located at 1580-1590 Maple Street in the City of Redwood City as further described in Exhibit A (the “**Property**”).
- B. Pursuant to that certain Real Property Exchange Agreement between the County and the City, dated September 27, 2021 (“**RPEA**”), and Ground Lease Option Agreement, dated February 3, 3022, (“**Option Agreement**”) the County has an option to ground lease the Property from the City, which, once exercised, will allow the County to control the Property, as lessee, for sixty-five (65) years.
- C. The County also has the power under the Option Agreement to assign its option to ground lease the Property to a non-profit affordable housing developer, subject to the review and approval of the City, which approval may not be unreasonably withheld.
- D. The County plans to exercise its rights under the RPEA and Option Agreement to either acquire a ground leasehold interest in the Property or to assign its option to acquire such leasehold interest to a qualified non-profit affordable housing developer so that the Property may be developed and operated as a permanent supportive housing development for low and extremely low-income households including those experiencing homelessness (the “**Project**”).
- E. On May 24, 2022, the County Department of Housing (“**DOH**”) issued a Request for Proposals (“**RFP**”) to solicit proposals from affordable housing developers and service providers, with extensive experience developing, owning, operating, managing, and maintaining permanent supportive housing, and also providing high-quality resident services and supportive services, to serve as the developer, owner, and operator of the Project.

- F. Two (2) qualified affordable housing developers and operators submitted Statements of Qualifications in response to the RFP, and a selection committee comprised of staff from DOH and the County Health Department and a representative of the City interviewed both entities and reviewed their submitted materials.
- G. On July 25, 2022, the selection committee selected Developer to develop and operate the Project because Developer possesses the experience and skills necessary to identify and secure long-term funding for the Project, to utilize a thoughtful approach in working with the County, City, and local community and neighborhood groups, and to provide the property management protocols and supportive services the residents of the Project will need to maintain independence.
- H. On March 3, 2023 the Parties entered into an Exclusive Negotiating Agreement to afford the Parties sufficient time to attempt to negotiate the terms and conditions on which the County would sub-ground lease the Property to Developer or assign to Developer its rights to ground lease the Property, and the Developer would develop and operate the Project on the Property. During that time Developer made progress in advancing the Project, including securing financing for the Project. However, despite good faith negotiations, site acquisition efforts took longer than anticipated for reasons beyond the Parties' control, and following all authorized extensions of its term, that Exclusive Negotiating Agreement expired without the Parties having reached final agreement.
- I. Further to authorizations provided by the County's Board of Supervisors, the County and Developer now desire to enter into this ENA to afford the Parties sufficient time to attempt to negotiate the terms and conditions on which the County will transfer, or otherwise enable the Developer to exercise, site control over the Property, which may take the form of a ground lease, assignment agreement, or such other form of agreement by which site control will be transferred to Developer as the Parties may agree, (collectively referred to herein as the "**Conveyance Agreement**"), as well as the terms and conditions on which the Developer will develop and operate the Project on the Property (the "**Affordable Housing Development Agreement**").
- J. Among other terms and requirements, the Affordable Housing Development Agreement will require the Developer to enter into and record against its leasehold interest an affordable housing regulatory agreement restricting tenancy at the Property to households earning, on average, at or below 30 percent of Area Medium Income ("**AMI**"),.

NOW, THEREFORE, in consideration of the foregoing Recitals, which are incorporated herein by this reference, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

1. The term of this ENA shall commence on the Effective Date and shall end on the earliest of: (i) the date upon which the Parties mutually execute the Affordable Housing Development Agreement, (ii) the date that is 360 days after the Effective Date, as such date may be extended by the Director of DOH (the “**Director**”) as set forth below in this Section 1, or (iii) the date on which the County or the Developer terminates this ENA as provided in Section 2 below (in all cases, the “**ENA Period**”). Provided that (a) neither Party has terminated this ENA pursuant to Section 2 below, and (b) the Developer is not then in material default under this ENA (following written notice to the Developer and expiration of cure period in accordance with Section 3 below), the ENA Period may be extended by the Director, in writing and in the sole discretion of the Director, at the written request of the Developer for up to six (6), sixty (60) day extension periods.

2. The County may terminate this ENA by providing a written notice of termination to the Developer if (i) the Developer fails to comply or perform any provisions of this ENA and such failure is not cured within fifteen (15) days after written notice from the Director to the Developer, or (ii) reasonable progress is not being made in negotiations hereunder as determined by the Director, in the Director’s sole discretion. The Developer may terminate this ENA by providing a written notice of termination to the County if the Developer determines, in its sole discretion, that it does not wish to pursue the Project.

3. During the ENA Period (as it may be extended under Section 1 above), the Parties shall negotiate diligently and in good faith the terms and conditions of the Affordable Housing Development Agreement, including the form of Conveyance Agreement.

4. During the ENA Period (as it may be extended under Section 1 above), the County shall not negotiate with any person or entity other than the Developer for the ground lease or development of the Property.

5. During the ENA Period (as it may be extended under Section 1 above), the Parties shall use good faith efforts to complete (or cause to be completed) the tasks set forth in the schedule set forth in Exhibit “B” attached hereto and incorporated herein by reference.

6. The Developer’s representative to negotiate the Affordable Housing Development Agreement with the County is Abby Goldware Potluri. The County’s representative to negotiate the Affordable Housing Development Agreement is the Director or their designee. Either Party may designate a substitute representative by giving written notice to the other party.

7. The Developer acknowledges and agrees that the Affordable Housing Development Agreement will be subject to the following requirements, among other terms and conditions and issues to be addressed in the Affordable Housing Development Agreement and/or form of Conveyance Agreement:

- a) Plans for the development and construction of the Project and associated terms and conditions, including with respect to required insurance, bonds, preparation and approval of construction documents, timelines for commencing construction, and securing financing, and conditions for closing the transaction and for Developer to obtain site control of the Property.
- b) If the final form of Conveyance Agreement transferring site control to Developer is a ground lease between the County and Developer, Developer shall be required to pay rent for the lease of the Property in a nominal amount during the term of the agreement.
- c) Developer shall be required to pay California State prevailing wages for all construction work on the Project.
- d) The Property will be subject to compliance with an affordable housing regulatory agreement recorded on the Property restricting tenancy at the Property to households earning, on average, at or below 30 percent AMI.
- e) Developer will be required to carry such property, general liability, and professional liability insurance, as well as any other applicable insurance coverage, as determined by County, in amounts specified by the County with additional insured designations for the County.
- f) In addition to the Developer's reimbursement requirement during the ENA Period set forth in Section 8, below, Developer will be required under the Affordable Housing Development Agreement to reimburse the County for actual out-of-pocket costs and expenses incurred in supporting development of the site and Project through start of construction.

8. Developer shall reimburse the County for the County's actual out-of-pocket costs and expenses (including legal fees, consultant costs and staff time, as determined by the Director or their designee) incurred in preparing this ENA and fulfilling its obligations under this ENA, including but not limited to: (i) the costs of negotiating and preparing the Affordable Housing Development Agreement and form of Conveyance Agreement; and (ii) the costs of appraisals, economic consultants used to evaluate the Project, proposed transaction terms and/or the Affordable Housing Development Agreement (collectively, the "**Reimbursable Costs**").

8.1 Concurrently with its execution of this ENA, Developer shall deposit with the County the sum of Twenty-Thousand Dollars (\$20,000) (the "**Reimbursement Funds**"). The Reimbursement Funds may be used and applied from time to time by the County to pay or reimburse itself for Reimbursable Costs not otherwise paid or reimbursed by Developer.

Developer shall deposit with the County funds sufficient to replenish the Reimbursement Funds held by the County within fifteen (15) days after the County notifies Developer that the amount of funds remaining on deposit has dropped below Seven Thousand Five Hundred Dollars (\$7,500), provided that prior to Developer depositing such replenishment, County shall provide Developer with a schedule of the costs incurred as of that date, and an estimate of the additional costs anticipated to be incurred. The County shall provide Developer with a monthly accounting identifying in reasonable detail the Reimbursable Costs to which the Reimbursement Funds have been applied. Any Reimbursement Funds not applied shall be delivered to the Developer (along with a final accounting of the County's application of the Reimbursement Funds) within thirty (30) business days after the earlier of: (i) the execution of the Affordable Housing Development Agreement by the Parties or (ii) the expiration or earlier termination of this ENA.

8.2 The provisions of this Section 8 shall survive the expiration or earlier termination of this ENA, to the extent that the County has incurred actual Reimbursable Costs for which there are insufficient Reimbursement Funds then on deposit with the County, and provided that the County shall not enter into any further agreement or incur any further costs for which Developer is responsible subsequent to termination or expiration of this ENA.

8.3 Notwithstanding anything to the contrary in this ENA, express or implied, the County shall have the right in its sole and absolute discretion to cease evaluation of submittals relating to the Project, stop any other staff work and/or work of its consultants and stop negotiating or discussing the Project or Affordable Housing Development Agreement, in the event that the sums then on deposit with the County are not clearly sufficient to pay to all of the projected/established Reimbursable Costs projected/estimated in good faith by the Director or their designee.

8.4 Developer understands that the County has limited resources and agrees that under no circumstances will the County reimburse the Developer for expenses or be liable for other monetary payment to the Developer in connection with this ENA, including in the event of County default.

8.5 Developer shall have the right to request a meet and confer with County to discuss any of the Reimbursable Costs, the County has incurred or contemplates that it will incur; provided, however, that such meet and confer shall not obligate County to take any action with respect to any of the Reimbursable Costs, unless County agrees to do so, in its sole and absolute discretion, and shall not provide Developer with any approval rights over any of the Reimbursable Costs.

9. The Developer shall bear all costs and expenses of any and all title, environmental, physical, engineering, financial, and feasibility negotiations, reports and analyses and other analyses or activities performed by or for the Developer. During the ENA Period, the County shall deliver to the Developer complete copies of any and all material non-privileged reports and other material non-privileged documents pertaining to the Property, which are in the County's possession, at no cost to the Developer other than the actual cost (if any) of duplicating such documents.

10. This ENA shall not obligate the County to enter into the Affordable Housing

Development Agreement or Conveyance Agreement or approve any entitlements for the disposition or development of the Property or any portion thereof. By execution of this ENA, the County is not committing itself to or agreeing to undertake any disposition of the Property or any other action relating to the permitting or approval of any development of the Property. Execution of this ENA by the County is merely an agreement to conduct a period of exclusive negotiations in accordance with the terms hereof. Any Affordable Housing Development Agreement resulting from negotiations pursuant to this ENA shall become effective only if and after such Affordable Housing Development Agreement has been considered and approved by the County and executed by a duly authorized representative of the County and Developer. No agreement drafts, actions, deliverables, or communications arising from the performance of this ENA shall impose any legally binding obligation on either party to enter into or support entering into the Affordable Housing Development Agreement or Conveyance Agreement or be used as evidence of any oral or implied agreement by either party to enter into any other legally binding document.

11. If this ENA is terminated for any reason, then provided all Reimbursable Costs have been fully reimbursed to County, County shall elect to either (i) obtain from Developer an assignment all of Developer's right, title and interest in and to the "Plans and Specifications" (as defined below), and reimburse Developer for all actual, documented costs incurred by Developer in connection with the preparation of the Plans and Specifications, or (ii) permit Developer to retain all of Developer's right, title and interest in and to the Plans and Specifications. As used in this Section, the term "Plans and Specifications" shall mean and refer to all plans and specifications, blueprints, sketches, shop drawings, working drawings, landscape plans, utilities plans, soils reports, noise studies, environmental assessment reports, and grading plans, and all amendments, modifications, changes, supplements, general conditions and addenda thereto, heretofore or hereafter entered into or prepared by any architect, engineer or other person or entity, for or on behalf of Developer in connection with the Property and/or Project. Developer hereby agrees to execute all documents, certificates or agreements as the County may reasonably request to effectuate the purposes of this Section.

12. The Developer represents and warrants that its undertakings pursuant to this ENA are for the purpose of developing and managing the Project on the Property and the Developer recognizes that, in view of the development and management of the Property to the general welfare of the community, the qualifications and identity of the Developer and its principals are of particular concern to the County; therefore, this ENA may not be assigned by the Developer without the prior written approval of the Director in the Director's sole and absolute discretion; provided, however that Developer may assign this ENA to a limited partnership established by the Developer in which the managing general partner of the limited partnership is Developer or an affiliate of Developer, with advance written notice to the County.

13. Any notice, request, approval, or other communication to be provided by one Party to the other shall be in writing and provided by certified mail, return receipt requested,

or a reputable overnight delivery service (such as Federal Express) and addressed as follows:

If to the Developer:

MidPen Housing Corporation
303 Vintage Park Dr., Suite 250
Foster City, CA 94404
Attn: Abby Goldware Potluri

If to the County:

County of San Mateo, Department of Housing
264 Harbor Blvd., Bldg. A
Belmont, CA 94402
Attn: Director

Notices shall be deemed delivered: (i) if sent by certified mail, then upon the date of delivery or attempted delivery shown on the return receipt; or (ii) if delivered by overnight delivery service, then (1) business day after delivery to the service as shown by records of service.

14. This ENA constitutes the entire agreement of the Parties hereto with respect to the subject matter hereof. There are no agreements or understandings between the Parties and no representations by either Party to the other as an inducement to enter into this ENA, except as expressly set forth herein, and any and all prior discussions and negotiations between the Parties are superseded by this ENA.

15. This ENA may not be altered, amended, or modified except by a writing duly authorized and executed by all Parties.

16. No provision of this ENA may be waived except by an express written waiver duly authorized and executed by the waiving party.

17. If any Party should bring any legal action or proceeding relating to this ENA or to enforce any provision hereof, or if the Parties agree to arbitration or mediation relating to this ENA, the prevailing party shall be entitled to recover reasonable attorney's fees and expenses from the other. The Parties agree that any legal action or proceeding shall be filed in the state or federal courts located in the County of San Mateo and Developer agrees to the exclusive jurisdiction of such courts. The Parties further agree that any agreed-upon mediation shall occur in the County of San Mateo.

18. The interpretation and enforcement of this ENA shall be governed by the laws of the State of California.

19. Time is of the essence of each and every provision hereof in which time is a factor.

20. This ENA may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

21. If any provision of this ENA shall be held to be invalid, void, or unenforceable, the validity, legality, or enforceability of the remaining portions of this ENA shall not in any way be affected or impaired thereby.

22. This ENA has been drafted through a cooperative effort of both the Parties, and both the Parties have had an opportunity to have the ENA reviewed and revised by legal counsel. No party shall be considered the drafter of this ENA, and no presumption or rule that an ambiguity shall be construed against the Party drafting the clause shall apply to the interpretation or enforcement of this ENA.

23. Each person signing this ENA represents and warrants that such person is duly authorized and has legal capacity to execute and deliver this ENA. Each party represents warrants to the other that the execution and delivery of the ENA and the performance of such Party's obligations hereunder have been duly authorized, and that the ENA is a valid and legal agreement binding on such Party and enforceable in accordance with its terms.

24. Each of the Parties shall avoid conflicts of interest in the performance of this ENA and shall immediately notify the other Party should arise a conflict of interest that would prohibit or impair its ability to perform under this ENA.

25. The Parties will not discriminate, in any way, against any person based on sex, pregnancy, childbirth or related medical conditions, race, veteran status, religion, color, national origin or ancestry, physical or mental disability, medical condition, marital status, age, gender (including gender identity and gender perception), sexual orientation, use of family medical leave, genetic testing, or any other basis protected by federal or state law. This policy shall apply to all employment practices.

Signatures on following page

IN WITNESS WHEREOF, the Parties hereto have executed this ENA as of the Effective Date set forth above:

COUNTY:

COUNTY OF SAN MATEO,
a political subdivision of the State of
California

By: _____

Raymond Hodges, Director
Department of Housing

DEVELOPER:

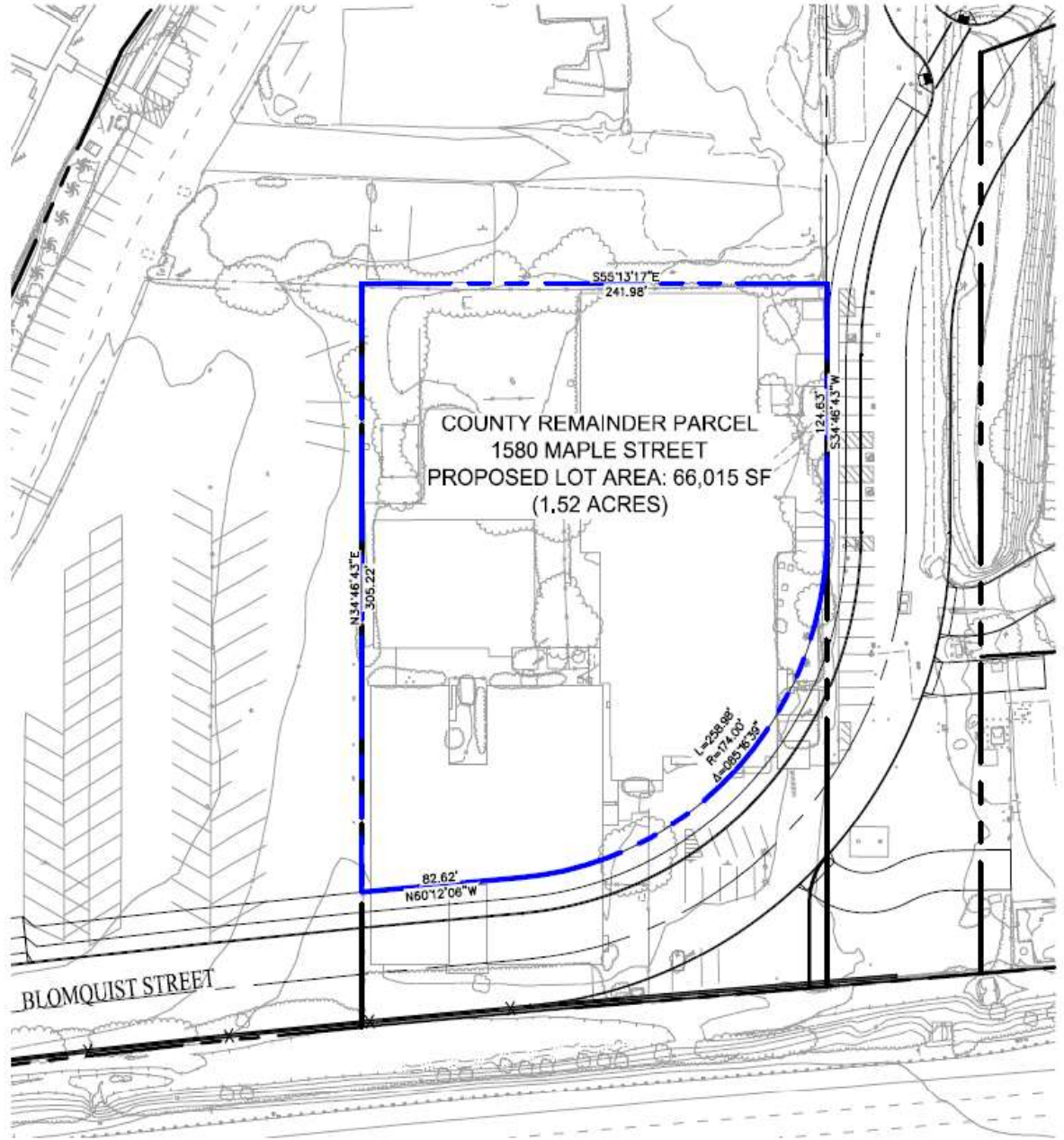
MIDPEN HOUSING CORPORATION
a California nonprofit public benefit
corporation

Signed by:
Abigail Goldware Potluri
By: _____
347EADD892374C7

Abigail Goldware Potluri
Senior Vice President, Co-Head of Housing
Development

Exhibit A

Property



DRAWING NAME: K:\2021\211043_1450_Maple_RWC\END\EXHIBITS\21_0611 Land Swap Exhibit\21_0716 1450 Maple Land Swap Area-Culvert Option.dwg
PLOT DATE: 07-16-21 PLOTTED BY: wat8

BLOMQUIST STREET

COUNTY REMAINDER PARCEL
1580 MAPLE STREET
PROPOSED LOT AREA: 66,015 SF
(1.52 ACRES)

S55°13'17"E
241.98'

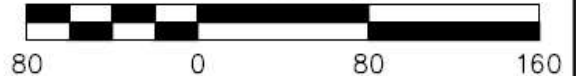
N34°46'43"E
305.22'

82.62'
N60°12'06"W

L=238.98'
R=74.00'
A=109°46'38"

124.63'
S34°46'43"W

GRAPHIC SCALE 1" = 80'



150 CALIFORNIA STREET
SUITE 600
SAN FRANCISCO, CA 94111
(415) 930-7900
www.bkf.com

1580 MAPLE STREET PROPERTY LINE EXHIBIT PROPOSED BOUNDARY

Drawn JCW
Job No. 20211043

Checked MAO
Date JULY 6, 2021

Approved
Sheet 1 of 1

Exhibit B

Schedule of Performance

ITEM OF PERFORMANCE		TIME FOR PERFORMANCE
1	County, City of Redwood City and Developer reach concurrence on access road and form of Conveyance Agreement	Within 60 days of ENA execution
2	Developer resubmits entitlement application to City for 1580-1590 Maple St parcel	Within 60 days of Item 1 completion
3	County provides Developer Draft Conveyance Agreement	Within 120 days of Item 1 completion
4	County and Developer reach concurrence on operating subsidy approach	Within 60 days of Item 3 completion
5	County and Developer execute Conveyance Agreement	No later than 60 days prior to first Tax Credit financing application