

Memorandum of Understanding
Between the County of San Mateo, the City of East Palo Alto and EPACANDO Regarding
Potential Real Property Transactions and Future Development

This Memorandum of Understanding Between the County of San Mateo, the City of East Palo Alto and EPACANDO Regarding Potential Real Property Transactions and Future Development (this **"MOU"**) is made and entered into as of the Effective Date (defined herein) by and between the COUNTY OF SAN MATEO, a political subdivision of the State of California (the **"County"**), the CITY OF EAST PALO ALTO, a municipal corporation (the **"City"**), and EAST PALO ALTO COMMUNITY ALLIANCE AND NEIGHBORHOOD DEVELOPMENT ORGANIZATION, a California non-profit public benefit corporation (**"EPACANDO"**). The County, City and EPACANDO may be collectively referred to herein as **"Parties"** and individually as **"Party"**.

Recitals

WHEREAS, the Parties each have an interest in supporting the development of affordable housing and increasing usable public space; and

WHEREAS, the County is the owner of that certain real property located at 1266 Beech Street, in the City of East Palo Alto, State of California, consisting of approximately 1.85 acres, designated as San Mateo County Assessor's Parcel Number 063-600-060, hereinafter referred to as the "County Property" and which has a land use designation of Parks/Recreation/Conservation and Resource Management under the East Palo Alto Vista 2035 General Plan; and

WHEREAS, the City is the owner of that certain real property located at 2277 University Avenue, between Runnymede Street and Bell Street, in the City of East Palo Alto, State of California, consisting of approximately 0.36 acres, designated as San Mateo County Assessor's Parcel Number 063-302-460, hereinafter referred to as the "City Property", and which is designated as Mixed-Use Corridor under the East Palo Alto Vista 2035 General Plan; and

WHEREAS, EPACANDO holds an option to purchase from the current owner under a Purchase and Sale Agreement that certain real property located at 2263 University Avenue in the City of East Palo Alto, State of California, consisting of approximately 0.46 acres, designated as San Mateo County Assessor's Parcel Number 063-302-210, hereinafter referred to as the "2263 University Property," and which is adjacent to the City Property, and which includes improvements consisting of three buildings comprising seven rent-stabilized units; and

WHEREAS, the City wishes to take steps to facilitate the acquisition of the County Property for the purposes of constructing or causing the construction of an expansion of Martin Luther King, Jr. Park ("MLK Park") on the County Property to serve the recreation needs of the local area ("Proposed City Use"); and

WHEREAS, the County wishes to take steps to facilitate the acquisition of the City Property, together with the 2263 University Property, for the purposes of ground leasing such

properties to an affordable housing developer selected through a competitive process (the "Developer") for the construction and operation of affordable housing by such Developer, in collaboration with EPACANDO, with such transactions, if approved, to be consummated in connection with the close of construction financing for the development of a multi-family approximately 60+ housing unit, 100% affordable housing development at income levels and unit sizes to be determined on such properties ("Proposed County Use"); and

WHEREAS, the Zoning and General Plan land use designations of the City Property and 2263 University Property support a high-density residential use consistent with affordable housing development for such properties, and the City supports the Proposed County Use; and

WHEREAS, EPACANDO supports the Proposed County Use, and, if EPACANDO acquires (through a wholly-owned LLC) the 2263 University Property, intends to operate such property at least until the close of construction financing for the Proposed County Use and may apply for funding from the County in connection with the County's Notice of Funding Availability (NOFA) process for HOME and Community Housing Development Organization (CHDO) funds to finance light rehabilitation and to make such health and safety repairs to the current residential units on the 2263 University Property; and

WHEREAS, EPACANDO wishes to co-develop the 2263 University Property, together with the City Property, in collaboration with a development partner selected through the County's competitive process, and to participate with the County in the selection of such Developer; and

WHEREAS, the Parties are committed to exploring a potential exchange of the County Property and the City Property between the County and the City, to facilitate the Proposed City Use of the County Property and Proposed County Use of the City Property ("Property Exchange"), which Property Exchange may include the granting of options by the County and the City to each other, as may be approved by their respective governing bodies, and which would follow EPACANDO's exercise of its option to acquire the 2263 University Property, provided that the acquisition by the County of the 2263 University Property would be for purposes of ground leasing the same with the City Property, once acquired by the County, to a Developer in connection with the Proposed County Use, at the close of construction financing; and

WHEREAS, the steps necessary to complete the respective transactions, obtain the necessary approvals, and comply with associated legal requirements, and for the County to identify, select and enter into such necessary agreements with a Developer as may be necessary and advisable to facilitate the development of affordable housing by such Developer, will require further actions by County staff and authorizations by the County's Board of Supervisors, and by the City's governing body; and

WHEREAS, California Government Code section 25365(a) authorizes counties, by a four-fifths vote of the Board of Supervisors, to exchange real property with a city upon the terms and conditions as are agreed upon, where the real property to be acquired is required for County use; and

WHEREAS, California Government Code section 37351 authorizes cities to exchange real property as is necessary or proper for municipal purposes; and

WHEREAS, pursuant to the terms and conditions set forth herein, each Party wishes to take steps, subject to respective approvals as may be required, to facilitate the contemplated transactions, including the Property Exchange and development of the County Property, the City Property and the 2263 University Property in connection with the Proposed City Use and Proposed County Use.

Terms

1. **Term and Termination.** This MOU is effective upon the Effective Date and shall remain in effect until June 30, 2027 (the “Term”), unless modified by written amendment executed by the Parties. This MOU may be terminated by any Party as to such Party upon thirty (30) days’ written Notice for any reason, with or without cause.
2. **Purpose of MOU.** Through this MOU, the Parties intend to commit to undertaking certain actions to facilitate the Property Exchange, the Proposed City Use and the Proposed County Use, and the associated transactions, subject in all instances to further review and approvals by their respective governing bodies, and conditional upon EPACANDO acquiring and operating the 2263 University Property until construction finance closing for the development of a multi-family, 100% affordable housing project on the 2263 University Property and City Property.
3. **Responsibilities of the Parties.**
 - A. **City Responsibilities.**
 1. Subject to Section 5 below, if EPACANDO acquires the 2263 University Property and operates such property on an interim basis until close of construction financing for the Proposed County Use, the City agrees to undertake the following actions:
 - i. Conduct due diligence activities and take such other steps as may be necessary to confirm the City Property as exempt surplus land pursuant to Government Code § 54221(f)(1);
 - ii. In consultation with the County and EPACANDO, sufficiently clear title to the City Property of any encumbrances, liens, and/or other claims that would preclude or limit use of the City Property for affordable housing development;
 - iii. Seek such approvals as may be required from the City’s governing body to facilitate the Property Exchange, which may include the granting of options by the County and the City to each other, to be completed in connection with the construction finance closing for the Proposed County Use;

- iv. Cooperate with the County, EPACANDO and any County-selected Developer to facilitate the merger of or parcel map adjustments to the parcels constituting the City Property and the 2263 University Property if necessary in connection with their development for affordable housing consistent with the Proposed County Use, and seek such approval of the City's governing body as may be required;
- v. Seek such approvals as may be required from the City's governing body to facilitate the Proposed City Use;
- vi. Conduct other such activities as may be reasonably requested by the County in preparation for disposal of the City Property and to facilitate the Proposed County Use, as may be reasonably requested by County.

B. County Responsibilities.

1. Subject to Section 5 below, if EPACANDO acquires the 2263 University Property and operates such property on an interim basis until close of construction financing for the Proposed County Use, the County agrees to undertake the following actions:

- i. Conduct due diligence activities and take such other steps as may be necessary to confirm the County Property as exempt surplus land pursuant to Government Code § 54221(f)(1);
- ii. In consultation with the City, sufficiently clear title to the County Property of any encumbrances, liens, and/or other claims that would preclude or limit use of the County Property for the Proposed City Use;
- iii. Seek such approvals as may be required from the County's governing body to facilitate the Property Exchange, which may include the granting of options by the County and the City to each other, to be completed in connection with the construction finance closing for the Proposed County Use;
- iv. Review and consider such applications as may be submitted by EPACANDO for funding from the County in connection with the County's NOFA process for HOME and CHDO funds to finance light rehabilitation and to make health and safety repairs to the current residential units on the 2263 University Property, subject to eligibility and availability of funding under such programs and approval by the County's governing body;
- v. Conduct a competitive process, in consultation with and with the participation of EPACANDO, to identify and select, subject to approval by the County's governing body, a Developer to construct and operate affordable housing, in collaboration with EPACANDO, on the City Property and 2263 University Property, consistent with the Proposed County Use, and subject to such agreements as the County may require in a form acceptable to the County;
- vi. Cooperate with the City, EPACANDO and any County-selected Developer to facilitate the assembly and/or consolidation of the City Property and the 2263 University Property as necessary in connection with their development for affordable housing consistent with the Proposed County Use and applicable law, and seek such approval of the County's governing body as may be required.

- vii. Seek such approvals as may be required from the County's governing body to facilitate the future acquisition of the 2263 University Property, for the purposes of ground leasing such property, together with the City Property acquired through the Property Exchange (conditional on completion of the Property Exchange), to a Developer selected through a competitive process for the construction and operation of affordable housing by such Developer consistent with the Proposed County Use;
- viii. Conduct other such activities as may be reasonably requested by the City in preparation for disposal of the County Property and to facilitate the Proposed City Use, as may be reasonably requested by City; and
- ix. Seek such approvals as may be required from the County's governing body to facilitate the Proposed County Use.

C. EPACANDO Responsibilities.

1. If EPACANDO acquires the 2263 University Property, EPACANDO agrees to undertake the following actions:
 - i. Manage, operate and maintain, directly or through retention and supervision of a qualified entity, the 2263 University Property in compliance with health, safety and habitability requirements and applicable law on an interim basis until construction finance closing for the development of a multi-family, 100% affordable housing project on the 2263 University Property and City Property;
 - ii. May apply for funding from the County in connection with the County's NOFA process for HOME and CHDO funds, and other available sources, to finance light rehabilitation and to make health and safety repairs to the current residential units on the 2263 University Property;
 - iii. Confer and cooperate with the City and County-selected Developer to develop and implement a reasonable and legally compliant plan for the relocation of tenants of the 2263 University Property, and retain sole responsibility for such relocation unless and until such responsibility is assumed by the County-selected Developer on terms agreeable to the County in its sole discretion;
 - iv. Cooperate with the County and comply with conflict of interest and other applicable requirements of the County in connection with participation in the selection of a Developer to construct and operate affordable housing on the 2263 University Property and City Property consistent with the Proposed County Use;
 - v. Cooperate with the City, County and any County-selected Developer to facilitate the merger of or parcel map adjustments to the parcels constituting the City Property and the 2263 University Property if necessary in connection with their development for affordable housing consistent with the Proposed County Use and applicable law, unless and until such responsibility is assumed by the County-selected Developer on terms agreeable to the County in its sole discretion;

- vi. Cooperate with the County and the County-selected Developer to conduct predevelopment activities consisting without limitation of community engagement in connection with the development of affordable housing consistent with the Proposed County Use and collaborate with the County-selected Developer in securing entitlements for the affordable housing development, unless and until such responsibility for securing entitlements is assumed by the County-selected Developer on terms agreeable to the County in its sole discretion.
 - vii. Cooperate with the City and County to facilitate the Property Exchange;
 - viii. Cooperate with the City and conduct other such activities as may be reasonably requested by the County facilitate the Proposed County Use, including use of forms of agreement and associated documents acceptable to the County, preparation for disposal of the 2263 University Property to County consistent with the development of affordable housing and agreement that the County's purchase price for acquisition of the 2263 University Property shall be determined by an appraisal acceptable to the County; and
 - ix. EPACANDO will consider and provide reasonable cooperation in response to reasonable requests by City and/or County to effectuate the purposes of this MOU.
4. **Meet and Confer.** Without limiting their rights to terminate under Section 1 herein above, the Parties agree to meet and confer in good faith to discuss progress, coordinate action and consider amendments to this MOU in the event that the Proposed County Use, the Proposed City Use, the Property Exchange or the affordable housing development does not move forward or is determined infeasible for any reason, including, but not limited to, regulatory, environmental, legal, financial or other impediments.
5. **Option and Right of First Refusal.** In the event that the affordable housing development does not move forward or is determined infeasible for any reason, and if EPACANDO acquires and proposes to sell the 2263 University Property, (a) the County shall have an option to purchase the Property for a period of six months from the date of termination of this MOU or the date on which the contemplated affordable housing development fails to proceed or is determined infeasible, whichever is later, to purchase the 2263 University Property at the same price and on the same terms and conditions as the purchase of the Property by EPACANDO, and (b) thereafter, the County shall have a right of first refusal to purchase the 2263 University Property at the same price and on the same terms and conditions as those offered to the prospective transferee. The County shall have sixty (60) days from receipt from EPACANDO of a third-party offer to exercise its right of first refusal. This option and right of first refusal set forth in this section shall survive termination of this MOU, and is subject to the application of a credit at closing on the purchase of the 2263 University Property (pursuant to either the option or right of first refusal) in favor of EPACANDO for reasonable and necessary predevelopment expenses incurred in connection with the development of the 2263 University Property for

affordable housing that were not otherwise reimbursed or funded by the County, in an amount not to exceed \$100,000.

6. **No Reliance.** No Party has relied, and no Party shall be deemed to have relied, on any statement, representation, undertaking, projection, expectation, or course of conduct of any other Party in connection with this MOU, including without limitation any undertaking to prepare, submit, recommend, consider, or seek approval of any option, transaction, or agreement. Each Party expressly acknowledges and agrees that:

(a) Any undertakings set forth in this MOU are procedural and aspirational only, may be modified, delayed, or not performed, and are subject to the independent discretion and approval of the applicable governing body or decision-making authority;

(b) No Party has made, and no Party is authorized to make, any representation or assurance that any option will be prepared, submitted, approved, or consummated;

(c) No Party shall have any claim, cause of action, or right of recovery against any other Party arising out of or related to the failure to perform any undertaking described in this MOU, the failure to obtain governing body approval, or the decision not to proceed with any proposed transaction; and

(d) Each Party assumes the risk that the activities contemplated by this MOU may not occur and that no transaction may result.

7. **Amendments.** Any Party may request changes to this MOU. Any changes, modifications, revisions, or amendments to this MOU which are mutually agreed upon by and between the Parties to this MOU shall be incorporated by written instrument, and effective when executed and signed by all Parties to this MOU.

8. **Governing Law.** The construction, interpretation and enforcement of this MOU shall be governed by the laws of the State of California. The courts of the State of California, County of San Mateo shall have jurisdiction over any action arising out of this MOU and over the Parties, and the venue for any such actions shall be the Superior Court for the County of San Mateo or the United States District Court for the Northern District of California.

9. **Complete Agreement.** This MOU represents the entire, integrated MOU between the Parties regarding the subject matter hereof and supersedes all prior negotiations, representations and agreements, whether written or oral.

10. **Severability.** Should any portion of this MOU be judicially determined to be illegal or unenforceable, the remainder of the MOU shall continue in full force and effect, and either Party may renegotiate the terms affected by the severance.
11. **No Third-Party Beneficiary Rights.** The Parties do not intend to create in any other individual or entity the status of a third-party beneficiary, and this MOU shall not be construed to create such status. The rights, duties and obligations contained in this MOU shall operate only between the Parties to this MOU and shall inure solely to the benefit of the Parties to this MOU. The provisions of this MOU are intended only to assist the Parties in determining and performing their obligations under this MOU. The Parties to this MOU intend and expressly agree that only Parties signatory to this MOU shall have any legal or equitable right to seek to enforce this MOU, to seek any remedy arising out of a Party's performance or failure to perform any term or condition of this MOU, or to bring an action for the breach of this MOU.
12. **Indemnification.** Pursuant to Government Code Section 895.4, each Party agrees to fully indemnify, defend, and hold the other Party (including its appointed and elected officials, officers, employees, and agents) harmless and free from any damage or liability imposed for injury (as defined by Government Code Section 810.8) occurring by reason of the negligent acts or omissions of the indemnifying Party, its appointed or elected officials, officers, employees, or agents, under or in connection with any activities undertaken in connection with this MOU. No Party, nor any appointed or elected official, officer, employee, or agent thereof, shall be responsible for any damage or liability occurring by reason of the negligent acts or omissions or willful misconduct of any other Party, its appointed or elected officials, officers, employees, or agents, under or in connection, with any activities undertaken in connection with this MOU. For avoidance of doubt, the County shall not be required to defend, indemnify or hold the City harmless, nor shall the City be required to defend, indemnify or hold the County harmless, in connection with any and all liabilities arising from or related to the application for a Coastal Development Permit (emergency or otherwise) in connection with the Project.
13. **Notice.** Any notice, demand or request required or permitted to be given or made under this MOU ("**Notice**") shall be in writing and will be deemed given or made when delivered in person, when sent by United States registered or certified mail, or postage prepaid, to a Party at its address specified below, with email copy as follows:

If to the County:
Mike Callagy
County Executive
County of San Mateo
500 County Center, Fifth Floor
Redwood City, CA 94063

with email copy to mcallagy@smcgov.org.

If to City:

Melvin Gaines
City Manager
City of East Palo Alto
2415 University Avenue
East Palo Alto, CA 94303

with email copy to:

If to EPACANDO:

Duane Bay
Executive Director
EPACANDO
2369 University Ave
East Palo Alto, CA 94303

The Parties may change their addresses for notice by notifying the other Party in the manner provided in this section.

14. **Conflict of Interest.** Each of the Parties shall avoid all conflicts of interest in the performance of this MOU and shall immediately notify the other Parties should a conflict of interest arise that would prohibit or impair its ability to perform under this MOU.
15. **Disputes.** The Parties agree that, with regard to all disputes or disagreements arising under this MOU that are not resolved informally at the staff level after a good faith attempt, the Parties may, at their sole and mutual discretion, agree to engage in mediation, and the costs of any such mediation shall be divided equally among the Parties involved in the mediation.
16. **Non-Discrimination.** 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.
17. **Signatures.** In witness whereof, the parties to this MOU through their duly authorized representatives have executed this MOU on the dates set out below, and certify that they have read, understood, and agreed to the terms and conditions of this MOU as set forth herein. This MOU may be executed by a Party's signature transmitted by facsimile or

electronically, and copies of this MOU executed and delivered by such means shall have the same force and effect as copies hereof executed and delivered with original signatures. This MOU may be executed in counterparts, all of which will constitute one MOU. A copy or original of this document with all signature pages appended together will be deemed a fully executed, original MOU.

18. **Assignment**. No Party to this MOU may assign their interests under this MOU without the prior written consent of the other Parties.
19. **Relationship**. Nothing contained in this MOU shall be deemed or construed by the Parties or by any third person to create a relationship of principal and agent or partnership or a joint venture between the Parties or any third party.
20. **Effective Date**. This MOU shall be effective upon execution of the Parties and approval by the governing bodies of the City and the County (the “**Effective Date**”).

COUNTY OF SAN MATEO,

By  Date: March 10, 2026
Mike Callagy, County Executive
Resolution No. 081733

CITY OF EAST PALO ALTO,

By  Date: March 1, 2026
Melvin E. Gaines, City Manager

EAST PALO ALTO COMMUNITY ALLIANCE AND NEIGHBORHOOD DEVELOPMENT ORGANIZATION,

By _____ Date: _____
Duane Bay, Executive Director

electronically, and copies of this MOU executed and delivered by such means shall have the same force and effect as copies hereof executed and delivered with original signatures. This MOU may be executed in counterparts, all of which will constitute one MOU. A copy or original of this document with all signature pages appended together will be deemed a fully executed, original MOU.

18. **Assignment**. No Party to this MOU may assign their interests under this MOU without the prior written consent of the other Parties.
19. **Relationship**. Nothing contained in this MOU shall be deemed or construed by the Parties or by any third person to create a relationship of principal and agent or partnership or a joint venture between the Parties or any third party.
20. **Effective Date**. This MOU shall be effective upon execution of the Parties and approval by the governing bodies of the City and the County (the "**Effective Date**").

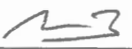
COUNTY OF SAN MATEO,

By  Date: March 10, 2026
Mike Callagy, County Executive
Resolution No. 081733

CITY OF EAST PALO ALTO,

By _____ Date: _____
Melvin Gaines, City Manager

EAST PALO ALTO COMMUNITY ALLIANCE AND NEIGHBORHOOD DEVELOPMENT ORGANIZATION,

By  Date: 2/6/2026
Duane Bay, Executive Director