

Attachment 1

Coastal Conservancy Reimbursable Grant Agreement - Payback Language

The grantee shall repay the Conservancy the \$10 million principal amount of the grant funds provided to the grantee pursuant to this agreement (the “grant funds”) in accordance with the following provisions.

No interest shall be charged on the grant funds. The repayment of the grant funds will commence in Fiscal Year 2010/11 (July 1, 2010 through June 30, 2011, hereafter “FY 2010/11”), or sooner depending upon the availability of funds, as set forth below.

The parties acknowledge that, as of the date first above written, grantee’s funding for the acquisition of the Santa Cruz Branch Rail Line consists of the grant funds and Proposition 116 and federal demonstration funds in the total amount of \$22,490,250 (the “initial acquisition funds”). If and when the grantee receives state and federal transportation funds that are in addition to the initial acquisition funds and are designated for the acquisition of the Santa Cruz Branch Rail Line (the “additional acquisition funds”), the grantee promptly shall repay the grant funds, to the full extent of the additional acquisition funds, whether the additional acquisition funds are received during, before or after FY2010/11. The Coastal Conservancy agrees not to assert any claims to the California Transportation Commission (CTC) for any funds.

In the event that the additional acquisition funds in the full amount of the grant funds are not available in or before FY 2010/11, then the grantee shall make annual payments to the Conservancy in the amount of at least \$1 million on or before the end of each fiscal year, commencing with a payment in FY 2010/11, no later than June 30, 2011. The annual payments of at least \$1 million shall continue until such time that the \$10 million principal amount of the grant funds is paid in full. In order to ensure that sufficient funds are reserved for the purpose of making these annual payments to the Conservancy, SCCRTC shall program, in advance, the necessary funds for the annual payments within its Regional Transportation Improvement Program (RTIP).