

**DISPOSITION AND DEVELOPMENT AGREEMENT**

by and between the

**CITY OF WATSONVILLE,**  
a California Municipal Corporation

AND

**PAJARO VALLEY ARTS COUNCIL,**  
a California nonprofit public benefit corporation

regarding the

**Porter Building**

Dated: \_\_\_\_\_, 2022

## DISPOSITION AND DEVELOPMENT AGREEMENT

This DISPOSITION AND DEVELOPMENT AGREEMENT (“**DDA**”) is entered into by and between the CITY OF WATSONVILLE, a California municipal corporation (“**City**”), and PAJARO VALLEY ARTS COUNCIL, a California nonprofit public benefit corporation (“**PV Arts**”) as of \_\_\_\_\_, 2022 (“**Effective Date**”). City and PV Arts are sometimes referred to herein individually as a “**Party**” and collectively as the “**Parties**.”

### R E C I T A L S

The following Recitals are a substantive part of this DDA:

A. City owns that certain real property designated as APN: 017-182-16 (“**City Parcel**”) with a street address of 280 Main Street in Watsonville, California, as depicted on the “Site Map” attached hereto as Exhibit A. The City Parcel is improved with a civic center complex, parking areas, and an approximately 12,000 square foot historic building known as the Porter Building (“**Building**”) which is currently unoccupied. The Building is situated on an approximately 15,000 square foot portion of the City Parcel depicted on Exhibit A-1 attached hereto (“**Building Land**”). The Building Land and Building are collectively referred to herein as the “**Building Property**”. The portion of the City Parcel that does not include the Building Property is hereinafter referred to as the “**Remainder Property**.”

B. On March 23, 2021, by Resolution 78-21 the City Council declared the Building Property to be surplus and thereafter, in compliance with the State Surplus Land Act (Government Code section 54220 *et seq.*), City issued a notice of availability pursuant to Section 54222 of the Surplus Lands Act. City received no notices of interest from any local affordable housing sponsors or other preferred purchasers in response to its initial 60-day notice. City sent a further 60 day notice to certain additional out of area housing sponsors on September 10, 2021. City received responses from three affordable housing sponsors expressing interest, but all three subsequently withdrew their letters of interest.

C. On September 29, 2021, the Parties entered into an Exclusive Right to Negotiate Agreement (“**ENA**”) pursuant to which the Parties agreed to negotiate the terms of a proposed agreement regarding PV Arts’ purchase of the Building Property from City in order to rehabilitate and refurbish the Building to create a performing arts space and an art gallery exhibit space, coupled with ancillary uses on the ground floor and artist studio space and ancillary office space on the second story as more fully set forth in PV Arts development proposal submitted to City in response to City’s request for proposals (the “**Project**”).

D. On \_\_\_\_\_, by Resolution No. \_\_\_\_\_, the City Council approved this Agreement and, in connection therewith, determined that the conveyance of the Building Property by City to PV Arts for the Project is categorically exempt under Sections 15301 and 15302 of the State CEQA Guidelines, codified in 14 CCR §§ 15000, *et seq.*

E. Pursuant to Government Code Section 54233, prior to any conveyance of the Building Property City must record a Declaration of Affordable Housing Restrictions requiring a

specified percentage of affordable housing if the Building Property is ever redeveloped for residential use in the future.

F. As contemplated by the ENA, City and PV Arts now desire to enter into this DDA to provide, among other things, for City's disposition of the Building Property to PV Arts, so that PV Arts may rehabilitate and refurbish the Building and thereafter use the Building for the permitted non-profit arts-related uses, as more particularly set forth herein.

#### A G R E E M E N T S:

NOW THEREFORE, City and PV Arts hereby agree as follows:

1. DEFINITIONS.

"**Affordable Housing Declaration**" is defined in Section 4.4.2.

"**ALTA Survey**" is defined in Section 4.3.2.

"**ALTA Owner's Title Policy**" is defined in Section 4.3.2.

"**Applicable Laws**" means all applicable federal, state, County, and City laws, statutes, ordinances, governmental rules, regulations, orders, permits, licenses, approvals and authorizations applicable to the condition, ownership, operation, development, use or occupancy of the Building Property or the Project, as may be amended from time to time, including, without limitation, the California Labor Code, requirements of any board or fire insurance underwriters or other similar bodies, Environmental Laws, federal and state labor laws, and federal and state disability laws, including the Americans with Disabilities Act of 1990 (42 U.S.C. § 12101 *et seq.*).

"**As-Is Condition**" is defined in Section 4.10.

"**Building**" is defined in Recital A.

"**Building Land**" is defined in Recital A.

"**Building Property**" is defined in Recital A and depicted in Exhibit A-1.

"**Capital Campaign**" is defined in Section 5.4.

"**Certificate of Completion**" is defined in Section 5.6.

"**CEQA**" means the California Environmental Quality Act set forth in Public Resources Code Section 21000 *et seq.* and CEQA Guidelines (Tit. 14 CCR § 15000 *et seq.*).

"**Claims**" means liabilities, obligations, orders, claims, damages, governmental fines or penalties, and expenses of defense with respect thereto, including reasonable attorneys' fees and costs.



**“CLTA Owner’s Title Policy”** is defined in Section 4.3.2.

**“City”** means the City of Watsonville, a California municipal corporation.

**“City ROFO Acceptance”** is defined in Section 8.1.

**“City Conditions Precedent”** is defined in Section 4.5.

**“City Council”** means the City Council of the City of Watsonville.

**“City’s Cure Notice Period”** is defined in Section 4.4.2 (b).

**“City Parcel”** is defined in Recital A.

**“City Party”** and **“City Parties”** are defined in Section 4.10.

**“City’s Title Notice”** is defined in Section 4.4.2 (b).

**“Closing”** shall mean the time and day the Grant Deed is recorded in the Official Records.

**“Community Vision”** shall mean Community Vision Capital & Consulting, a California nonprofit public benefit corporation.

**“Community Vision CC&R’s”** is defined in Section 4.4.2(a).

**“DDA”** means this Disposition and Development Agreement between City and PV Arts.

**“Default”** is defined in Section 7.1.

**“Effective Date”** shall be the date this DDA is fully executed by the parties. The Effective Date shall be inserted in the opening paragraph.

**“ENA”** is defined in Recital C.

**“ENA Deposit”** is defined in Section 4.2.1.

**“Environmental Laws”** means, collectively: (i) the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. § 9601 *et seq.*, (ii) the Hazardous Materials Transportation Act, as amended, 49 U.S.C. § 1801 *et seq.*, (iii) the Resource Conservation and Recovery Act, as amended, 42 U.S.C. § 6901 *et seq.*, (iv) the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251 *et seq.*, (v) the Clean Air Act, as amended, 42 U.S.C. § 7401 *et seq.*, (vi) the Toxic Substances Control Act, as amended, 15 U.S.C. § 2601 *et seq.*, (vii) the Clean Water Act, as amended, 33 U.S. Code § 1251 *et seq.*, (viii) the Oil Pollution Act, as amended, 33 U.S.C. § 2701 *et seq.*, (ix) California Health & Safety Code § 25100 *et seq.* (Hazardous Waste Control), (x) the Hazardous Substance Account Act, as amended, Health & Safety Code § 25300 *et seq.*, (xi) the Unified Hazardous Waste and Hazardous Materials Management Regulatory Program, as amended, Health & Safety Code § 25404 *et seq.*, (xii) Health & Safety Code § 25531 *et seq.* (Hazardous Materials Management),



(xiii) the California Safe Drinking Water and Toxic Enforcement Act, as amended, Health & Safety Code § 25249.5 *et seq.*, (xiv) Health & Safety Code § 25280 *et seq.* (Underground Storage of Hazardous Substances), (xv) the California Hazardous Waste Management Act, as amended, Health & Safety Code § 25170.1 *et seq.*, (xvi) Health & Safety Code § 25501 *et seq.*, (Hazardous Materials Response Plans and Inventory), (xvii) Health & Safety Code § 18901 *et seq.* (California Building Standards), (xviii) the Porter-Cologne Water Quality Control Act, as amended, California Water Code § 13000 *et seq.*, (xix) California Fish and Game Code §§ 5650-5656 and (xx) any other federal, state or local laws, ordinances, rules, regulations, court orders or common law related in any way to the protection of the environment, health or safety.

**“Escrow”** is defined in Section 4.3.1.

**“Escrow Agent”** means First American Title Insurance Company, 820 Bay Avenue Suite 107, Capitola, CA 95010, Attention: Joyce Avila.

**“Force Majeure Conditions”** is defined in Section 9.3.

**“Grant Deed”** means the grant deed for the conveyance of the Building Property from City to PV Arts to be executed and recorded at Closing substantially in the form attached hereto as Exhibit B and incorporated herein by this reference.

**“Hazardous Materials”** means any substance, material, or waste which is or becomes regulated by any local governmental authority, the State of California, or the United States Government under any Environmental Laws, including any material or substance which is defined as a “hazardous waste,” “extremely hazardous waste,” “restricted hazardous waste” or “hazardous substance” under any Environmental Laws.

**“Investigations”** is defined in Section 4.12.1.

**“Mortgage”** means any mortgage, deed of trust, security agreement, and other like security instrument encumbering all or any portion of the Building Property or any of PV Arts’ rights under this DDA.

**“Mortgagee”** means the holder of any Mortgage, and any successor, assignee or transferee of any such Mortgage holder.

**“Offer Notice”** is defined in Section 8.1.

**“Notice”** means a written notice in the form prescribed by Section 9.1.

**“Official Records”** shall mean the Official Records of Santa Cruz County.

**“Opening of Escrow”** is defined in Section 4.3.1.

**“Organizational Documents”** mean the Articles of Incorporation and Bylaws of PV Arts, including any amendments to either document.

**“Outside Closing Date”** is defined in Section 4.8.

**“Party”** and **“Parties”** is defined in introductory paragraph.

**“Permitted Exceptions”** is defined in Section 4.4.2(a).

**“Permitted Transfer”** is defined in Section 3.3.

**“Project”** is defined in Recital C.

**“Property Claims”** is defined in Section 4.13.

**“PV Arts”** means Pajaro Valley Arts Council, a California nonprofit public benefit corporation.

**“PV Arts Conditions Precedent”** is defined in Section 4.6.

**“PV Arts Party”** is defined in Section 4.12.1.

**“Purchase Price”** is defined in Section 4.2.

**“Remainder Property”** is defined in Recital A.

**“Renovation Work”** shall mean the various components of construction required to renovate, repair, rehabilitate, or update the Building and the Building Property to implement the Project and ensure the Building and Building Property comply with Applicable Laws.

**“ROFO”** is defined in Section 8.1.

**“ROFO Transfer Agreement”** is defined in Section 8.2.

**“Substantial Completion”** (and any reasonable variation thereof) means, with respect to the Renovation Work, that PV Arts has obtained all of the requisite entitlements and permits and completed the Renovation Work in accordance with the requirements of such entitlements and permits.

**“Title Company”** means First American Title Insurance Company.

**“Title Report”** is defined in Section 4.4.1.

**“Title Objections”** is defined in Section 4.4.2.

**“Title Review Period”** is defined in Section 4.4.2.

**“Transfer”** is defined in Section 3.1.

## 2. REPRESENTATIONS AND WARRANTIES

2.1 City Representations. As of the Effective Date, City represents and warrants to PV Arts as follows:



2.1.1 Authority. City is a California municipal corporation with full right, power and lawful authority to perform its obligations hereunder, and the execution, delivery, and performance of this DDA by City has been fully authorized by all requisite actions on the part of the City Council.

2.1.2 No Conflict. To City's current actual knowledge, City's execution, delivery and performance of its obligations under this DDA will not constitute a default or a breach under any contract, agreement or order to which City is a party or by which City is bound.

2.1.3 No Litigation or Other Proceeding. To City's current actual knowledge, no litigation or other proceeding (whether administrative or otherwise) is outstanding or has been threatened which would prevent, hinder or delay the ability of City to perform its obligations under this DDA.

2.1.4 Right to Possession. No person or entity other than City has the right to use, occupy, or possess the Building Property or any portion thereof. City shall not enter into any lease or other agreement respecting the use, occupancy, or possession of the Building Property or any portion thereof without the prior written consent of PV Arts.

As used in this 2.1, "current, actual knowledge" means the current actual knowledge of Tamara Vides, Assistant City Manager, as of the Effective Date. Until such time as the Closing occurs, City shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 2.1 not to be true, promptly give written Notice of such fact or condition to PV Arts. The foregoing representations and warranties shall survive the Closing for a period of twelve (12) months.

## 2.2 PV Arts' Representations.

2.2.1 Authority. PV Arts is duly organized within the State of California and in good standing under the laws of the State of California. The Organizational Documents provided by PV Arts to City are true and complete copies of the originals, as may be amended from time to time. PV Arts has full right, power and lawful authority to undertake all of its obligations hereunder and the execution, performance and delivery of this DDA by PV Arts has been fully authorized by all requisite board actions on the part of PV Arts.

2.2.2 No Conflict. PV Arts' execution, delivery and performance of its obligations under this DDA will not constitute a default or a breach under any contract, agreement or order to which PV Arts is a party or by which PV Arts is bound.

2.2.3 Valid PV Arts Obligation. This DDA is a valid obligation of PV Arts and is enforceable in accordance with its terms.

2.2.4 No Litigation or Other Proceeding. To PV Arts' current actual knowledge, no litigation or other proceeding (whether administrative or otherwise) is outstanding or has been threatened, in writing, which would prevent, hinder or delay the ability of PV Arts to perform its obligations under this DDA.



2.2.5 No PV Arts Bankruptcy. PV Arts is not the subject of any bankruptcy proceeding, and no general assignment or general arrangement for the benefit of creditors or the appointment of a trustee or receiver to take possession of all or substantially all of PV Arts' assets has been made.

As used in this Section 2.2, "current, actual knowledge" means the current actual knowledge of Valéria Miranda. Until the issuance of a Certificate of Completion or earlier termination of this DDA, PV Arts shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 2.2 not to be true, promptly give written Notice of such fact or condition to City. The foregoing representations and warranties shall survive the Closing and continue until issuance of a Certificate of Completion.

### 3. TRANSFERS.

3.1 No Transfers Prior to Closing. The qualifications and identity of PV Arts are of particular concern to City. It is because of those unique qualifications and identity that City has entered into this DDA with PV Arts. Accordingly, PV Arts may not assign or transfer this DDA to any other person or entity (each, a "**Transfer**").

3.2 Transfers Following Closing. Following the Closing and until such time as the termination of the Transfer restrictions pursuant to Section 3.4 below, the process set forth in this Section 3.2 shall apply to any proposed Transfer. PV Arts shall notify City of any proposed Transfer at least thirty (30) days prior to completing any Transfer. Except as otherwise provided in this Section 3.2, the City Council may withhold, condition or delay its approval of a Transfer in its sole and absolute discretion. Prior to consideration by the City Council of any proposed Transfer, PV Arts shall deliver to City the form of a proposed written assignment and assumption agreement in which the Transferee expressly agrees to assume the rights and obligations of PV Arts under this DDA that arise after the effective date of the Transfer, and in which the Transferee agrees to assume or the Transferor remains responsible for performance of all obligations of PV Arts that arose prior to the effective date of the Transfer. The assignment and assumption agreement shall be in a form reasonably acceptable to the City. No later than ten (10) business days after the date said Transfer becomes effective, PV Arts shall deliver to City a fully executed original of the assignment and assumption agreement.

3.3 Permitted Transfers. Notwithstanding any other provision of this DDA to the contrary, each of the following Transfers are permitted and shall not require City consent under Section 3.1 and Section 3.2 (each, a "**Permitted Transfer**"):

3.3.1 Any Transfer for financing purposes to secure the funds necessary for the Renovation Work; or

3.3.2 Lease(s) or agreement(s) for use of permitted uses, including studio space(s), gallery space(s), and art retail space.

PV Arts shall give at least ten (10) business days' prior written Notice to City of a Permitted Transfer, except that no such Notice shall be required for any Permitted Transfer once the termination of Transfer Restrictions has occurred pursuant to Section 3.4 below. In addition,

City shall be entitled to review such documentation as may be reasonably required by City to confirm the proposed Transfer is a Permitted Transfer.

3.4 Termination. Once the City has issued a Certificate of Completion, the restrictions of this Section 3 shall terminate.

#### 4. DISPOSITION OF THE PROPERTY.

4.1 Purchase and Sale. Subject to the terms, covenants and conditions of this DDA, PV Arts shall purchase from City and City shall sell to PV Arts the Building Property, together with an easement in favor of PV Arts, if necessary for utilities, as may be set forth in the Grant Deed and subject to those easements reserved to City in the Grant Deed.

4.2 Purchase Price. The purchase price for the Building Property is One Million One Hundred Fifty Thousand Dollars (\$1,150,000) ("**Purchase Price**") which the parties agree is equal to the current fair market value of the Building Property. The Purchase Price shall be payable by PV Arts to City as follows:

4.2.1 ENA Deposit. In connection with the ENA, PV Arts previously delivered Ten Thousand Dollars (\$10,000) (the "**ENA Deposit**") to City. Within ten (10) days following the Effective Date, City shall cause the ENA Deposit to be deposited into Escrow for the account of PV Arts.

4.2.2 Purchase Price Balance. PV Arts shall deposit into Escrow the balance of the Purchase Price less the ENA Deposit in cash or other immediately available funds prior to the Closing.

#### 4.3 Escrow.

4.3.1 Opening of Escrow. Within three (3) business days after the Effective Date, the Parties shall open an escrow (the "**Escrow**") with Escrow Holder, at Escrow Holder's office. The Escrow shall be deemed opened when the Parties have delivered an executed copy of this DDA to Escrow ("**Opening of Escrow**"), which delivery may be made by email.

4.3.2 Closing Costs. City shall pay one half (1/2) and PV Arts shall pay one half (1/2) of the premium for a CLTA Owner's policy of title insurance for the conveyance of the Building Property ("**CLTA Owner's Title Policy**"). PV Arts shall pay the cost of any special title endorsements which PV Arts elects to obtain, the premium for any ALTA Owner's policy of title insurance ("**ALTA Owner's Title Policy**") and the cost of any ALTA survey for the Building Property ("**ALTA Survey**") desired by PV Arts. Recording fees, if any, for the Grant Deed shall be paid by PV Arts. City shall pay all County transfer taxes. City transfer taxes, if any, shall be paid one half (1/2) by City and one half (1/2) by PV Arts. Any other closing costs and expenses not specifically allocated to one of the Parties hereunder shall be paid according to the custom in the County as determined by Escrow Agent and reflected on the settlement statement.

4.3.3 Escrow Instructions. This DDA constitutes the joint escrow instructions of PV Arts and City with respect to the conveyance of the Building Property to PV Arts, and the



Escrow Agent to whom these instructions are delivered is hereby empowered to act under this DDA. The Parties shall use reasonable good faith efforts to close the Escrow for the conveyance of the Building Property in the shortest possible time. Insurance policies for fire or casualty are not to be transferred, and City shall cancel its own policies, if any, as of the Closing. All funds received in the Escrow shall be deposited for the benefit of the depositing Party in any state or national bank doing business in the State of California. All disbursements shall be made by check or wire transfer from such accounts. If, in the opinion of either Party, it is necessary or convenient in order to accomplish the Closing, such Party may provide supplemental escrow instructions; provided that if there is any inconsistency between this DDA and the supplemental escrow instructions, then the provisions of this DDA shall control. The Closing shall take place as set forth in Sections 4.8 and 4.9 below. Escrow Agent is instructed to release City's and PV Arts' escrow closing statements to the respective Parties.

4.3.4 Authority of Escrow Agent. Escrow Agent is authorized to, and shall:

(a) Pay and charge City one half (1/2) of and PV Arts one half (1/2) of the premium of the CLTA Owner's Title Policy, and pay and charge PV Arts for the cost of any endorsements thereto as requested by PV Arts.

(b) Pay and charge PV Arts for the incremental premium of any ALTA Owner's Title Policy and ALTA Survey, if desired by PV Arts.

(c) Pay and charge PV Arts one half (1/2) of and City one half (1/2) of escrow fees, charges, and costs.

(d) Disburse the Purchase Price, less City's share of Closing costs, to City and record the Grant Deed when both PV Arts Conditions Precedent and City Conditions Precedent have been fulfilled or waived in writing by PV Arts and City, as applicable. Immediately following recordation of the Grant Deed, Escrow Agent shall record all recordable documents delivered into escrow for the Closing.

(e) Do such other actions as necessary, including obtaining and issuing the CLTA Owner's Title Policy or ALTA Owner's Title Policy, to fulfill its obligations under this DDA.

(f) Direct City and PV Arts to execute and deliver any instrument, affidavit or statement, and to perform any act, which is reasonably necessary to comply with the provisions of FIRPTA, if applicable, and any similar state act and regulations promulgated thereunder.

(g) Prepare and file with all appropriate governmental or taxing authorities uniform settlement statements, closing statements, tax withholding forms including IRS 1099-S forms, and be responsible for withholding taxes, if any such forms are provided for or required by law.



#### 4.4 Title Review; Preparation of Surveyed Metes and Bounds Legal Description.

4.4.1 Title Report. Title Company shall issue and deliver to City and PV Arts a Preliminary Title Report for the Building Property, together with legible copies of the documents underlying the exceptions set forth in the Preliminary Title Report ("**Title Report**") no later than three (3) business days following the Opening of Escrow.

#### 4.4.2 PV Arts' Title Review.

(a) PV Arts shall have ten (10) days from the receipt of the Title Report and, if requested by PV Arts, ALTA Survey ("**Title Review Period**") within which to notify City of any exceptions to title as shown in the Title Report to which PV Arts disapproves. Any exceptions which are timely disapproved by PV Arts in writing pursuant to this Section 4.4.2 shall be referred to collectively as the "**Title Objections**". If PV Arts fails to notify City of its disapproval of any matters shown in the Title Report within the Title Review Period, PV Arts shall conclusively be deemed to have approved such matters. Matters shown on the Title Report to which PV Arts does not object shall be included within the term "**Permitted Exceptions**." Notwithstanding the foregoing, PV Arts expressly acknowledges and agrees that the following shall be Permitted Exceptions and PV Arts shall not object to the following: (i) the Declaration of Affordable Housing Restrictions, in substantially the form attached hereto as Exhibit C ("**Affordable Housing Declaration**"); (ii) the conditions, including use restrictions, in the Grant Deed; and (iii) the Covenants, Conditions and Restrictions Regarding Building Use by PV Arts for the benefit of Community Vision ("**Community Vision CC&R's**").

(b) If PV Arts notifies City of any Title Objections within the Title Review Period then, at City's sole discretion, City may elect (but shall not be obligated) to remove or cause to be removed any of the Title Objections at City's expense, which removal shall be subject to PV Arts' reasonable approval. City may notify PV Arts in writing ("**City's Title Notice**") within five (5) days after receipt of PV Arts' notice of Title Objections ("**City's Cure Notice Period**") whether City elects to remove the same, and, by the Closing, City shall remove those Title Objections elected to be removed by City in City's Title Notice. City's failure to deliver City's Title Notice to PV Arts shall constitute City's election not to cure such Title Objections.

(c) If City elects or is deemed to have elected not to cause any Title Objections to be removed, PV Arts may elect, by Notice to City within two (2) business days, to terminate this DDA, in which event each Party shall promptly execute and deliver to Escrow Agent such documents as Escrow Agent may reasonably require to evidence such termination and the respective obligations of PV Arts and City under this DDA shall terminate, except as to matters which expressly survive termination, and City shall promptly instruct Escrow Agent to return the ENA Deposit to PV Arts. PV Arts' failure to give such Notice of termination on or before such date shall constitute PV Arts' waiver of any Title Objections which City is unwilling to cure, in which event such Title Objections shall be deemed acceptable to PV Arts and the Closing shall occur as herein provided.

4.4.3 Preparation and Approval of Surveyed Metes and Bounds Legal Descriptions. Prior to the Closing, City shall cause a licensed surveyor to prepare the following:

(a) A surveyed metes and bounds legal description for the Building Property as depicted on Exhibit A-1 to this Agreement, which legal description shall be substituted as Exhibit A-1 to this Agreement and become a part hereof for all purposes and also shall be used as the legal description in Attachment No. 1 of the Grant Deed and Attachment No. 1 of the Certificate of Completion;

(b) A surveyed metes and bounds legal description for an easement for utilities in, on, across, over, or under the Building Property for the benefit of the Remainder Property, in the location(s) described therein, which legal description shall be attached to the Grant Deed;

(c) A surveyed metes and bounds legal description for an easement for ingress and egress to the Remainder Property by the existing driveway(s) on the Building Property shown on Exhibit A, which legal description shall be attached to the Grant Deed; and

(d) If necessary, a surveyed metes and bounds legal description for an easement for utilities in, on, across, over, or under the Remainder Property for the benefit of the Building Property, in the location(s) described therein, which legal description shall be attached to the Grant Deed.

4.5 City Conditions Precedent. City's obligation to proceed with the disposition of the Building Property to PV Arts pursuant to the terms of this DDA is subject to the fulfillment or waiver by City of each and all of the conditions precedent described below ("**City Conditions Precedent**"). The City Conditions Precedent are solely for the benefit of City and shall be fulfilled or waived within the time periods provided for herein, and in any event, no later than the Outside Closing Date:

4.5.1 No Default. PV Arts shall not be in material Default under this DDA and no event shall have occurred which with the passage of time or giving of Notice or both would constitute a material default by PV Arts hereunder.

4.5.2 Execution of Documents. PV Arts shall have executed and acknowledged the Grant Deed, and PV Arts shall have executed (and, where appropriate, acknowledged) and delivered into Escrow and all other documents that PV Arts is required to deliver into escrow pursuant to Section 4.7.1.

4.5.3 Grant Funding. PV Arts shall have provided City with Notice and supporting documentation that Community Vision, PV Arts' grant sponsor, is ready to disburse a \$540,000.00 grant to PV Arts on or before the Closing.

4.6 PV Arts Conditions Precedent. PV Arts' obligation to proceed with the purchase of the Building Property pursuant to the terms of this DDA is subject to the fulfillment or waiver by PV Arts of each and all of the conditions precedent described below ("**PV Arts Conditions Precedent**"). The PV Arts Conditions Precedent are solely for the benefit of PV Arts and shall be fulfilled or waived within the time periods provided for herein, and in any event, no later than the Outside Closing Date.



4.6.1 No Default by City. City shall not be in Default under this DDA, and no event shall have occurred which with the passage of time or giving of Notice or both would constitute a default hereunder.

4.6.2 Execution of Documents. City and PV Arts shall have executed and acknowledged the Grant Deed and Affordable Housing Declaration, and City shall have executed (and, where appropriate, acknowledged) and delivered into Escrow all other documents that City is required to deliver into escrow pursuant to Section 4.7.2.

4.6.3 Legal Description or Parcel Map. City shall have caused a licensed surveyor to prepare a metes and bounds legal description for the Building Property or alternatively a parcel map, establishing the Building Land as a separate legal parcel in accordance with the Subdivision Map Act.

4.6.4 Review and Approval of Title. PV Arts shall have reviewed and approved the condition of title to the Building Property.

4.6.5 Title Policy. The Title Company shall, upon payment of Title Company's regularly scheduled premium, be irrevocably committed to issue the CLTA Owner's Title Policy or ALTA Owner's Title Policy in the amount of the Purchase Price.

4.7 Closing Documents.

4.7.1 At or before the Closing, PV Arts shall deposit into Escrow the following items with respect to the Building Property:

(a) Funds in an amount necessary to consummate the Closing, including the Purchase Price and PV Arts' share of closing costs set forth in Section 4.3.2;

(b) One (1) original executed and acknowledged Grant Deed;

(c) One (1) original executed Preliminary Change of Ownership Report for the Building Property;

(d) One (1) original executed Community Vision CC&R's; and

(e) One (1) original executed closing settlement statement.

4.7.2 At or before the Closing, City shall deposit into Escrow the following items with respect to the Building Property:

(a) One (1) original executed and acknowledged Affordable Housing Declaration;

(b) One (1) original executed and acknowledged Grant Deed;



(c) One (1) duly executed non-foreign certification for the Building Property in accordance with the requirements of Section 1445 of the Internal Revenue Code of 1986, as amended;

(d) One (1) duly executed California Form 593-W Certificate for the Building Property or comparable non-foreign person affidavit; and

(e) One (1) original executed closing settlement statement.

4.8 Time of Closing. The Closing shall occur on or before the date on which all PV Arts Conditions Precedent and City Conditions Precedent have been satisfied or waived in writing. The Closing is targeted to take place on July 15, 2022 but the Closing shall in no event occur later than July 29, 2022 (the “**Outside Closing Date**”).

4.9 Closing Procedure. Escrow Holder shall close Escrow as follows:

4.9.1 Prior to any other documents, record the Affordable Housing Declaration;

4.9.2 Record the Grant Deed with instructions for the County Recorder to send the Grant Deed to PV Arts;

4.9.3 Record the Community Vision CC&R’s with instructions for the County Recorder to send the Community Vision CC&R’s to Community Vision;

4.9.4 Instruct the Title Company to deliver the CLTA Owner’s Title Policy or the ALTA Owner’s Title Policy to PV Arts; and

4.9.5 Forward to PV Arts and City an accounting of all funds received and disbursed for each Party and conformed copies of all executed and recorded or filed documents, with the recording or filing date shown thereon.

4.10 AS-IS CONVEYANCE. PV ARTS SPECIFICALLY ACKNOWLEDGES AND AGREES THAT CITY IS SELLING AND PV ARTS IS PURCHASING THE BUILDING PROPERTY ON AN “AS IS WITH ALL FAULTS” BASIS, CONDITION AND STATE OF REPAIR INCLUSIVE OF ANY AND ALL FAULTS AND DEFECTS, LEGAL, PHYSICAL, OR ECONOMIC, WHETHER KNOWN OR UNKNOWN, AS MAY EXIST AS OF THE CLOSING (“**AS-IS CONDITION**”) AND THAT, EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS DDA, PV ARTS IS NOT RELYING ON ANY REPRESENTATIONS OR WARRANTIES FROM CITY OR ANY OF CITY’S ELECTED OFFICIALS, OFFICERS, AGENTS, EMPLOYEES, REPRESENTATIVES OR ATTORNEYS (EACH, A “**CITY PARTY**” AND COLLECTIVELY, “**CITY PARTIES**”) AS TO ANY MATTERS CONCERNING THE BUILDING PROPERTY.

4.11 Independent Investigation. PV Arts acknowledges, agrees, represents, and warrants that, prior to Closing, PV Arts will have been given a full opportunity to obtain, review, inspect and investigate in accordance with this Section 4.11, and if PV Arts proceeds with the Closing PV Arts will be deemed to have accepted, each and every aspect of the Building Property, either independently or through agents of PV Arts’ choosing, including the following:

4.11.1 The size and dimensions of the Building Property.

4.11.2 The availability and adequacy of water, sewage, fire protection, and any other utilities serving the Building Property.

4.11.3 All matters relating to title including extent and conditions of title to the Building Property, taxes, assessments, and liens.

4.11.4 All legal and governmental laws, statutes, rules, regulations, ordinances, restrictions or requirements concerning the Building Property, including, without limitation, zoning, use permit requirements and building codes.

4.11.5 Natural hazards, including, without limitation, flood plain issues, currently or potentially concerning or affecting the Building Property.

4.11.6 The physical, legal, economic and environmental condition and aspects of the Building Property, and all other matters concerning the conditions, use or sale of the Building Property, including, without limitation, any permits, licenses, agreements, liens, zoning reports, engineers' reports and studies and similar information relating to the Building Property. Such examination of the condition of the Building Property has included examinations for the presence or absence of Hazardous Materials as PV Arts deemed necessary or desirable.

4.11.7 Any easements and/or access rights affecting the Building Property.

4.11.8 Any contracts and other documents or agreements affecting the Building Property.

4.11.9 All other matters of material significance affecting the Building Property.

If PV Arts determines that any of the above aspects of the Building Property are not satisfactory, PV Arts may terminate this DDA prior to Closing by providing Notice to City. Upon such termination, the ENA Deposit and any other funds deposited by PV Arts into Escrow shall be returned to PV Arts, and neither Party shall have any rights against, or liability to, the other under this DDA, except that the release, waiver and indemnification provisions set forth in Sections 4.12 and 4.13 below shall survive such termination and shall remain in full force and effect.

#### 4.12 PV Arts Investigation Obligations.

4.12.1 Subject to City's prior written consent to and, approval of the scope of PV Arts' proposed investigative work, PV Arts may perform, or cause to be performed through its employees, agents, representatives, subcontractors, or contractors (each, a "**PV Arts Party**"), sampling, testing, studies or assessments (including without limitation any underground/subsurface testing (i.e., soil, groundwater, etc.) of the Building Property ("**Investigations**"). PV Arts shall provide City with at least three (3) days' Notice of its desire to perform Investigations. All Investigations shall be performed in accordance with all applicable laws, rules, ordinances or regulations of any government or other body, and shall be performed by competent, qualified and licensed contractors. PV Arts agrees that it shall promptly provide to



City the results of all Investigations upon the conclusion thereof, provided that in no event shall PV Arts be obligated to deliver to City any proprietary, confidential information developed by PV Arts or its agents or consultants in connection with the Building Property.

4.12.2 PV Arts agrees to restore the Building Property to the condition it was in prior to PV Arts' entry onto the Building Property, and such obligation to restore shall survive any termination of this DDA.

4.12.3 PV Arts shall indemnify, defend and hold harmless City from and against all Claims, arising from or as a result of: (i) any actual or alleged accident, injury, loss, or damage whatsoever caused to any person, or to the property of any person alleged to have occurred in or about Building Property, in connection with the Investigations as provided herein, (ii) any actual or alleged act or omission whatsoever or actual or alleged negligence of PV Arts or any PV Arts Party occurring in connection with the Investigations, and/or (iii) any contamination occurring to land, water, and/or air alleged to have occurred as a result of the Investigations (but excluding the mere discovery of any pre-existing Hazardous Materials contamination). Such indemnity, defense and hold harmless agreements shall survive the Closing or termination of this DDA and shall not be merged upon delivery and acceptance of the Grant Deed or upon payment of the Purchase Price by PV Arts to City.

4.12.4 Prior to any entry upon the Building Property, by PV Arts or any PV Arts Party, PV Arts shall provide City evidence of insurance in forms and amounts reasonably acceptable to City which covers any PV Arts Party for Investigations as well as the indemnification provided herein.

4.13 Waivers and Releases. PV Arts hereby waives and releases City and City Parties from any and all manner of Claims or other compensation whatsoever, in law or equity, of whatever kind or nature, whether known or unknown, direct or indirect, foreseeable or unforeseeable, absolute or contingent, now existing or which may in the future arise, including lost business opportunities or economic advantage, and special and consequential damages, arising out of, directly or indirectly, or in any way connected with: (i) all warranties of whatever type or kind with respect to the physical or environmental condition of the Building Property, whether express, implied or otherwise, including those of fitness for a particular purpose, tenantability, habitability or use; (ii) use, management, ownership or operation of the Building Property, whether before or after Closing; (iii) the physical, environmental or other condition of the Building Property; (iv) the application of, compliance with or failure to comply with any and all Applicable Laws with respect to the Building Property; (v) Hazardous Materials in, on, under or about the Building Property; and (vi) the As-Is Condition of the Building Property; the foregoing are collectively referred to as "**Property Claims**". By releasing and forever discharging the Property Claims, PV Arts expressly waives any rights under California Civil Code Section 1542, which provides:



“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

INITIALS: PV ARTS TCG.

5. DEVELOPMENT.

5.1 Entitlements. Before commencing the Renovation Work, PV Arts shall apply for and use diligent, good faith efforts to expeditiously obtain all necessary entitlements, permits, and approvals for such work.

5.2 Renovation Work. As soon as practicable following the Closing, PV Arts, at its expense, shall construct and develop the Project consistent with the Scope of Work and otherwise in accordance with the City Discretionary Entitlements and the City Ministerial Permits. All such work related to the Project shall be performed by licensed contractors.

5.3 Compliance with Laws. PV Arts, at its expense, shall carry out the Renovation Work, all of its other obligations under this DDA, and any future development of the Building Property in conformity with all Applicable Laws. PV Arts shall defend, indemnify and hold harmless City and City Parties from and against any and all present and future Claims, arising out of or in any way connected with PV Arts' failure to carry out the Renovation Work, any of its other obligations under this DDA, and any future development of the Building Property in conformity with any Applicable Laws. PV Arts hereby waives, releases and discharges forever City and City Parties from any and all present and future Claims arising out of or in any way connected with PV Arts' failure to carry out the Renovation Work, any of its other obligations under this DDA, and any future development of the Building Property in conformity with any Applicable Laws.

5.4 Capital Campaign.

5.4.1 Within one hundred eighty (180) days following the Closing, PV Arts shall provide City with evidence reasonably satisfactory to City that PV Arts has selected a manager for its fundraising campaign for the Renovation Work and ongoing maintenance of the Building Property (“**Capital Campaign**”).

5.4.2 Not less than thirty (30) days after the expiration of the first full calendar quarter following the Closing and until such time as the Capital Campaign is complete, PV Arts shall provide City with quarterly progress reports regarding the funds raised by the Capital Campaign during the previous quarter and/or any other fundraising efforts PV Arts has undertaken during the previous quarter.

5.5 Construction Schedule; Progress Reports; Diligent Construction. Prior to commencing the Renovation Work, PV Arts shall prepare and submit a construction schedule to

City. Quarterly until the Renovation Work is complete, PV Arts shall prepare and submit to City a written progress report outlining the components of the Renovation Work that were completed in the previous quarter and the components of Renovation Work that were commenced or undertaken in the previous quarter with an estimated completion date for each component of Renovation Work.

5.6 Certificate of Completion. Following Substantial Completion of the Renovation Work, City shall furnish PV Arts with a “**Certificate of Completion**” substantially in the form of Exhibit D attached hereto and incorporated herein by this reference. So long as the criteria set forth herein is satisfied for PV Arts to obtain a Certificate of Completion, then City shall furnish said Certificate within ten (10) business days’ request from PV Arts for same. The Certificate of Completion shall be, and shall state that it is, conclusive determination of satisfactory completion of the Renovation Work required by this DDA.

After issuance of such Certificate of Completion, any person then owning or thereafter purchasing, leasing or otherwise acquiring any interest in the Building Property covered by said Certification of Completion shall not (because of such ownership, purchase, lease or acquisition) incur any obligation or liability under this DDA except for the obligations under Section 8 (Right of First Offer) which shall continue in effect for the time set forth therein. Except as otherwise provided herein, after the issuance of a Certificate of Completion, neither City nor any other person shall have any rights, remedies or controls with respect to the Building Property (or such portion thereof) that it would otherwise have or be entitled to exercise under this DDA as a result of a default in or breach of any provision of this DDA, and the respective rights and obligations of the Parties with reference to the Building Property (or portion thereof) shall be, as applicable, as set forth in the Grant Deed and in Section 8, and other documents to be recorded against the Building Property pursuant to this DDA.

5.7 Liens and Stop Notices. PV Arts shall not allow to be placed on the Building Property or any part thereof any lien or stop notice arising from any work or materials performed or provided or alleged to have been performed or provided by PV Arts’ contractors, subcontractors, agents or representatives. If a claim of a lien or stop notice is given or recorded affecting the Building Property, PV Arts shall within thirty (30) days of such recording or service: (i) pay and discharge the same; or (ii) effect the release thereof by recording and delivering a surety bond in sufficient form and amount.

5.8 Occupancy. Nothing in this Agreement shall prevent PV Arts from occupying and operating the Building Property during performance of the Renovation Work, so long as such occupancy and operation does not violate any Applicable Laws and conditions of applicable permits and entitlements.

## 6. INSURANCE AND INDEMNITY.

### 6.1 Insurance Requirements.

6.1.1 Insurance Policies. Prior to commencing any Renovation Work and continuing until Substantial Completion of such work, PV Arts shall take out and maintain or shall cause its contractor to take out and maintain, a commercial general liability policy with a



minimum limit of Three Million Dollars (\$3,000,000.00) per occurrence for bodily injury, personal injury and property damage, or such other higher policy limits as may be required by PV Arts' lenders or other institutions providing financing for the Renovation Work (if any). Coverage shall be at least as broad as Insurance Services Office Commercial General Liability coverage (occurrence Form CG 0001). If commercial general liability insurance or other form with a general aggregate is used, the general aggregate limit shall be at least Five Million Dollars (\$5,000,000.00). PV Arts shall also take out and maintain or cause its Project Manager and each of its contractors to take out and maintain a comprehensive automobile liability policy in an amount not less than Two Million Dollars (\$2,000,000.00).

Until Substantial Completion of the Renovation Work, PV Arts shall also obtain and maintain builder's all-risk insurance in an amount not less than the full insurable cost of the Building on a replacement cost basis, or such other greater policy limits as may be required by PV Arts' lenders or other institutions providing financing for the Renovation Work (if any), and shall furnish or cause to be furnished to City evidence satisfactory to City that PV Arts and any contractor with whom it has contracted for the performance of work on the Building Property or otherwise pursuant to this DDA carries workers' compensation insurance as required by law.

Companies writing the insurance required hereunder shall be licensed to do business in the State of California. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than Class A, Category VII, or otherwise acceptable to City. The commercial general liability and comprehensive automobile policies hereunder shall name City and City Parties as additional insureds with respect to liability arising out of work or operations performed by or on behalf of PV Arts on or about the Building Property, including materials, parts or equipment furnished in connection with such work or operations.

6.1.2 Certificates of Insurance. PV Arts shall furnish City with a certificate of insurance evidencing the required insurance coverage and a standard additional insured endorsement. To the extent provided by the insurance carrier, the insurance policies shall be endorsed to notify City of any cancellation, termination or change that has a negative material effect on the coverage relative to the Building Property at least thirty (30) days in advance of the effective date of any such cancellation, termination or material change. Coverage provided hereunder by PV Arts shall be primary insurance and shall not be contributing with any insurance, self-insurance or joint self-insurance maintained by City, and the policy shall so provide. Any insurance, self-insurance or joint self-insurance maintained by City shall be in excess of and shall not contribute with the insurance required to be maintained by PV Arts. The insurance policies shall contain a waiver of subrogation for the benefit of City. The required certificate and endorsement for the Project shall be furnished by PV Arts to City prior to commencing any Renovation Work.

6.2 Indemnification. PV Arts shall indemnify, defend (with counsel reasonably acceptable to City), protect and hold City and City Parties, harmless from (a) any and all Claims arising from the performance of the Renovation Work, whether by PV Arts or by anyone directly or indirectly employed or contracted with by PV Arts and (b) any and all third party Claims, including Claims asserted by any tenants or other occupants of the Building Property, arising out of the actual or alleged presence or release of any Hazardous Materials on, about or from the Building Property following the Closing, whether such Claims shall accrue or be discovered



before or after the Closing. PV Arts' indemnity obligations under this Section 6.2 shall not extend to Claims caused primarily or solely by the active negligence or willful misconduct of City or City Parties. Insurance limits shall not operate to limit PV Arts' indemnity obligations under this Section 6.2.

## 7. DEFAULT AND TERMINATION

7.1 Default. Failure by either Party to perform any action or covenant required by this DDA within thirty (30) days following receipt of Notice from the other party specifying the failure shall constitute a "**Default**" under this DDA; provided, however, that (a) failures of conditions precedent set forth in Sections 4.5 and 4.6 shall not be subject to the thirty (30) day cure period and (b) if the failure to perform cannot be reasonably cured within such thirty (30) day period, a Party shall be allowed additional time as is reasonably necessary to cure the failure so long as such Party commences to cure the failure within the thirty (30) day period and thereafter diligently prosecutes the cure to completion. Upon occurrence of such Default and without any right to further Notice or additional cure period, the non-defaulting Party shall have all remedies available to it under this DDA, including the right to terminate this DDA as set forth in Sections 7.2 or 7.3 below.

7.2 Default Remedies. Upon the occurrence of a Default by PV Arts, City shall have the right, in addition to any other rights or remedies, to institute any action at law or in equity (including, without limitation, nuisance and code enforcement actions) to cure, correct, prevent or remedy such Default, including the recovery of actual damages. PV Arts' remedies in the event of a Default by City shall be limited to obtaining specific performance or injunctive relief, or terminating this DDA and receiving a refund of any funds deposited with Escrow. Such legal actions must be instituted in the Superior Court of the County of Santa Cruz, State of California, or in the Federal District Court for the Northern District of the State of California. Notwithstanding anything herein to the contrary, neither Party shall have the right to recover any consequential, special or punitive damages in the event of a Default by the other Party.

7.3 Termination. In addition to the termination provided for under Sections 4.4 and 4.11, this DDA may be terminated if there is an uncured Default, after Notice from the Party not in Default and expiration of all cure periods.

7.4 Rights and Remedies Are Cumulative. The rights and remedies of the Parties are cumulative, and the exercise by either Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other Party, except as otherwise expressly provided herein.

7.5 No Waiver. Any failures or delays by either Party in asserting any of its rights and remedies as to any Default shall not operate as a waiver of any Default or of any such rights or remedies, or deprive either such Party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.



8. RIGHT OF FIRST OFFER.

8.1 If, at any time prior to the expiration of the use covenant set forth in the Grant Deed, PV Arts desires to sell the Building Property to a third-party, then, in addition to City's approval rights set forth in Section 3 above, PV Arts shall give City prior written notice thereof (the "**Offer Notice**") and the right of first offer to purchase the Building Property subject to and in accordance with the terms and conditions of this Section 8.1 and Section 8.2 below ("**ROFO**"). The Offer Notice shall set forth PV Arts' proposed purchase price for the Building Property and all of the other material terms and conditions upon which PV Arts, in its sole discretion, is willing to sell the Building Property, provided that the Offer Notice shall include the terms set forth in Section 8.2(i) through (v). City shall have thirty (30) days after receipt of an Offer Notice to deliver to PV Arts written notice that City unconditionally and irrevocably agrees to purchase the Building Property from PV Arts for the price and subject to the terms and conditions set forth in the Offer Notice (a "**City ROFO Acceptance**").

8.2 If City properly delivers a City ROFO Acceptance within the time set forth above, and in strict accordance with the requirements set forth herein, then the Parties shall promptly enter into a purchase and sale agreement in a form substantially similar to the AIR Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate (Non-Residential) ("**ROFO Transfer Agreement**") that shall include the following terms: (i) payment of the purchase price in cash, (ii) a closing date that is sixty (60) days after opening escrow pursuant to the ROFO Transfer Agreement, (iii) City's right to review and approve or disapprove the condition of title to the Building Property within thirty (30) days of opening escrow, (iv) City's right to review, inspect, and approve or disapprove the physical and environmental condition of the Building Property, the soils of the Building Property, and any leases affecting the Building Property within thirty (30) days of opening escrow, (v) any proposed restrictions on use and similar covenants that would bind the Building Property after transfer, and (vi) any other terms and conditions set forth in the Offer Notice, and PV Arts shall sell and transfer the Building Property to City in accordance with the terms and conditions of the ROFO Transfer Agreement; provided that upon closing PV Arts shall have no further obligations under this Agreement, other than those obligations which survive termination of this Agreement.

8.3 If City does not timely provide a City ROFO Acceptance, PV Arts may thereafter sell the Building Property to any prospective third party purchaser on the terms set forth in PV Arts' Offer Notice, or any other economic terms which are less favorable to the prospective purchaser (such as a higher sale price) than the terms set forth in the Offer Notice. If PV Arts does not enter into a purchase and sale agreement with a third party for the Building Property within twelve (12) months following delivery of the Offer Notice, City's ROFO shall be deemed revived and PV Arts may not sell the Building Property without first offering it to City in accordance with this section.

9. GENERAL PROVISIONS.

9.1 Notices, Demands and Communications Between the Parties. Any approval, disapproval, demand, document or other notice ("**Notice**") which either Party may desire or be required to give to the other Party under this DDA must be in writing and shall be given by certified mail, return receipt requested and postage prepaid, personal delivery, or reputable

overnight courier (but not by facsimile or email), to the Party to whom the Notice is directed at the address of the Party as set forth below, or at any other address as that Party may later designate by Notice.

To City: City of Watsonville  
275 Main Street, Suite 400  
Watsonville, CA 95076  
Attention: Tamara Vides, Assistant City Manager

With a copy to: City of Watsonville  
275 Main Street, Suite 400  
Watsonville, CA 95076  
Attention: Samantha Zutler, City Attorney

To PV Arts: Pajaro Valley Arts Council  
37 Sudden Street  
Watsonville, CA 95076  
Attention: Valéria Miranda

With a copy to: Shartsis Friese LLP  
One Maritime Plaza, 18th Floor  
San Francisco, CA 94111  
Attention: Tom Morell

Any Notice shall be deemed received on the date of delivery if delivered by personal service, on the date of delivery or refused delivery as shown by the return receipt if sent by certified mail, and on the date of delivery or refused delivery as shown by the records of the overnight courier if sent via nationally recognized overnight courier. Notices sent by a Party's attorney on behalf of such party shall be deemed delivered by such Party.

9.2 Successors and Assigns. Subject to the restrictions on PV Arts Transfers set forth in Section 3 above, all of the terms, covenants and conditions of this DDA shall be binding upon PV Arts and City and their respective permitted successors and assigns. Whenever the term "**PV Arts**" is used in this DDA, such term shall include any permitted successors and assigns as herein provided.

9.3 Enforced Delay; Extension of Times of Performance. Except as otherwise set forth in this DDA, and subject to the limitations set forth below, performance by either Party hereunder shall not be deemed to be in Default, and all performance and other dates specified in this DDA shall be extended, where delays are due to: war; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; acts of terror, epidemics; pandemics; quarantine restrictions; freight embargoes; unusually severe weather; government orders and any other acts or failures to act of any public or governmental agency ("**Force Majeure Conditions**"). An extension of time for any such cause shall be for the period of the Force Majeure Condition, and shall commence to run from the time of the commencement of the cause, if notice by the Party claiming such extension is sent to the other Party within thirty (30) days of the Party obtaining actual knowledge of the commencement of the cause.



9.4 Relationship Between City and PV Arts. It is hereby acknowledged that the relationship between City and PV Arts is not that of a partnership or joint venture and that City and PV Arts shall not be deemed or construed for any purpose to be the agent of the other. Accordingly, except as expressly provided herein or in the exhibits hereto, City shall have no rights, powers, duties or obligations with respect to the Renovation Work or the development, operation, maintenance or management of the Project. PV Arts shall indemnify, protect, hold harmless and defend City from any Claims made against City arising from a claimed relationship of partnership or joint venture between City and PV Arts with respect to the Renovation Work or the development, operation, maintenance or management of the Project.

9.5 City Approvals and Actions. Whenever a reference is made herein to an action or approval to be undertaken by City, the City Manager or his or her designee is authorized to act on behalf of City, unless specifically provided otherwise or the context requires otherwise.

9.6 Counterparts. This DDA may be signed in multiple counterparts each of which shall be deemed to be an original.

9.7 Integration. This DDA, including the exhibits hereto, contain the entire understanding between the Parties relating to the transactions contemplated by this DDA. All prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged in this DDA and shall be of no further force or effect. Each party is entering this DDA based solely upon the representations set forth herein and upon each Party's own independent investigation of any and all facts such party deems material.

9.8 Brokerage Commissions. City and PV Arts each represents to the other that it has not engaged the services of any finder or broker and that it is not liable for any real estate commissions, broker's fees, or finder's fees which may accrue by means of the acquisition of the Building Property as described in this DDA, or the negotiation and execution of this DDA. Each Party shall indemnify, defend, protect and hold the other Party harmless from any and all Claims based upon any assertion that such commissions or fees are allegedly due from the Party making such representations.

9.9 Titles and Captions. Titles and captions are for convenience of reference only and do not define, describe or limit the scope or the intent of this DDA or of any of its terms. References to section numbers are to sections in this DDA, unless expressly stated otherwise. References to specific section numbers shall include all subsections which follow the referenced section.

9.10 Interpretation. As used in this DDA, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others where and when the context so dictates. The words "include" and "including" shall be construed as if followed by the words "without limitation." The Parties acknowledge that each Party and his, her or its counsel have reviewed and revised this DDA and that the rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this DDA or any document executed and delivered by either Party in connection with this DDA.

9.11 Modifications. Any alteration, change or modification of or to this DDA, in order to become effective, shall be made in writing and in each instance signed on behalf of each Party.

9.12 Severability. If any term, provision, condition or covenant of this DDA or its application to any Party or circumstances shall be held, to any extent, invalid or unenforceable, the remainder of this DDA, or the application of the term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law.

9.13 Computation of Time. The time in which any act is to be done under this DDA is computed by excluding the first day, and including the last day, unless the last day is a holiday or Saturday or Sunday, and then that day is also excluded. The term "holiday" shall mean all holidays as specified in Sections 6700 and 6701 of the California Government Code. If any act is to be done by a particular time during a day, that time shall be Pacific Time Zone time.

9.14 Legal Advice. Each party represents and warrants to the other the following: they have carefully read this DDA, and in signing this DDA, they do so with full knowledge of any right which they may have; they have received independent legal advice from their respective legal counsel as to the matters set forth in this DDA, or have knowingly chosen not to consult legal counsel as to the matters set forth in this DDA; and, they have freely signed this DDA without any reliance upon any agreement, promise, statement or representation by or on behalf of the other Party, or their respective agents, employees, or attorneys, except as specifically set forth in this DDA, and without duress or coercion, whether economic or otherwise.

9.15 Time of Essence. Time is expressly made of the essence with respect to the performance by City and PV Arts of each and every obligation and condition of this DDA.

9.16 Cooperation. Each Party agrees to cooperate with the other in this transaction and, in that regard, shall execute any and all documents which may be reasonably necessary, helpful, or appropriate to carry out the purposes and intent of this DDA.

9.17 Conflicts of Interest. No City Council member, official or employee of City shall have any personal interest, direct or indirect, in this DDA, nor shall any such member, official or employee participate in any decision relating to the DDA which affects his personal interests or the interests of any corporation, partnership or association in which he is directly or indirectly interested.

9.18 Time for Acceptance of DDA by City. This DDA, when executed by PV Arts and delivered to City, must be authorized, executed and delivered by City on or before forty five (45) days after signing and delivery of this DDA by PV Arts or this DDA shall be void, except to the extent that PV Arts shall consent in writing to a further extension of time for the authorization, execution and delivery of this DDA.

9.19 Non-liability of Officials and Employees of City. No member, official or employee of City shall be personally liable to PV Arts, or any successor in interest, in the event



of any Default or breach by City or for any amount which may become due to PV Arts or its successors, or on any obligations under the terms of this DDA. PV Arts hereby waives and releases any claim it may have against the members, officials or employees of City with respect to any Default or breach by City or for any amount which may become due to PV Arts or its successors under the terms of this DDA.

9.20 Applicable Law; Venue. The laws of the State of California, without regard to its conflict of laws principles, shall govern the interpretation and enforcement of this DDA. The exclusive venue for any disputes or legal actions shall be the Superior Court of California in and for the County of Santa Cruz or the U.S. District Court, Northern California District.

[Signature Page Follows]

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

**CITY:**

**CITY OF WATSONVILLE**, a California  
municipal corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: City Manager

**PV ARTS:**

**PAJARO VALLEY ARTS COUNCIL**, a  
California nonprofit public benefit corporation

By: Trina Coffman G  
Name: Trina Coffman Gomez  
Its: PVA Board President

APPROVED AS TO FORM

By: \_\_\_\_\_  
Samantha Zutler, City Attorney

And

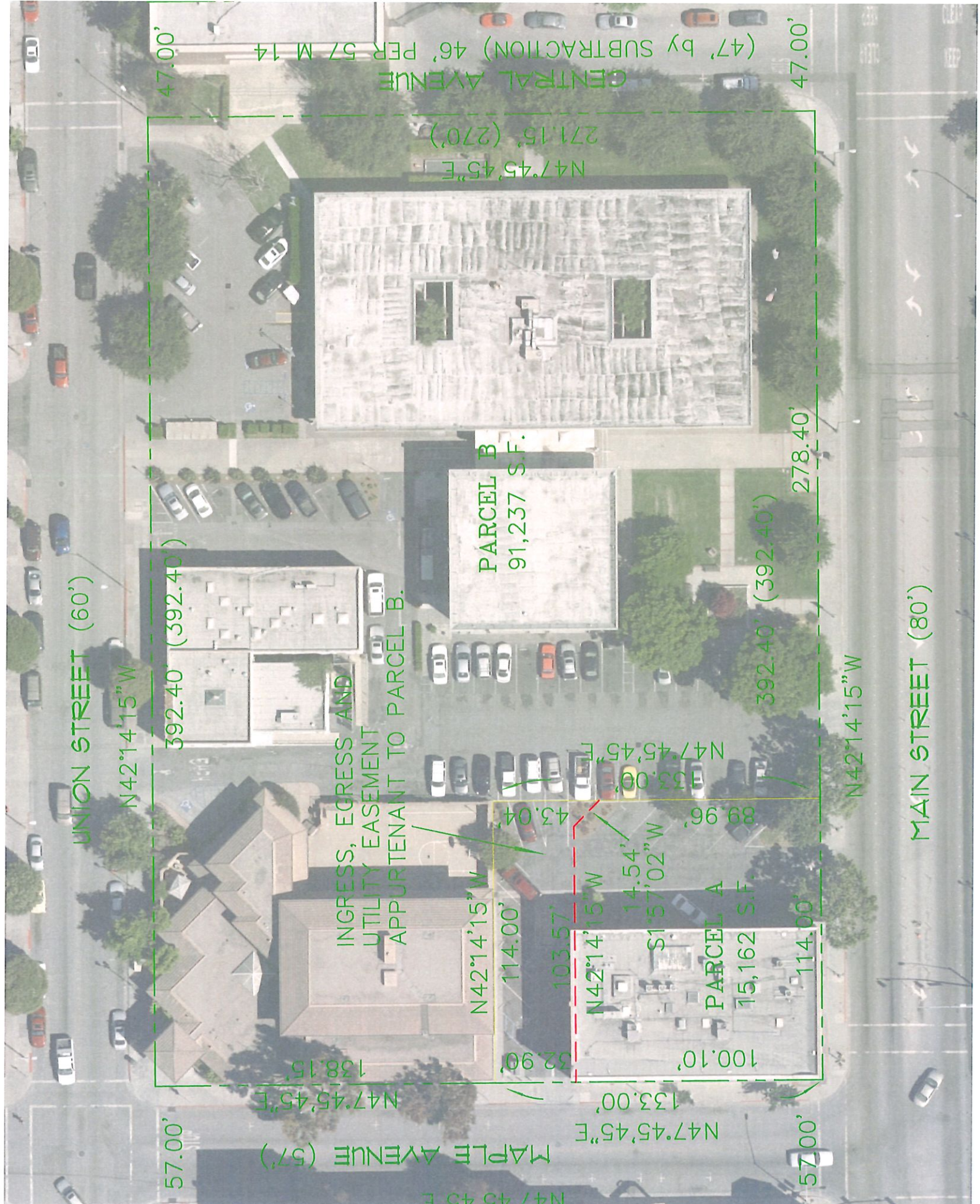
ATTEST:

By: \_\_\_\_\_  
Irwin Ortiz, City Clerk



**EXHIBIT A**

**SITE MAP**



UNION STREET (60')

N42°14'15"W

392.40' (392.40')

47.00'

MAPLE AVENUE (57')

N47°45'45"E

57.00'

INGRESS, EGRESS AND  
UTILITY EASEMENT  
APPURTENANT TO PARCEL B.

N42°14'15"W

114.00'

103.57'

N42°14'15"W

14.54'

S1°57'02"W

89.96'

PARCEL A

15,162 S.F.

100.10'

133.00'

N47°45'45"E

57.00'

PARCEL B  
91,237 S.F.

271.15' (270')

N47°45'45"E

392.40' (392.40')

278.40'

N42°14'15"W

MAIN STREET (80')

CENTRAL AVENUE

(47' by SUBTRACTION) 46' PER 57 M 14

47.00'



**EXHIBIT A-1**

**BUILDING PROPERTY**

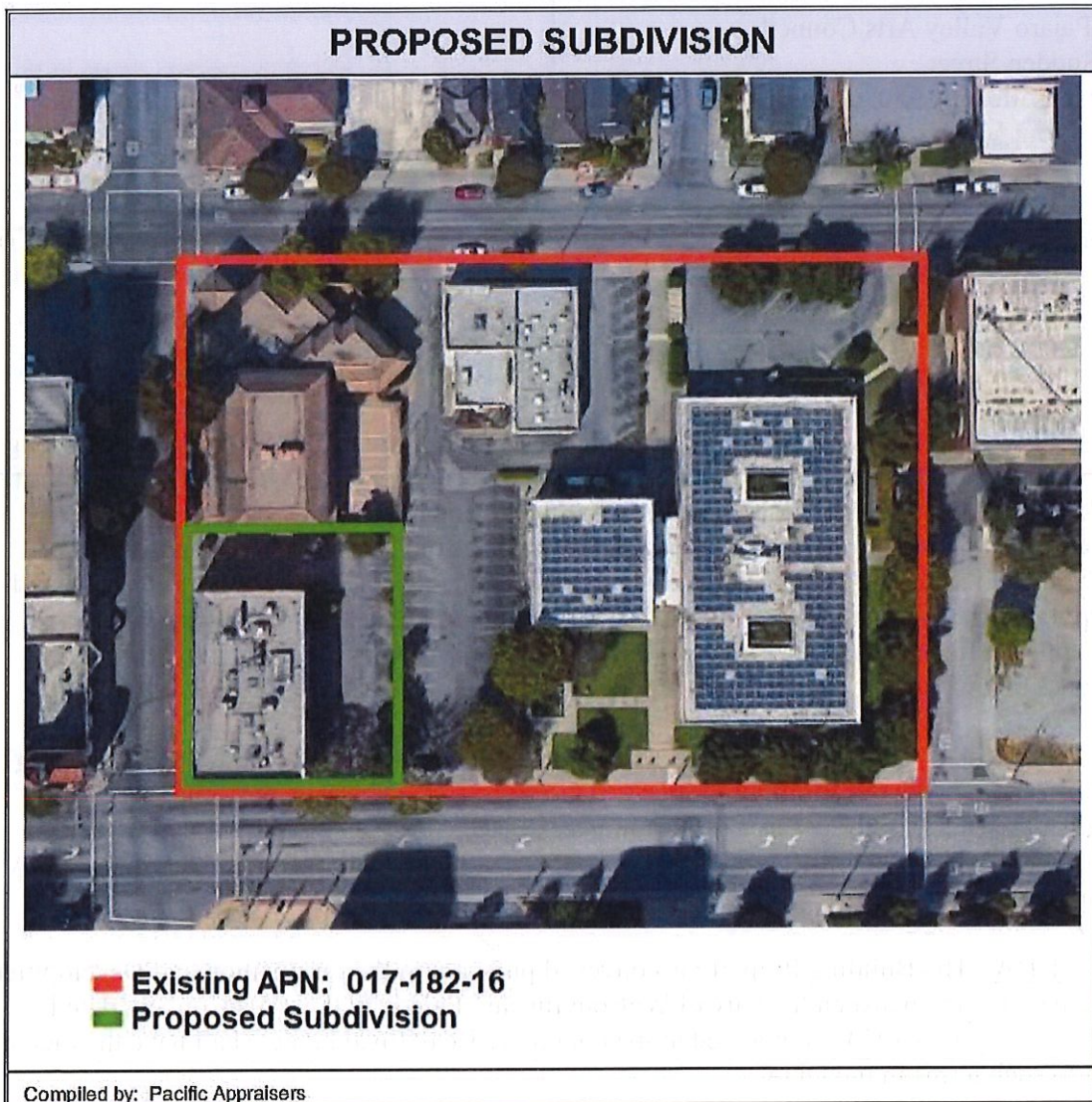


Exhibit B

GRANT DEED

**RECORDING REQUESTED BY  
AND WHEN RECORDED RETURN TO:**

c/o Pajaro Valley Arts Council  
37 Sudden Street  
Watsonville, CA 95076  
Attention: Valéria Miranda

[Exempt from recording fee per Gov. Code § 27383]

SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY

**GRANT DEED  
(INCLUDING COVENANTS)**

For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the CITY OF WATSONVILLE, a California municipal corporation ("**Grantor**") hereby grants to PAJARO VALLEY ARTS COUNCIL, a California nonprofit public benefit corporation ("**Grantee**"), the real property located in the City of Watsonville, County of Santa Cruz, California and described in Attachment No. 1 attached hereto (the "**Building Property**") and incorporated in this grant deed ("**Grant Deed**") by reference together with those certain easements set forth in Section 2 below; reserving unto Grantor those easements set forth in Section 3 below.

The Building Property is improved with a 12,000 square foot building (the "**Building**"). Grantor is conveying the Building Property to Grantee so that Grantee may rehabilitate and refurbish the Building for use as a performing arts space, art gallery exhibit space, and artist studio space and ancillary office space on the second story as more fully set forth in the DDA (defined below).

1. DDA. The Building Property is conveyed pursuant to the Disposition and Development Agreement by and between the City of Watsonville and Pajaro Valley Arts Council, dated \_\_\_\_\_ ("**DDA**"). Capitalized terms not otherwise defined herein shall have the meanings given to such terms in the DDA.
2. Grantor's Property. Prior to the execution of this Grant Deed, the Building Property was a part of a larger parcel identified as Assessor Parcel Number 017-182-16 ("**Larger Parcel**"). Grantor is retaining those portions of the Larger Parcel that are not described in Attachment No. 1 ("**Grantor's Property**.")
3. Grant Is Subject to Grantor's Reservation of Easements. The Building Property is conveyed and granted to Grantee subject to Grantor's reservation of the following easements:



3.1 An easement for utilities located in, on, across, over, or under the Building Property for the benefit of Grantor's Property ("**Grantor Utility Easement**"), the location(s) of the Grantor Utility Easement being more particularly described in Attachment No. \_\_; and

3.2 The following access easements on, across and over that portion of the Building Property described in Attachment No. \_\_ ("**Grantor Access Easement Area**") for the benefit of Grantor's Property: (a) pedestrian ingress and egress to and from Maple Street ("**Grantor Pedestrian Access Easement**"); (b) vehicular ingress from Maple Street ("**Grantor Vehicular Ingress Easement**"); and (c) subject to the terms and conditions set forth in Section 3.2.1, vehicular egress to Maple Street ("**Grantor Vehicular Egress Easement**").

3.2.1 Grantor, at its sole option, shall have the right to the Grantor Vehicular Egress Easement upon not less than ninety (90) days' prior written notice to Grantee, which notice Grantor may provide only in the event of a substantial redevelopment of Grantor's Property. From and after the date of such notice, Grantee shall cease all use of parking spaces within the Grantor Access Easement Area and Grantor, at its expense, may remove parking striping and any vehicular parking stops or curbs and construct and install such improvements within the Grantor Access Easement Area as are reasonably necessary to facilitate vehicular egress from Grantor's Property, as substantially redeveloped, to Maple Street. In the event Grantor exercises its option with respect to the Grantor Vehicular Egress Easement, Grantor shall make reasonable good faith efforts to mitigate the resulting loss of parking spaces available to Grantee and its employees, tenants and invitees.

4. [Insert if applicable: Grant of Easement to Grantee. Grantor further grants to Grantee an easement for utilities located in, on, across, over, or under Grantor's Property for the benefit of the Building Property ("**Grantee Utility Easement**"), the location(s) of the Grantee Utility Easement being more particularly described in Attachment No. \_\_, provided that Grantor may relocate the Grantee Utility Easement at Grantor's expense to accommodate future development of Grantor's Property. In the event that the Grantee Utility Easement is relocated, the parties shall execute a grant deed abandoning the old location, and describing the new location, of the Grantee Utility Easement and Grantor shall be responsible for the cost of preparing the legal description for the new location.]

5. Development and Use of the Building Property. Grantee hereby covenants and agrees, for itself, its successors, its assigns and every successor in interest to the Building, the Building Property or any part thereof, that until the 30<sup>th</sup> anniversary of the date of this Grant Deed the Building Property may only be used as a performing arts space and an art gallery exhibit space with ancillary uses on the ground floor and artist studio space and ancillary office space on the second floor, as more fully set forth in Grantee's development proposal submitted to Grantor in response to Grantor's request for proposals.

6. Maintenance. Grantee shall maintain the Building, improvements, and landscaping on the Building Property in a manner consistent with community standards which will uphold the value of the Building Property. Grantee shall maintain the Building, improvements, and landscaping on the Building Property in accordance with the requirements of Watsonville Municipal Code, state law, and federal law (including all federal and state Occupational and Safety Health Administration requirements).



7. Non-discrimination. Grantee covenants by and for itself, its heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the Grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

8. Effect, Duration and Enforcement of Covenants.

8.1 It is intended and agreed that the covenants and agreements set forth in this Grant Deed shall be covenants running with the land and that they shall be, in any event and without regard to technical classification or designation, legal or otherwise, to the fullest extent permitted by law and equity, (i) binding for the benefit and in favor of Grantor, as beneficiary; and (ii) binding against Grantee, its successors and assigns to or of the Building Property, the Building, and any improvements thereon or any part thereof or any interest therein, and any party in possession or occupancy of the Building Property, the Building, or the improvements thereon or any part thereof. The agreements and covenants herein shall be binding on Grantee itself, each successor in interest or assign, and each party in possession or occupancy, respectively, only for such period as it shall have title to or an interest in or possession or occupancy of the Building Property, the Building, or part thereof.

8.2 Grantee shall be entitled to written notice from Grantor and have the right to cure any alleged breach or violation of all or any of the covenants set forth in this Grant Deed; provided that Grantee shall cure such breach or violation within thirty (30) days following the date of written notice from Grantor, or in the case of a breach or violation not reasonably susceptible of cure within thirty (30) days, Grantee shall commence to cure such breach or violation within such thirty (30) day period and thereafter diligently to prosecute such cure to completion within a reasonable time.

9. Amendments. Only the Grantor, its successors and assigns, and the Grantee and the successors and assigns of the Grantee in and to all or any part of the fee title to the Building Property shall have the right to consent and agree to changes or to eliminate in whole or in part any of the covenants contained in this Grant Deed. For purposes of this Paragraph, successors and assigns of the Grantee shall be defined to include only those parties who hold all or any part of the Building Property in fee title, and shall not include a tenant, lessee, easement holder, licensee, mortgagee, trustee, beneficiary under deed of trust, or any other person or entity having an interest less than a fee in the Building Property.

10. Grantee's Acknowledgment. By its execution of this Grant Deed, Grantee has acknowledged and accepted the provisions hereof.



11. Counterparts. This Grant Deed may be executed in counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument.

*[Signatures on the Following Page]*

IN WITNESS WHEREOF, Grantor and Grantee have executed this Grant Deed as of this  
\_\_\_\_ day \_\_\_\_\_, 2022.

**GRANTOR:**

**CITY OF WATSONVILLE**, a  
California municipal corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: City Manager

ATTEST:

\_\_\_\_\_  
Irwin Ortiz, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Samantha Zutler, City Attorney

**GRANTEE:**

**PAJARO VALLEY ARTS COUNCIL**, a  
California nonprofit public benefit corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_



**ATTACHMENT NO. 1**  
**LEGAL DESCRIPTION OF BUILDING PROPERTY**

**ATTACHMENT NO. 2**

**LEGAL DESCRIPTION OF**

***[INSERT, AS APPLICABLE, GRANTOR UTILITY EASEMENT / GRANTOR  
UTILITY EASEMENT AND GRANTOR INGRESS AND EGRESS EASEMENT]***



***[INSERT IF APPLICABLE AND SEPARATE FROM ATTACHMENT NO. 2***

**ATTACHMENT NO. 3**

**LEGAL DESCRIPTION OF  
GRANTOR INGRESS AND EGRESS EASEMENT]**

***[INSERT, IF APPLICABLE,***

**ATTACHMENT NO. \_\_**

**DESCRIPTION OF GRANTEE UTILITY EASEMENT]**



EXHIBIT C

RECORDING REQUESTED BY )  
AND WHEN RECORDED MAIL TO: )  
 )  
City of Watsonville )  
275 Main Street, Suite 400 )  
Watsonville, CA 95076 )  
Attention: City Clerk )  
 )  
 )

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This document is exempt from the payment of a recording fee pursuant to Government Code § 27383.

This DECLARATION OF AFFORDABLE HOUSING RESTRICTIONS (“Declaration”) is made this \_\_\_\_\_ day of \_\_\_\_\_, 2022, by the CITY OF WATSONVILLE, a California municipal corporation (“City” or “Declarant”) with reference to the following facts:

RECITALS:

A. City owns that certain approximately 15,000 square foot surplus real property located at 280 Main Street in Watsonville, California, legally described in Attachment No. 1 attached hereto and incorporated herein (the “Building Property”).

B. On or about March 23, 2021, City declared the Building Property to be surplus in accordance with the State Surplus Lands Act (the “Act”), as set forth in Government Code section 54220 *et seq.*

C. On or about April 14, 2021, City issued a written notice of availability with respect to the Building Property pursuant to Section 54222 of the Act.

D. Following City’s issuance of the notice of availability and prior to expiration of the 60-day offer period, City received three notices of interest from housing sponsors.

E. City engaged in good faith negotiations with said housing sponsors but the sponsors opted not to pursue acquisition of the Building Property for development of affordable housing.

F. Prior to City’s sale of the Building Property to a third party purchaser, the Act requires that City record certain covenants and restrictions to ensure that if the Building Property is ever developed with more than 10 residential units, not less than 15 percent of the total number of residential units shall be sold or rented at an affordable housing cost or affordable rent, as applicable, to lower income households.

G. City now desires to comply with the requirements of Section 54233 of the Act by recording this Declaration which shall run with the land and be binding upon City and its successors and assigns.

NOW THEREFORE, City declares that the Building Property is and shall be held, conveyed, encumbered, leased and improved subject to the covenants and restrictions set forth in this Declaration, all of which are agreed to be for the purpose of ensuring compliance with the requirements of the Act and which shall run with the land, shall be binding on and inure to the benefit of City and all owners having or acquiring any right, title or interest in the Building Property and shall be binding on and inure to the benefit of the successors in interest of such parties. City further declares that it is the express intent that this Declaration satisfy the requirements of California Government Code section 54233.

DECLARATION:

RESTRICTION ON DEVELOPMENT OF SITE FOR HOUSING.

If ten (10) or more residential units are developed on the Building Property, not less than 15 percent of the total number of residential units developed on the Building Property shall be sold or rented at affordable housing cost, as defined in Section 50052.5 of the California Health and Safety Code, or affordable rent, as defined in Section 50053 of the California Health and Safety Code, to lower income households, as defined in Section 50079.5 of the California Health and Safety Code. Rental units shall remain affordable to and occupied by lower income households for a period of 55 years for rental housing and 45 years for ownership housing. The initial occupants of all ownership units shall be lower income households, and the units shall be subject to an equity sharing agreement consistent with the provisions of paragraph (2) of subdivision (c) of 65915 of the California Government Code. These requirements shall be covenants or restrictions running with the land and shall be enforceable against any owner who violates a covenant or restriction and each successor-in-interest who continues the violation by any of the entities described in subdivisions (a) to (f), inclusive, of Section 54222.5 of the California Government Code.

IN WITNESS WHEREOF, this Declaration is made on \_\_\_\_\_, 2022, by City.

**CITY:**

**CITY OF WATSONVILLE**, a  
California municipal corporation

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

ATTEST:

\_\_\_\_\_  
Irwin Ortiz, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Samantha Zutler, City Attorney



## ATTACHMENT NO. 1

### PROPERTY LEGAL DESCRIPTION

Real property in the City of Watsonville, County of Santa Cruz, State of California, described as follows:

*[to be inserted]*

Exhibit D

Certificate of Completion

Recording Requested By )  
And When Recorded Mail To: )  
 )  
City of Watsonville )  
275 Main Street, Suite 400 )  
Watsonville, CA 95076 )  
Attn: City Clerk )  
 )

[Exempt from recording fee per Gov. Code § 27383]

*(Space Above This Line for Recorder's Use Only)*

**CERTIFICATE OF COMPLETION**

THIS CERTIFICATE OF COMPLETION ("Certificate") is made by the CITY OF WATSONVILLE, a California municipal corporation ("City"), in favor of \_\_\_\_\_, a \_\_\_\_\_ ("PV Arts"), as of the date set forth below. Certain terms used but not defined herein shall have the meaning provided in Section 1 of the Disposition and Development Agreement described in Recital A below.

**RECITALS**

A. City and PV Arts have entered into that certain Disposition and Development Agreement ("DDA") dated \_\_\_\_\_, 2022, concerning the purchase and sale by City to PV Arts of a 15,000 square foot portion of Assessor Parcel Number 017-182-16 (the "Building Land") including the 12,000 square foot building located thereon (the "Building" and, collectively with the Building Land, the "Building Property") as more fully described in Attachment No. 1 attached hereto and made a part hereof and PV Arts renovation and rehabilitation of the Building all as set forth in the DDA.

B. As referenced in Section 5.6 of the DDA, upon PV Arts' satisfactory completion of the Renovation Work, City is required to furnish PV Arts or its successors with a Certificate of Completion, which Certificate is required to be in such form as to permit it to be recorded in the Recorder's Office of Santa Cruz County. This Certificate is conclusive determination of PV Arts' satisfactory completion of the Renovation Work.

C. City has conclusively determined that the Renovation Work has been satisfactorily completed.

NOW, THEREFORE, City hereby certifies as follows:

The Renovation Work has been fully and satisfactorily completed in conformance with the DDA.



With the exception of Section 8 of the DDA (Right of First Offer), the DDA is of no further force and effect and which shall continue in full force and effect as provided therein, City and PV Arts shall have no further rights, duties, obligations or liabilities thereunder, except for those obligations which by their terms survive termination of the DDA.

This Certificate of Completion shall not be deemed or construed to constitute evidence of compliance with or satisfaction of any obligation of PV Arts to any holder of a mortgage, or any insurer of a mortgage, securing money loaned to finance the Renovation Work. This Certificate of Completion is not a notice of completion as referred to in section 3093 of the California Civil Code.

All covenants set forth in the Grant Deed from City to PV Arts recorded in the Recorder's Office of Santa Cruz County as Instrument No. \_\_\_\_\_ and the Affordable Housing Declaration recorded in the Recorder's Office of Santa Cruz County as Instrument No. \_\_\_\_\_ shall remain in effect and enforceable according to their terms.

IN WITNESS WHEREOF, City has executed this Certificate this \_\_\_\_\_ day of \_\_\_\_\_, 202\_.

CITY OF WATSONVILLE, a California  
municipal corporation

By: \_\_\_\_\_  
\_\_\_\_\_, City Manager

ATTEST:

\_\_\_\_\_  
\_\_\_\_\_, City Clerk

**ATTACHMENT NO. 1**

**PROPERTY LEGAL DESCRIPTION**

Real property in the City of Watsonville, County of Santa Cruz, State of California, described as follows:

*[to be inserted]*