

City of Salinas

200 Lincoln Ave., Salinas, CA 93901

www.cityofsalinas.org



Meeting Agenda - Final

Tuesday, November 4, 2025

3:00 PM

SALINAS ROTUNDA

City Council

Mayor Dennis Donohue

Councilmembers:

*Jose Luis Barajas, District 1 - Tony Barrera, District 2
Margaret D'Arrigo, District 3 - Gloria De La Rosa, District 4
Andrew Sandoval, District 5 - Aurelio Salazar, District 6*

*Rene Mendez, City Manager
Christopher A. Callihan, City Attorney
City Clerk's Office: (831) 758-7381*

ZOOM WEBINAR PARTICIPATION

JOIN THE ZOOM WEBINAR TO PARTICIPATE LIVE AT:

<https://cityofsalinas.zoom.us/j/84771472870>

To participate telephonically, call any number below:

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205 6099 US (New York) +1 301 715 8592 US (Washington DC)**

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If prompted to enter a participant ID, press #.

PLEDGE OF ALLEGIANCE**ROLL CALL****CLOSED SESSION**

Receive public communications from the audience on Closed session items.

The City Council will recess to closed session pursuant to:

[ID#25-495](#)

**a. Public Employee Performance Evaluation - California Government Code
section 54957(b)(1), City Manager.**

THE CITY COUNCIL WILL RECONVENE IN THE ROTUNDA AT 4:00 P.M.

NEW EMPLOYEE WELCOME AND INTRODUCTIONS**CITY OF CHAMPIONS**

What's Grubbin Salinas

PUBLIC COMMENT PROCEDURES

*If you wish to make a general public comment or comment on a specific agenda item,
you are encouraged to attend the City Council meeting in person. Public comment may
also be submitted via email at PublicComment@ci.salinas.ca.us and will be entered into
the record. Public comments generally are limited to two minutes per speaker; the Mayor
may further limit the time for public comments depending on the agenda schedule.*

GENERAL PUBLIC COMMENTS

*Receive public communications on items that are not on the agenda and that are in the
City of Salinas' subject matter jurisdiction. Comments on Consideration, Public Hearing*

items, and the Consent Agenda should be held until the items are reached.

PRESENTATION

Councilmember comments on presentations are generally limited to three minutes.

[ID#25-497](#)

Community Human Services Update

CALIFORNIA GOVERNMENT CODE §84308 - LEVINE ACT

Government Code § 84308. Parties to any proceeding involving a license, permit or other entitlement for use pending before the City Council must disclose any campaign contributions over \$500 (aggregated) within the preceding 12 months made by the party, their agent, and those required to be aggregated with their contributions under Government Code § 82015.5. The disclosure must include the amount contributed and the name(s) of the contributor(s).

ADMINISTRATIVE REPORT

[ID#25-496](#)

Salinas Youth Council Updates and Comments

Recommendation: No action required. The City of Salinas Youth Council will provide an administrative update to the City Council.

CONSIDERATION

[ID#25-500](#)

City Attorney Employment Agreement Amendment No. 3

Recommendation: Approve a Resolution authorizing the Mayor to sign an Amendment to the Employment Agreement with the Salinas City Attorney Christopher A. Callihan and adjust the Classification - Salary Schedule, effective November 10, 2025.

CONSENT AGENDA

Matters listed under the Consent Agenda may be enacted by one motion unless a member of the Council requests a separate vote or discuss. Members of the public may comment on the Consent Agenda items collectively during their public comment.

[ID#25-502](#)

Minutes

Recommendation: Approve minutes of May 6, 2025 and May 13, 2025.

[ID#25-473](#)

Local Historic Designation and Approval of Mills Act Contract: 14 Los Laureles Avenue

Recommendation: Approve a Resolution 14 Los Laureles Avenue as a local historic resource and authorizing execution of a Mills Act contract for property restoration and maintenance.

[ID#25-499](#)

Amendment to Ground Lease between the City of Salinas and PenFed Credit Union (1410 North Main Street, Salinas)

Recommendation: Approve a Resolution authorizing the Mayor to enter into an Amendment to the Ground Lease between the City of Salinas and PenFed Credit Union related to the property located at 1410 North Main Street, Salinas, to allow for an additional period of time for PenFed Credit Union to identify a replacement tenant.

COUNCILMEMBERS' REPORTS, APPOINTMENTS AND FUTURE AGENDA ITEMS

Receive communication from Councilmembers on reports, appointments and future agenda items. Councilmember comments are generally limited to three minutes.

ADJOURNMENT

Patricia M. Barajas, City Clerk

AGENDA MATERIAL / ADDENDUM

Any addendums will be posted within 72 hours of regular meetings or 24 hours of special meetings and in accordance with Californian Government Code Section 54954.2 and 54956. City Council agenda reports and other writings distributed to the legislative body may be viewed at the Salinas City Clerk's Office, 200 Lincoln Avenue, Salinas, and are posted on the City's website at www.cityofsalinas.org in accordance with California Government Code section 54597.5. The City Council may take action that is different than the proposed action reflected on the agenda.

Disability-related modification or accommodation, including auxiliary aids or services, may be requested by any person with a disability who requires a modification or accommodation in order to participate in the meeting. Language interpretation may be requested as soon as possible but by no later than 5 p.m. of the last business day prior to the meeting. Requests should be referred to the City Clerk's Office At 200 Lincoln Avenue, Salinas, 758-7381, as soon as possible but by no later than 5 p.m. of the last business day prior to the meeting. Hearing impaired or TTY/TDD text telephone users may contact the city by dialing 711 for the California Relay Service (CRS) or by telephoning any other service providers' CRS telephone number.

PUBLIC NOTIFICATION

This agenda was posted on October 31, 2025 in the Salinas Rotunda and City's website.

Meetings are streamed live at <https://salinas.legistar.com/Calendar.aspx>, televised live on Comcast Channel 25 and on <http://www.youtube.com/thesalinaschannel> at 4:00 p.m. on the date of the regularly scheduled meeting and will be broadcast throughout the day on Friday, Saturday, Monday and Wednesday following the meeting. For the most up-to-date Broadcast Schedule for The Salinas Channel on Comcast 25, please visit or subscribe to our Google Calendar located at <http://tinyurl.com/SalinasChannel25>. All past City Council meetings may also be viewed on the Salinas Channel on YouTube at <http://www.youtube.com/thesalinaschannel>.



City of Salinas

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Legislation Text

File #: ID#25-495, **Version:** 1

- a. **Public Employee Performance Evaluation** - California Government Code section 54957(b)(1), City Manager.



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Legislation Text

File #: ID#25-497, Version: 1

Community Human Services Update



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Legislation Text

File #: ID#25-496, Version: 1

Salinas Youth Council Updates and Comments

No action required. The City of Salinas Youth Council will provide an administrative update to the City Council.



CITY OF SALINAS COUNCIL STAFF REPORT

DATE: NOVEMBER 4, 2025

DEPARTMENT: ADMINISTRATION

FROM: RENÉ MENDEZ, CITY MANAGER
SOPHIA ROME, COMMUNITY RELATIONS MANAGER
SALINAS YOUTH COUNCIL

TITLE: SALINAS YOUTH COUNCIL UPDATES AND COMMENTS

RECOMMENDED MOTION:

No action required. The City of Salinas Youth Council will provide an administrative update to the City Council.

EXECUTIVE SUMMARY:

The Council approved the establishment of a Youth Council Pilot Program through July 31, 2027. As Youth Councilmembers, they work on community projects and serve as liaisons between the school district, schools, and the City. This Administrative Report is to provide updates on Youth Council activities and provide the Council with comments on agenda items.

BACKGROUND:

On October 22, 2024, the Council approved the establishment of a Youth Council Pilot Program through July 31, 2025. The Pilot Program was extended through July 31, 2027, by Council Resolution on June 17, 2025.

The Youth Council participates in activities like:

- Youth Council representation and participation at City Council meetings
- Regular administrative updates to the SUHSD Board
- Serve as liaisons between the each SUHSD high schools' Associated Student Body (ASB) youth leadership and principals to increase civic engagement and outreach
- Leadership and skill development
- Community service projects

The purpose of the Youth Council is to increase youth representation in civic engagement, provide professional and leadership development opportunities for Salinas youth, and to serve as community connectors representing youth, their school sites, and school district.

CEQA CONSIDERATION:

Not a Project. The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

CALIFORNIA GOVERNMENT CODE §84308 APPLIES:

No.

STRATEGIC PLAN INITIATIVE:

Youth and Seniors

- Improve, expand and develop youth and senior facilities and programs

Public Safety

- Increase collaboration with partner agencies to address public safety public health issues

City Services

- Promote equitable access to City services and foster inclusive development
- Engage residents and improve communication with the community

DEPARTMENTAL COORDINATION:

The Youth Council is supported through the City Manager's Office.

FISCAL AND SUSTAINABILITY IMPACT:

Fund	General Ledger Number (Operating/CIP)	General Ledger Account Name	Remaining Budget Appropriation	Amount Requested
N/A	N/A	N/A	N/A	N/A

ATTACHMENTS:

None.



City of Salinas

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Legislation Text

File #: ID#25-500, Version: 1

City Attorney Employment Agreement Amendment No. 3

Approve a Resolution authorizing the Mayor to sign an Amendment to the Employment Agreement with the Salinas City Attorney Christopher A. Callihan and adjust the Classification - Salary Schedule, effective November 10, 2025.



CITY OF SALINAS COUNCIL STAFF REPORT

DATE: November 4, 2025

FROM: MAYOR DENNIS DONOHUE

TITLE: CITY ATTORNEY EMPLOYMENT AGREEMENT AMENDMENT NO. 3

RECOMMENDED MOTION:

It is recommended that the City Council adopt the attached resolution authorizing the Mayor to sign an Amendment to the Employment Agreement with the Salinas City Attorney Christopher A. Callihan and adjust the Classification – Salary Schedule, effective November 10, 2025.

EXECUTIVE SUMMARY:

On February 15, 2022, the City Council approved an Employment Agreement between the City of Salinas and City Attorney Christopher A. Callihan. The Agreement provides for an annual review of performance and compensation. The City Council completed the annual review of the City Attorney and now moves to adjust the annual compensation and adjust the Classification – Salary Schedule with the corresponding increase.

BACKGROUND:

Christopher A. Callihan has been employed with the City of Salinas over twenty years. He was promoted to City Attorney in January 2014. Mr. Callihan and the City of Salinas entered into a renewed Employment Agreement in February 2022. The Employment Agreement was amended in November 2023 and provides for annual compensation of \$258,750 with the term expiring in February 2029 as amended in November 2024.

The City Council met in Closed Session on October 14 and on October 28 at which time Mr. Callihan's performance review was completed. The parties now wish to amend the compensation to reflect an annual salary of \$300,000, effective November 10, 2025. This reflects an annual increase of \$41,250. This adjustment brings the salary closer to the average base and total compensation for City Attorneys in regional benchmark cities used for the City's salary surveys. All other terms of the Employment Agreement remain in place.

CEQA CONSIDERATION:

Not a Project. The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378).

CALIFORNIA GOVERNMENT CODE §84308 APPLIES:

No, Government Code §84308 does not apply.

STRATEGIC PLAN INITIATIVE:

The proposed action supports the City Council 2025 Strategic Goal of City Services ensuring fiscal responsibility and finance management.

FISCAL AND SUSTAINABILITY IMPACT:

The annual fiscal impact to the General Fund is estimated to be approximately \$41,250 in base salary with a prorated amount of \$27,000 for the remainder of this fiscal year. The cost will be absorbed in the City's operating budget.

Fund	General Ledger Number (Operating/CIP)	General Ledger Account Name	Remaining Budget Appropriation	Amount Requested
1000	14.1400-61.1100	Salaries & Benefits Regular Pay	\$436,396.03	\$0.00

ATTACHMENTS:

Resolution
Employment Agreement
Amendment No. 1
Amendment No. 2
Amendment No. 3
Classification – Salary Schedule

RESOLUTION NO. _____ (N.C.S.)

**A RESOLUTION OF THE SALINAS CITY COUNCIL AUTHORIZING THE MAYOR TO
EXECUTE AN EMPLOYMENT AGREEMENT AMENDMENT NO. 3 BETWEEN THE
CITY OF SALINAS AND CHRISTOPHER A. CALLIHAN AND APPROVING
MODIFICATION OF THE CLASSIFICATION-SALARY SCHEDULE**

WHEREAS, on February 15, 2022, the Salinas City Council approved the Employment Agreement between the City of Salinas and City Attorney Christopher A. Callihan; and

WHEREAS, the City Council and City Attorney have completed the annual employment performance evaluation process; and

WHEREAS, the City of Salinas desires to make changes to the Employment Agreement as amended November 2023; and

NOW, THEREFORE, BE IT RESOLVED that the Salinas City Council authorizes the Mayor to execute an Amendment to the Employment Agreement to reflect an annual compensation of \$300,000 in base wages of the City Attorney, effective November 10, 2025. It is further resolved that the City Classification-Salary Schedule shall be modified consistent with such increase.

PASSED AND APPROVED this 4th day of November, 2025, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Dennis Donohue, Mayor

ATTEST:

Patricia M. Barajas, City Clerk

CITY OF SALINAS

Classification - Salary Schedule By Benefit Group
Effective 11/10/2025

			Biweekly												
11	11.1000	City Mayor	1176.9200												
11	11.1001	City Council	1176.9200												
			Hourly												
13	13.1010	City Attorney	144.2307												
EXECUTIVE GROUP															
Benefit Group	Grade	Position	Step 1 Hourly	Step 1 Monthly	Step 2 Hourly	Step 2 Monthly	Step 3 Hourly	Step 3 Monthly	Step 4 Hourly	Step 4 Monthly	Step 5 Hourly	Step 5 Monthly	Step 6 Hourly	Step 6 Monthly	
14	14.1014	Assistant Chief of Police	92.1410	15,971	96.7510	16,770	101.5919	17,609	106.6643	18,488	112.0029	19,414	117.6031	20,385	
14	14.1012	Assistant City Manager	99.6582	17,274	104.6447	18,138	109.8795	19,046	115.3706	19,998	121.1418	20,998	127.1988	22,048	
14	14.1013	Chief of Police	97.6695	16,929	102.5561	17,776	107.6874	18,666	113.0642	19,598	118.7231	20,579	124.6593	21,608	
14	14.1030	City Clerk	52.3418	9,073	54.9591	9,526	57.7087	10,003	60.5902	10,502	63.6194	11,027	66.8035	11,579	
14	14.1022	Community Development Dir	78.0791	13,534	81.9859	14,211	86.0787	14,920	90.3874	15,667	94.9043	16,450	99.6495	17,273	
14	14.1025	Finance Director	76.5638	13,271	80.3912	13,934	84.4055	14,630	88.6281	15,362	93.0588	16,130	97.7118	16,937	
14	14.1016	Fire Chief	93.5184	16,210	98.2004	17,021	103.1122	17,873	108.2682	18,766	113.6827	19,705	119.3667	20,690	
14	14.1027	Human Resources Director	75.0775	13,013	78.8332	13,664	82.7754	14,348	86.9190	15,066	91.2634	15,819	95.8265	16,610	
14	14.1028	Lib/Community Svc Dir	75.0775	13,013	78.8332	13,664	82.7754	14,348	86.9190	15,066	91.2634	15,819	95.8265	16,610	
14	14.1019	Public Works Director	84.0428	14,567	88.2451	15,296	92.6574	16,061	97.2903	16,864	102.1549	17,707	107.2626	18,592	

EMPLOYMENT AGREEMENT BETWEEN
THE CITY OF SALINAS
AND
CHRISTOPHER CALLIHAN

Be it resolved that the City Council of the City of Salinas and Christopher Callihan agree as follows:

- 1. Parties:** The parties to this Agreement are the CITY OF SALINAS (“CITY”) and CHRISTOPHER CALLIHAN (“CALLIHAN”).
- 2. Purpose:** The purpose of this Agreement is to provide for the employment of CALLIHAN as City Attorney of the CITY, as currently provided by Salinas City Charter Sections 39, 44, and 45.
- 3. Duties:** The CITY hereby agrees to employ CALLIHAN to perform the functions and duties of City Attorney for the CITY and of Agency Attorney for and the Successor Agency to the Former Salinas Redevelopment Agency as specified in the Salinas City Charter and City Code, the Job Description, and any other applicable Ordinances, Resolutions or Policies, and to perform such other legally permissible and proper duties and functions as the CITY shall from time-to-time assign. As City Attorney, CALLIHAN shall be the legal advisor to the City, including the City Council, the City’s Boards and Commissions, and the officers and employees of the City on all matters concerning the municipal affairs of the City. CALLIHAN shall at all times be licensed to practice law in the State of California, in good standing. CALLIHAN agrees that to the best of his ability and experience he will at all times loyally and conscientiously perform all of the duties and obligations required of him either expressly or implicitly by the terms of this Agreement. CALLIHAN agrees that he will not, so long as he is employed by the CITY, take any employment or perform any consulting duties that will interfere with or be inconsistent with the performance of his duties as City Attorney for the CITY.
- 4. Term of Agreement:** This Agreement is effective upon the date of adoption by the City Council until February 9, 2027, at which time it shall expire. As part of CALLIHAN’s annual performance review, the City Council may decide to extend the Agreement.
- 5. Separation from Employment/ Severance Payment:**
 - 5.1** The City Council may, subject to the provisions set forth below, terminate the services of CALLIHAN at any time, it being expressly understood and agreed between the parties that CALLIHAN serves as an **at-will** employee of the City Council. In the event of separation from employment by the City Council, while still willing and able to perform the duties of City Attorney, CALLIHAN shall be

entitled to receive compensation, consisting of a lump-sum payment of 12 months of base salary, except in the event the separation occurs within the last 12 months of the expiration of the term of this Agreement, CALLIHAN is entitled to severance in an amount equal to his monthly salary times the number of months left in this unexpired Agreement.

Upon termination of CALLIHAN's employment by the City Council for any reason other than those listed in Sections 5.4 and 5.5 of this agreement, the CITY shall pay CALLIHAN the sum of \$2,500 to compensate CALLIHAN for costs incurred by CALLIHAN in obtaining legal review, benefits review, or other professional advisory or personal counseling services which CALLIHAN elects to utilize in connection with the termination, including the review and negotiation of any separation-related agreements with the City.

- 5.2 In accordance with California Government Code Section 53261, a cash severance payment shall not include any other noncash item except health benefits payable to or on behalf of CALLIHAN.
- 5.3 The Severance Payment, described above in Section 5.1 and 5.2, will release the CITY from any further obligations under this Agreement, and any claims of any nature that CALLIHAN might have against the CITY by virtue of his employment or termination thereof. Contemporaneously, with the delivery of the Severance Payment and in consideration therefore, CALLIHAN agrees to execute and deliver to the CITY a release releasing the CITY of all claims that CALLIHAN may have against the CITY.
- 5.4 CALLIHAN shall not be entitled to a Severance Payment in the following events:
 - 5.4.1 CITY elects not to renew this Agreement.
 - 5.4.2 CALLIHAN is terminated because of his conviction of a felony or misdemeanor involving moral turpitude, or is convicted of any illegal act involving personal gain to himself.
 - 5.4.3 CALLIHAN dies, or CALLIHAN becomes disabled as provided in Paragraph 6 and CITY terminates his employment.
- 5.5 In the event CALLIHAN resigns his position as City Attorney, he shall not be entitled to a Severance Payment.
- 5.6 Section 5 of this agreement shall be construed in accordance with all legal authority, including but not limited to, Government Code Section 53260, which explicitly limits contractual severance cash settlements payable by a local agency employer.

- 6. Disability:** If CALLIHAN is permanently disabled to the extent that he cannot perform the full range of the essential functions of his position as determined by his treating physician or is otherwise unable to perform the full range of the essential functions of his position because of sickness, accident, injury, mental incapacity or other health reasons for a period of six (6) successive weeks beyond the exhaustion of all general leave, the CITY shall have the option to terminate this Agreement, subject to compliance with all provisions of law.

7. Compensation and Benefits:

- 7.1** The CITY agrees to pay CALLIHAN for his services rendered pursuant hereto an annual salary of Two Hundred Thirty Thousand Dollars (\$230,000.00) payable on a bi-weekly basis in the same manner as other employees of the CITY are paid.

- 7.2** CITY shall make contributions on CALLIHAN's behalf to an Internal Revenue Code (IRC) 457 or 401(a) compensation plan based on months of service with the City. The payment to either plan will be provided on a bi-weekly basis. The schedule at date of hire is as follows:

<u>Months of Employment</u>	<u>Biweekly Contribution</u>
0 – 12 months	\$163.46
13 – 24 months	\$245.19
25 – 36 months	\$326.91
37 – 48 months	\$408.65
49 – 60 months	\$490.38
61 – 72 months	\$572.10
73+ months	\$653.84

The CITY'S maximum contribution shall be adjusted annually (January 1 of each year) and set equal to the IRC 457 Deferred Compensation contribution maximum. CALLIHAN's determinations as to participation in either the IRC 457 or 401(a) plan shall be governed by the specific regulations for that plan.

- 7.3** CITY agrees to pay CALLIHAN an automobile allowance in the amount of Seven Hundred Fifty Dollars (\$750) per month.
- 7.4** The CITY agrees to contribute a flat dollar amount toward monthly health benefits premiums equal to 95% of the PERS Platinum Plan premium for the level of coverage the employee has selected. CALLIHAN shall pay for premium costs above the CITY contributions through payroll deductions. The CITY will continue to pay the full amount of premiums for dental and vision plans. CITY agrees to provide CALLIHAN with CITY paid Life Insurance in the amount of \$150,000.
- 7.5** CALLIHAN shall participate in the California Public Employees Retirement System (CalPERS) in the CITY's 2% @ 55 Plan. CALLIHAN shall be

responsible for payment of the employee's contribution to said plan.

7.6 CALLIHAN shall receive 120 hours of Management/ Administrative Leave for the 2022 calendar year. Effective January 1, 2023, this benefit is eliminated and CALLIHAN shall accrue no additional Management/Administrative Leave.

7.7 CALLIHAN shall accrue Annual Leave as provided in the Personnel Manual.

<u>Years of Employment</u>	<u>Days of Annual Leave Granted per Year</u>
1 through 5	22 days each year
6 through 10	27 days each year
11 through 15	29 days each year
16 through 17	30 days each year
18 through 19	31 days each year
20 through 24	32 days each year
25 through retirement	33 days each year

Effective January 1, 2023, CALLIHAN will accrue an additional 120 hours of Annual Leave. CALLIHAN shall receive Annual Leave as follows:

<u>Years of Employment</u>	<u>Days of Annual Leave Granted per Year</u>
1 through 5	37 days each year
6 through 10	42 days each year
11 through 15	44 days each year
16 through 17	45 days each year
18 through 19	46 days each year
20 through 24	47 days each year
25 through retirement	48 days each year

Cap: 600 hours

The maximum annual leave accrual cap shall be 600 hours. Once CALLIHAN reaches the maximum annual leave accrual cap he will not accrue additional annual leave until the annual leave balance is below the maximum accrual cap; accrued unused annual leave will be paid at separation.

7.8 The City shall continue to pay state and local bar dues for CALLIHAN.

7.9 Any other benefits not specifically mentioned in this Agreement shall be provided in accordance with standards applicable to all City Department Directors.

- 8. Performance Evaluation:** The City Council shall review and evaluate the performance and compensation of CALLIHAN on at least an annual basis. The City Council, in consultation with CALLIHAN, shall define such goals and performance objectives that they determine to be necessary for the proper operation of the City Attorney's Office. In attainment of the City Council's adopted performance objectives, the City Council, in consultation with CALLIHAN, shall further establish a relative priority among the various goals and objectives, and reduce said goals and objectives to writing.
- 9. General Expenses:** CITY recognizes that certain expenses of a non-personal, but job-related nature are incurred by CALLIHAN, and CITY agrees to reimburse or to pay these expenses consistent with CITY policy. CITY shall also provide employee a cell phone. CALLIHAN shall reimburse the CITY for all additional charges to the CITY incurred for personal phone calls from the use of the cell phone.
- 10. Indemnification:** CITY shall defend, save harmless and indemnify CALLIHAN against any tort, professional liability claim or demand or other legal action, whether groundless or otherwise, arising out of an alleged act or omission occurring in the performance of CALLIHAN's duties as City Attorney. CALLIHAN agrees to cooperate in any and all litigation matters, which may be filed in the future. CITY shall pay all costs incurred by CALLIHAN in connection therewith, including travel fees and costs.
- 11. Bonding.** The CITY shall bear the full cost of any fidelity or other bond required for the City Attorney under any law or ordinance.
- 12. Notice:** Notices pursuant to this Agreement shall be given by mail or personal delivery. Notice shall be deemed given as of the date of personal service or 48 hours after deposit in the mail. Notices shall be addressed as follows:
- 12.1** Notice to CALLIHAN shall be sent to: CHRISTOPHER CALLIHAN
City of Salinas
200 Lincoln Avenue
Salinas, CA 93906
- 12.2** Notice to CITY shall be sent to: Mayor
City of Salinas
200 Lincoln Avenue
Salinas, CA 93901
- Copy to: City Clerk
City of Salinas
200 Lincoln Avenue
Salinas, CA 93901

13. General Provisions:

- 13.1** The Agreement shall be binding and inure to the benefit of the heirs at law and executors of CALLIHAN.
- 13.2** If any provision, or any portion therefore, contained in this Agreement is held unconstitutional, invalid or unenforceable, the remainder of this Agreement shall be deemed severable and shall remain in full force and effect.
- 13.3** The persons executing this Agreement on behalf of the parties warrant that they are duly authorized to execute this Agreement.
- 13.4** This Agreement constitutes the entire agreement between the parties and supersedes any previous Agreements, oral or written. This Agreement may be modified or provisions waived only by subsequent mutual written agreement executed by the CITY and CALLIHAN.
- 13.5** This Agreement shall be interpreted as though prepared by both parties.

CITY OF SALINAS

Date: 2/16/2022 | 3:14 PM PST

By:

DocuSigned by:

E554E94F4CE64C6...
Kimbley Craig

CHRISTOPHER CALLIHAN

Date: 2/16/2022 | 2:54 PM PST

By:

DocuSigned by:

DF600E62871844E...
Christopher Callihan

APPROVED AS TO FORM:

Che I. Johnson

Che I. Johnson, Associate Attorney
LIEBERT CASSIDY WHITMORE

RESOLUTION NO. 22830 (N.C.S.)

**A RESOLUTION OF THE SALINAS CITY COUNCIL AUTHORIZING THE MAYOR
TO EXECUTE AN AMENDMENT TO THE EMPLOYMENT AGREEMENT
BETWEEN THE CITY OF SALINAS AND CHRISTOPHER A. CALLIHAN AND
APPROVING MODIFICATION OF THE CLASSIFICATION-SALARY SCHEDULE**

WHEREAS, on February 15, 2022, the Salinas City Council approved the Employment Agreement between the City of Salinas and City Attorney Christopher A. Callihan; and

WHEREAS, the City Council and City Attorney have completed the annual public employment performance evaluation process; and

WHEREAS, the City of Salinas desires to make changes to the Employment Agreement.

NOW, THEREFORE, BE IT RESOLVED that the Salinas City Council authorizes the Mayor to execute an Amendment to Employment Agreement to reflect a 12.5% increase in the base wages of the City Attorney, effective November 13, 2023. It is further resolved that the Classification-Salary Schedule shall be modified consistent with such increase.

PASSED AND APPROVED this 7th day of November 2023, by the following vote:

AYES: Councilmembers Barrera, McShane, Osornio, Rocha, Sandoval and Mayor Craig

NOES: None

ABSENT: Councilmember Gonzalez

ABSTAIN: None

APPROVED:

DocuSigned by:

Kimbley Craig

E554E94F4CE64C8...

Kimbley Craig, Mayor

ATTEST:

DocuSigned by:

Patricia Barajas

5BE31EC636A6432...

Patricia Barajas, City Clerk

[illegible]

**AMENDMENT NO. 2 TO THE EMPLOYMENT AGREEMENT
BETWEEN THE CITY OF SALINAS
AND CHRISTOPHER A. CALLIHAN, CITY ATTORNEY**

The Employment Agreement between the City of Salinas and City Attorney Christopher A. Callihan, approved by the City Council on February 15, 2022, is hereby amended as follows.

Section 4 of the Employment Agreement is amended to reflect an extension of the term from February 9, 2027, to February 9, 2029.

CITY OF SALINAS

Date: 11/6/2024 | 4:54 PM PST

By:

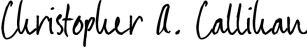
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Kimbley Craig

CHRISTOPHER A. CALLIHAN

Date: 11/6/2024 | 4:16 PM PST

By:

Signed by:

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Christopher A. Callihan

**AMENDMENT NO. 3 TO THE EMPLOYMENT AGREEMENT
BETWEEN THE CITY OF SALINAS
AND CHRISTOPHER A. CALLIHAN, CITY ATTORNEY**

The Employment Agreement between the City of Salinas and City Attorney Christopher A. Callihan, approved by the City Council on February 15, 2022, and amended November 2023, is hereby amended as follows.

Section 7.1 of the Employment Agreement is amended to reflect annual compensation of Three Hundred Thousand Dollars (\$300,000), effective November 10, 2025, and payable on a bi-weekly basis.

CITY OF SALINAS

Date:

By: _____
Dennis Donohue

CHRISTOPHER A. CALLIHAN

Date:

By: _____
Christopher A. Callihan



City of Salinas

200 Lincoln Ave., Salinas,
CA 93901
www.cityofsalinas.org

Legislation Text

File #: ID#25-502, Version: 1

Minutes

Approve minutes of May 6, 2025 and May 13, 2025.



City of Salinas

200 Lincoln Ave., Salinas,
CA 93901
www.cityofsalinas.org

Legislation Text

File #: ID#25-473, Version: 1

Local Historic Designation and Approval of Mills Act Contract: 14 Los Laureles Avenue

Approve a Resolution 14 Los Laureles Avenue as a local historic resource and authorizing execution of a Mills Act contract for property restoration and maintenance.



CITY OF SALINAS COUNCIL STAFF REPORT

DATE: NOVEMBER 4, 2025

DEPARTMENT: SALINAS CITY COUNCIL

FROM: LISA BRINTON, COMMUNITY DEVELOPMENT DIRECTOR

THROUGH: GRANT LEONARD, PLANNING MANAGER

BY: YESENIA SEGOVIA, ASSISTANT PLANNER

TITLE: LOCAL HISTORIC DESIGNATION AND APPROVAL OF MILLS
ACT CONTRACT: 14 LOS LAURELES AVENUE

RECOMMENDED MOTION:

A motion to approve a resolution designating 14 Los Laureles Avenue as a local historic resource and authorizing execution of a Mills Act contract for property restoration and maintenance.

EXECUTIVE SUMMARY:

The City of Salinas adopted the Mills Act Program to promote the preservation of historic properties. The owners of 14 Los Laureles Avenue have requested to designate their property as a local historic resource through a Mills Act application that outlines 10-year work plan for restoration and maintenance of the property. This designation will allow the property owners to enter into a Mills Act contract, which provides financial incentives through reduced property taxes in exchange for preservation commitments. The proposed improvements meet the Mills Act standards, and staff recommends approval of the contract to support the continued preservation of this historic resource.

BACKGROUND:

The Mills Act is a state-enabled program that allows cities to enter contracts with owners of designated historic properties. Under the Mills Act, property owners commit to restoring, rehabilitating, and maintaining their historic properties in accordance with preservation standards. In exchange, they receive a reduction in their annual property tax. Each Mills Act contract has a minimum term of ten (10) years and is automatically renewed each year unless a notice of non-renewal or cancellation is submitted by either party. The contract includes all required provisions under state law and is subject to local oversight and compliance.

The City of Salinas established its Mills Act Program in June 2024 to encourage the rehabilitation and long-term preservation of historic resources throughout the city. The program provides financial incentives to property owners to maintain and restore historically significant structures, aligning with the City's goals for historic preservation.

In the Salinas Municipal Code, a Historic Resource is defined as any building, structure, sign, site, place, area, or district that is:

- Listed on the National Register of Historic Places,
- Listed on the California Register of Historical Resources,
- Designated as a State Landmark, or
- Voluntarily nominated by the property owner and approved for designation by the Historic Resources Board and the Salinas City Council.

The City accepts Mills Act applications each year between May and July. This year the City received one application for 14 Los Laureles Avenue. The property is situated within the Maple Park neighborhood in south Salinas. Maple Park was designed in 1929-1930 as an exclusive residential neighborhood, incorporating elements of the Garden City planning concepts. The district is characterized by:

- Large lots with wide setbacks,
- Unified architectural design guidelines,
- Mature landscaping, and
- Early adoption of underground utility infrastructure.

The neighborhood originally featured the Spanish Revival architectural style, which was popular at the time. Over time, additional architectural styles were introduced, including French Normandy, English Tudor, Italian Villa, American Colonial Revival, and Cape Cod. This variety has contributed to Maple Park's rich architectural and cultural heritage.

Analysis

14 Los Laureles Avenue is a Spanish Revival property listed in the 1989 Salinas Historic Resources Survey. Properties listed on the 1989 survey are properties that were determined to be eligible to be registered as a historic resource at the local, State, or National level, and therefore qualify for the City's Mills Act Program.

As noted in the 1989 Historic Resource Survey, 14 Los Laureles Avenue is one of the first three homes built in the Maple Park neighborhood, constructed for Salinas Judge Henry G. Jorgensen, this two-story, L-shaped wood-frame residence features smooth cement stucco cladding and a mission tile roof. The front façade includes a one-story projection with an undulating eave and a recessed bay window framed by two turned posts. A segmentally arched porte cochere extends to

the east, while a small gabled projection marks the entrance, set behind a low stucco wall that encloses a patio. At the east end of the second story, a recessed Monterey-style balcony is supported by chamfered posts with decorative corbels and finished with a simple railing and turned balusters. The property's early construction and architectural integrity contribute to its historic value.

The current owners, Daniel Cardenas and Eric Wynkoop, have applied for a Mills Act contract along with a proposed 10-year work plan. The applicants propose to use the financial savings from the Mills Act to support the needed rehabilitation, restoration, and maintenance of the property. The proposed scope of work includes:

- Restoration of all wood-trim windows
- Restoration of original steel windows
- Re-roofing using Spanish clay tiles
- Waterproofing of the roof
- Replacement of garage doors
- Restoration of the driveway
- Complete exterior repainting of the residence

As part of the application review process, the City's Historic Resource Board held a public hearing on October 6, 2025 to consider the applicant's request to designate 14 Los Laureles Avenue as a local historic resource and enter into a Mills Act contract with the City. The Board reviewed detailed information on the Mills Act Program, the local designation process, and the applicant's 10-year maintenance and rehabilitation work plan for the preservation and restoration of the property and determined that the property meets the criteria for local historic resource designation and participation in the Mills Act Program. Based on its review and deliberation, the Historic Resources Board passed a resolution recommending that the City Council approve the local historic designation and Mills Act contract for 14 Los Laureles Avenue (Attachment 4).

The proposed work aligns with the standards of the Mills Act Program as the eligible improvements focus on preserving the property's historic character. If the City Council approves the application, a fully executed contract will be filed with the County of Monterey Records Office. Once the County Assessor recalculates the property tax assessment based on the contract, it will be the owner's responsibility to notify the Historic Preservation Office of the new contract address. The Mills Act contract will take effect on January 1st of the following calendar year. Following commencement of work, the property will be reinspected every five years, or as necessary. Finally, the owner must submit annual reports to the Community Development Department, documenting any completed projects related to the property.

CEQA CONSIDERATION

The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, therefore, the proposed designation and contract are exempt from CEQA review.

CALIFORNIA GOVERNMENT CODE §84308 APPLIES:

Yes

STRATEGIC PLAN INITIATIVE:

Approving the resolution to designate the property at 14 Los Laureles Avenue as a local historic resource and to enter a Mills Act contract aligns with the City Council's Vision and Strategic Goal for Economic Development by encouraging private investment in property rehabilitation and long-term preservation. In addition, the preservation of historic resources can enhance heritage tourism, and stimulate economic activity in surrounding commercial areas. This action also strengthens community partnerships by engaging local stakeholders in preservation efforts, while contributing to neighborhood character and potentially increasing property values.

DEPARTMENTAL COORDINATION:

The Community Development Department coordinated with the City Attorney and Finance Departments on this item.

FISCAL AND SUSTAINABILITY IMPACT:

While a single project will not significantly impact the General Fund, it is important to note that the property owner will receive a reduction in property taxes in exchange for the property-owner's commitment to specific repairs, rehabilitation improvements and satisfactory maintenance of the historic property through the Mills Act Contract. Residential property-owners typically receive a 40% to 60% percent reduction in property tax under the Mills Act. The actual property tax savings will vary based on the Monterey County Assessor's valuation of the property.

Property taxes equal 1% of the property assessed values and Salinas gets 14.17% of the property tax revenue. The table below illustrates the potential future impact to the City's revenue from approving the Mills Act application for 14 Los Laureles Avenue.

14 Los Laureles Avenue	Property Tax	Salinas Share (14.7%)
2025 without Mills Act	\$12,203	\$1,729
Under Mills Act (40-60% savings)	\$4,881 - \$7,322	\$692-\$1,038

ATTACHMENTS:

1. Resolution
2. Mills Act Application
3. Mills Act Contract for 14 Los Laureles Avenue
4. HRB Resolution Recommending Approval
5. 1989 Historic Resources Survey DPR Form for 14 Los Laureles Avenue

RESOLUTION NO. _____(N.C.S)

RESOLUTION OF THE CITY OF SALINAS COUNCIL APPROVING THE LOCAL HISTORIC RESOURCE DESIGNATION AND MILLS ACT CONTRACT FOR AN EXISTING PROPERTY LOCATED AT 14 LOS LAURELES AVENUE

WHEREAS, The Mills Act is a state-enabled program that allows cities to enter contracts with owners of designated historic properties, and the City of Salinas established its Mills Act Program in June 2024 to encourage the rehabilitation and long-term preservation of designated historic resources throughout the city; and

WHEREAS, pursuant to City of Salinas Code Chapter 3, Section 3-02.05, the City has established procedures to identify and designate historic resources with the City; and

WHEREAS, 14 Los Laureles Avenue was constructed in 1930 and is an example of Spanish Revival style and one of the first three homes constructed in Maple Park and the current owners are in the process of rehabilitation, restoration, and maintenance of the property; and

WHEREAS, the owners have applied to have the property designated as a local Historic Resource and enter into a Mills Act contract with the City; and

WHEREAS, staff reviewed the application and supporting materials and determined the Mills Act application to be complete and that the property meets the criteria to be designated as a City of Salinas Historic Resource pursuant to City of Salinas Code Chapter 3, Section 3-02.05; and

WHEREAS, on October 6, 2025, the Salinas Historic Resources Board, at the request of Daniel Cardenas and Eric Wynkoop, Applicants, held a duly noticed public hearing to consider the application to designate the property located at 14 Los Laureles Avenue (Assessor's Parcel Number 002-512-16) as a local historic resource and enter into a Mills Act contract with the City,

WHEREAS, the Historic Resources Board considered all evidence presented at the public hearing and determined that the property meets the criteria for local designation and participation in the Mills Act Program, and approved a Resolution recommending the City Council approve the local historic designation and Mills Act application for 14 Los Laureles Avenue; and

NOW, THEREFORE, BE IT RESOLVED that the City Council approves the Historic Resources Board's recommendation that the building located at 14 Los Laureles Avenue be designated as a Historic Resource under Article 2 of Chapter 3 of the Salinas Municipal Code and so designates the subject building, and

BE IT FURTHER RESOLVED that the City Council approves the Mills Act Contract for the building located at 14 Los Laureles Avenue and hereby authorizes the City Manager and his designees to take whatever additional action may be necessary with respect to the Mills Act contract for 14 Los Laureles Avenue; and

NOW, THEREFORE, BE IT RESOLVED that the Salinas City Council adopts the following findings as the basis for approval, and that the foregoing recitations are true and correct, and are included herein by reference as finding: The future review, preservation and rehabilitation of the historic resource in accordance with City historic regulations.

1.The environmental impacts of the proposed resolution to approve Historic Designation and approval of a Mills Act contract are deemed not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

The environmental impacts of the proposed Historic Designation and approval of the Mills Act deem the proposed action as not a project as it will not have the potential for causing a significant effect on the environment, the activity is not subject to CEQA .

2.The Historic Resources Board and City Council reviewed the Historic Resource Designation application following the criteria in the current regulations of the California Registry of Historic Resources.

The property is included in the 1989 and 2016 City Historical and Architectural Resource Surveys prepared by Kent Seavey. The structure was constructed in 1930 is a two-story, L-shaped wood-frame residence features smooth cement stucco cladding and a mission tile roof. The front façade includes a one-story projection with an undulating eave and a recessed bay window framed by two turned posts. A segmentally arched porte cochere extends to the east, while a small gabled projection marks the entrance, set behind a low stucco wall that encloses a patio. At the east end of the second story, a recessed Monterey-style balcony is supported by chamfered posts with decorative corbels and finished with a simple railing and turned balusters. The 1989 Survey form for the property indicates that it qualifies for listing as a City Historic Resource.

3. The Historic Resources Board Reviewed and the City Council reviewed the Mills Act application and supporting materials.

The City of Salinas Mills Act Tax Savings Program for Historic Properties is included as a historic preservation incentive in Section 3-02.14 of the Salinas Municipal Code. The Mills Act contracts allow property owners of designated historic resources to receive a reduction in property taxes in exchange for the property-owner's commitment to specific repair, rehabilitation improvements and satisfactory maintenance of the historic property. The application for 14 Los Laureles Avenue proposes to use the financial savings from the Mills Act to support the needed rehabilitation, restoration, and maintenance of the property, including:

- Restoration of all wood-trim windows
- Restoration of original steel windows
- Re-roofing using Spanish clay tiles
- Waterproofing of the roof
- Replacement of garage doors
- Restoration of the driveway
- Complete exterior repainting of the residence

The proposed work aligns with the standards of the Mills Act Program and qualifies as eligible improvements focused on preserving the property's historic character.

PASSED AND APPROVED this 4th day of November, 2025, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Dennis Donohue, Mayor

ATTEST:

Patricia M. Barajas, City Clerk

COMMUNITY DEVELOPMENT DEPARTMENT

MILLS ACT APPLICATION

Please type or print the following information:

Property Address:

14 Los Laureles Ave

Property Zoning:

R-L-5.5 Assessor's Parcel # 002-512-016-000

Parcel Size:

13,068 sq/ft

Contact Person: (The contact person should be an individual with adequate responsibility for the project to carry out all project negotiations with the City):

Name:

ERIC WYNKOOP Telephone: 831 620-5744

Address:

14 Los Laureles Ave, Salinas 93901

E-Mail:

ericmichaelwynkoop@gmail.com

Others to be notified of Historic Resource Board and City Council meetings:

Name: _____

Address: _____

Name: _____

Address: _____

Names and addresses of all property owners:

Name:

Daniel Cardenas Address: 14 Los Laureles Ave, Salinas

Name:

ERIC WYNKOOP Address: 14 Los Laureles Ave, Salinas

PROPERTY OWNER'S SIGNATURE: _____

Date: 6/17/25

APPLICANT'S SIGNATURE: _____

Date: _____

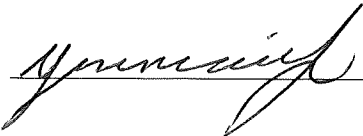
(If different from property owner)

IF YOU REQUIRE ACCOMMODATIONS OR ASSISTANCE TO COMPLETE THIS APPLICATION PROCESS, DUE TO A DISABILITY AS DEFINED BY THE AMERICANS WITH DISABILITIES ACT, PLEASE DESCRIBE THE ACCOMMODATIONS YOU NEED:

If you have any questions during the processing of this application, please contact Jessica Shull, City of Salinas, Advanced Planning Division at (831) 758-7976.

CITY USE ONLY

Date Filed: 7-10-25 Fee: \$665.70

By:  Advanced Planning Division

NOTICE

This application is accepted only during the months of May, June and July for the following reasons:

- ⊙ The Historic Resources Board and City Council review all Mills Act applications at one period each year so that the cumulative financial impact of approving these applications can be determined.
- ⊙ Mills Act contracts must be recorded prior to January 1 of any given year to be effective for that year. Because of the time needed to process these applications, accepting applications after August of any year may prevent applicants from recording their contracts in time to receive the Mills Act benefit the following year.
- ⊙ Applications are accepted in May, June and July because County Assessor's Office staff has more time available to process Mills Act requests after July of each year.
- ⊙ Accepting all Mills Act applications during these months reduces the cost of processing these applications.

RESTORATION AND MAINTENANCE PLAN

Use this form to outline your Restoration and Maintenance Plan. Copy sheets as necessary to include all scopes of work that you propose to complete within the next 10 years. Arrange in order of priority.

Project # :

Primary Building Feature:



Maintenance



Rehabilitation/Restoration



Completed (<1 yr.)



Proposed

Estimated Year Complete: 2026

Total Cost: \$ 10,000 - 15,000

Scope of Work: Restore all the wood trim to excellent condition

Project # :

Primary Building Feature:



Maintenance



Rehabilitation/Restoration



Completed (<1 yr.)



Proposed

Estimated Year Complete: 2027

Total Cost: \$ 5,000 - 10,000

Scope of Work: Repair any damaged wood window materials and restore steel window as needed

Project # :

Primary Building Feature:



Maintenance



Rehabilitation/Restoration



Completed (<1 yr.)



Proposed

Estimated Year Complete: 2028

Total Cost: \$ 100 - 150,000 re-roof in spanish tile, new waterproofing

Scope of Work: roof currently has multiple tiles (not matching) get consistent color back to roof)

Project # :	Primary Building Feature:		
☐ Maintenance	☒ Rehabilitation/Restoration	☐ Completed (<1 yr.)	☐ Proposed
Estimated Year Complete: 2029			
Total Cost: \$ 20,000 - 30,000			
Scope of Work: Replace garage doors to doors that operate well and seal out rodents.			

Project # :	Primary Building Feature:		
☐ Maintenance	☒ Rehabilitation/Restoration	☐ Completed (<1 yr.)	☐ Proposed
Estimated Year Complete: 2030			
Total Cost: \$ 20,000 to 30,000			
Scope of Work: Restne creached driveway front to garage			

Project # :	Primary Building Feature:		
☒ Maintenance	☐ Rehabilitation/Restoration	☐ Completed (<1 yr.)	☐ Proposed
Estimated Year Complete: 2031			
Total Cost: \$ 25,000 - 35,000			
Scope of Work: Repaint entire house stucco			

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

City Community Development Department
City of Salinas
65 West Alisal Street, 2nd Floor
Salinas, California 93901

SPACE ABOVE THIS LINE FOR RECORDER'S USE

HISTORIC PROPERTY PRESERVATION AGREEMENT

THIS AGREEMENT is made and entered into this 4th day of November, 2025, by and between the CITY OF SALINAS, a municipal corporation ("City") and Daniel Cardenas and Eric Wynkoop (collectively, "Owner").

RECITALS

A. California Government Code section 50280, et seq. authorizes cities to enter into contracts with the owners of qualified historical property to provide for the use, maintenance and restoration of such historical property so to retain its characteristics as property of historical significance;

B. Owner holds fee title in and to that certain real property, together with associated structures and improvements thereon, generally located at the street address 14 Los Laureles Avenue, Salinas, California (the "Historic Property"). A legal description of the Historic Property is attached hereto, marked as Exhibit "A" and is incorporated herein by this reference;

C. On November 4th, 2025 the City Council of the City of Salinas ("City Council") adopted its Resolution No. _____ thereby declaring and designating the Historic Property as an historic site, pursuant to Chapter 3, Article 2, Section 3-02.02 of the City's Zoning Ordinance. The Historic Property is a qualified historical property pursuant to California Government Code section 50280.1.

D. City and Owner, for their mutual benefit, now desire to enter into this agreement both to protect and preserve the characteristics of historical significance of the Historic Property and to qualify the Historic Property for an assessment of valuation pursuant to the Provisions of Chapter 3, of Part 2, of Division 1 of the California Revenue and Taxation Code.

Agreement

NOW THEREFORE, City and Owner, in consideration of the mutual covenants and conditions set forth herein, do hereby agree as follows:

1. Effective Date and Term of Agreement. This Agreement shall be effective and commence on January 1, 2026 (“Effective Date”) and shall remain in effect for a term of ten (10) years thereafter. Each year upon the anniversary of the Effective Date, such initial term will automatically be extended as provided in paragraph 2, below.
2. Renewal. On each anniversary of the Effective Date (hereinafter referred to as the “Renewal Date”), an additional one year term shall automatically be added to the term of this Agreement unless a notice of nonrenewal (“Notice of Nonrenewal”) is served as provided herein. If either Owner or City desires in any year not to renew this Agreement for an additional one-year term, Owner or City shall serve a written Notice of Nonrenewal upon the other party in advance of the Renewal Date. Such Notice of Nonrenewal shall be effective if served by Owner upon City at least ninety (90) days prior to the Renewal Date, or if served by City upon Owner, such Notice of Nonrenewal shall be effective if served upon Owner at least sixty (60) days prior to the Renewal Date. If either City or Owner timely serves a Notice of Nonrenewal in any year, this Agreement shall remain in effect for the balance of the term then remaining, either from its original execution or from the last renewal date of this Agreement, whichever may apply.
 - 2.1 Owner Protest of City Nonrenewal. Within fifteen (15) days after receipt by Owner of a Notice of Nonrenewal from City, Owner may make and file a written protest of the Notice of Nonrenewal. Upon receipt of such protest the City Council shall set a hearing prior to the expiration of the Renewal Date of this Agreement. Owner may furnish the City Council with any information which the Owner deems relevant, and within ten (10) days after demand shall furnish the City Council with any information the City Council may require. The City Council may, at any time prior to the Renewal Date of this Agreement, but without obligation to do so, withdraw its Notice of Nonrenewal.
3. Assessment of Valuation. The parties acknowledge that Owner, in consideration for abiding by the terms of this Agreement, shall be entitled to apply for a reassessment evaluation of the Historic Property pursuant to the provisions of Sections 439 et. seq. of the California Revenue and Taxation Code. Owner acknowledges that tax relief afforded to the Owner pursuant to Chapter 3, Part 2, of Division 1 of the California Revenue and Taxation Code may require negotiation with the Monterey County Assessor’s Office. All tax savings realized by Owner in connection with this Agreement shall be used to preserve, maintain, repair, restore and rehabilitate the Historic Property within twelve (12) months following the tax year in which such tax savings is realized.
4. Standards for Historical Property. Owner shall preserve, repair and maintain the Historic Property and its Character Defining Features (defined below) as a qualified historic property, in no less than equal to the condition of the Historic Property on the Effective Date. Owner shall, where necessary, restore and rehabilitate the property according to the rules and regulations of the Office of Historic Preservation of the State Department of Parks and Recreation, the United States Secretary of the Interior’s Standards for Rehabilitation and Restoration, the State Historical Building Code, and the City’s Historic Site and Neighborhood Combining Districts section of the City’s Zoning Ordinance, as the same may be amended from time to time, and in accordance with the attached ten year schedule

of home repair, maintenance and improvement measures prepared by Owner and approved by the City Council, attached hereto as Exhibit "B." Commencing on the fifth anniversary of the Effective Date, and continuing every five (5) years thereafter during the term of this Agreement, Owner shall submit to City an updated ten (10) year schedule of potential home repair, maintenance and improvement measures for the upcoming ten (10) year period, which schedule shall also document all repairs, maintenance, and improvements which have been completed since the Effective Date. Character Defining Features means all historic or other architecturally significant aspects of the Historic Property, including without limitation, the general architectural form, style, materials, design, scale, details, mass, roof line, porch, exterior vegetation and other aspects of the appearance of the exterior and interior of the Historic Property. The Secretary of Interior's Standards for Rehabilitation and Restoration currently in effect (attached hereto and marked as Exhibit "C") shall be incorporated herein by reference and constitute the minimum standards and conditions for the rehabilitation and restoration of the Historic Property. All standards referred to in this Section 4 shall apply to the Historic Property throughout the term of this Agreement. Owner shall not obstruct or obscure the public's ability to view the exterior of the Historic Property from the public right-of-way. Such prohibition shall include, without limitation, a prohibition against the placing of trees, bushes or fences in a location which substantially obscures or obstructs the view from the public right-of-way of the exterior of the Historic Property.

5. Periodic Examinations. Owner shall allow reasonable periodic examination, by prior appointment, of the interior and exterior of the Historic Property by representatives of the Monterey County Assessor, State Department of Parks and Recreation, State Board of Equalization, and/or the City, as may be necessary to determine Owner's compliance with the terms and provisions of this Agreement.
6. Provision of Information of Compliance. Within ten (10) days after request by City, Owner shall furnish City with any and all information requested by the City from time to time which City deems necessary or advisable to determine compliance with the terms and provisions of this Agreement.
7. Cancellation. City, following a duly noticed public hearing, as set forth in California Government Code Sections 50285, et seq., may cancel this Agreement if it determines that Owner breached any of the provisions of this Agreement or has allowed the Historic Property to deteriorate to the point that it no longer meets the standards for a qualified historic property and such breach is not cured by Owner within thirty (30) days after City gives Owner notice that a breach has occurred. City may also cancel this Agreement if it determines that the Owner has failed to maintain, preserve, restore or rehabilitate the Historic Property in accordance with the terms of this Agreement and such breach is not cured by Owner within thirty (30) days after City gives Owner notice that a breach has occurred. If this Agreement is canceled because of failure of the Owner to maintain, preserve, restore and rehabilitate the Historic Property as specified above, the Owner shall pay a cancellation fee to the State Controller as set forth in Government Code Section 50286 as the same may be amended or replaced from time to time.

8. Destruction. Notwithstanding any provision of this Agreement to the contrary, the Owner may cancel this Agreement without payment of the cancellation fee set forth in Section 7, if the existing single-family residence (the "Structure") on the Historic Property is damaged by fire, earthquake, or other Act of God or accidental cause to the extent (1) the then fair market value of said Structure is reduced by fifty-one percent (51%) or more; or (2) fifty-one percent (51%) or more of said Structure's floor area is destroyed or irreparably damaged; or (3) fifty-one percent (51%) or more of the Structure's Character Defining Features are destroyed or irreparably damaged; or (4) that the cost to the Owner (less any insurance proceeds payable in connection with such damage) to restore the Structure to its prior condition would exceed Ten Thousand Dollars (\$10,000). If the Owner desires to cancel this Agreement under this Section 8, written notice shall be given to the City within ninety (90) days after such damage or destruction occurs.

If the Owner desires to cancel this Agreement due to the circumstances outlined in this Section 8, either party may request a hearing before the City Council to determine (a) the extent of diminution of value, (b) the extent of the damage or destruction to the floor area of the Structure, and/or (c) extent of damage or destruction to the Character Defining Features of the Structure. The City Council may refer any matter relating to (c) to the City's Historic Heritage Committee for its findings and recommendations.

If Owner does not cancel this Agreement pursuant to this Section within ninety (90) days after damage or destruction occurs, or the damage or destruction does not exceed the thresholds set forth in the first paragraph of this Section, Owner shall have a reasonable time, not to exceed four (4) months, in which to restore the structure to not less than the condition existing prior to such damage or destruction.

9. Enforcement of Agreement. City may specifically enforce, or enjoin the breach of, the terms of this Agreement, if Owner fails to cure any default under this Agreement within thirty (30) days after City gives Owner notice that Owner has breached any of Owner's obligations under this Agreement. If Owner's breach is not corrected to the reasonable satisfaction of the City within thirty (30) days after the notice of breach is given to Owner, then City may, without further notice, declare a default under the terms of this Agreement and bring any action necessary to specifically enforce the obligations of Owner or enjoin any breach under this Agreement, including, but not limited to, bringing an action for injunctive relief against the Owner or such other relief as City may deem appropriate.

City does not waive any claim of default by Owner if City does not enforce or cancel this Agreement upon a default by Owner. All other remedies at law or in equity which are not otherwise provided for in this Agreement shall be available to the City to pursue if there is a default of this Agreement by Owner. No waiver by City or any breach or default under this Agreement by Owner shall be deemed to be a waiver of any other subsequent breach thereof or default hereunder.

10. Binding Effect of Agreement; Covenants Running With the Land. The Owner hereby subjects the Historic Property to the covenants, reservations and restrictions as set forth in this Agreement. City and Owner hereby declare their specific intent that the covenants,

reservations and restrictions as set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Owner's successors and assigns in title or interest to the Historic Property. Each and every contract, deed or other instrument hereinafter executed, covering or conveying the Historic Property, or any portion thereof, shall conclusively be held to have been executed, delivered and accepted subject to the covenants, reservations and restrictions expressed in this Agreement regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instrument. City and Owner hereby declare their understanding and intent that the burden of the covenants, reservations and restrictions set forth herein touch and concern the land in that the value of the Owner's legal interest in the Historic Property may be affected thereby. City and Owner hereby further declare their understanding and intent that the benefit of such covenants, reservations and restrictions touch and concern the land by enhancing and maintaining the historic characteristics and significance of the Historic Property for the benefit of the public and Owner.

11. Cost Reimbursement. Owner shall, within ten (10) days after demand, reimburse City for all reasonable legal fees and costs and all staff time and costs incurred by City in connection with the preparation and review of this Agreement and the administration of the Agreement during the term of this Agreement.
12. Notice. Any notice required to be given by the terms of this Agreement shall be in writing and sent by personal delivery or by United States registered or certified mail, postage prepaid, return receipt requested, addressed as set forth in this Section 12 below at any other address as may be later specified by the parties hereto by notice given in the manner required by this Section 12.

To City:

City of Salinas
65 W. Alisal Street, 2nd Floor
Salinas, CA 93901
Attn: City Community Development Director

To Owners:

Daniel Cardenas and Eric Wynkoop
14 Los Laureles Avenue Salinas,
CA 93901

Mailed notices shall be deemed delivered three (3) days after the date of posting by the United States Post Office.

13. Notice to Office of Historic Preservation. Owner shall provide written notice of this Agreement and shall provide a copy of this Agreement to the Office of Historic Preservation of the Department of Parks and Recreation of the State of California within six (6) months following the Effective Date.

14. Effect of Agreement. None of the terms, provisions or conditions of this Agreement shall be deemed to create a partnership between the parties hereto or any of their heirs, successors or assigns, nor shall such terms, provisions or conditions cause the parties to be considered joint venturers or members of any joint enterprise.
15. Indemnity of City. Owner shall protect, defend, indemnify, and hold City and its elected officials, officers, agents and employees harmless from liability for claims, losses, proceedings, damages, causes of action, liabilities, costs or expense, including reasonable attorneys' fees, which may arise directly or indirectly from the negligence, willful misconduct or breach of this Agreement by Owner or Owner's contractors, subcontractors, agents, employees or other persons acting on Owner's behalf in connection with the Historic Property, or which arise directly or indirectly in connection with Owner's activities in connection with the Historic Property. This Section 15 applies, without limitation, to all damages and claims for damages suffered, or alleged to have been suffered regardless of whether or not the City prepared, supplied or approved any plans, specifications or other documents for the Historic Property.
16. Binding Upon Successors. All of the agreements, rights, covenants, reservations and restrictions contained in this Agreement shall be binding upon and shall inure to the benefit of the parties named herein, their heirs, successors, legal representatives, and assigns and all persons acquiring any part or portion of the Historic Property, whether voluntarily or involuntarily, by operation of law or in any manner whatsoever.
17. Legal Costs. If legal proceedings are brought by Owner or City to enforce or restrain a violation of any of the covenants, reservations or restrictions contained herein, or to determine the rights and duties of any party hereunder, the prevailing party in such proceeding may recover all reasonable attorneys' fees to be fixed by the court, in addition to court costs and other relief ordered by the court.
18. Severability. If any of the provisions of this Agreement are held to be unenforceable or invalid by any court of competent jurisdiction, or by subsequent preemptive legislation, the validity and enforceability of the remaining provisions, or portions thereof, shall not be affected thereby.
19. Governing Law. This Agreement shall be construed and governed in accordance with the laws of the State of California.
20. Recordation. No later than twenty (20) days after the parties execute and enter into this Agreement, City shall cause this Agreement to be recorded in the Office of the County Recorder of the County of Monterey, California.
21. Amendments. This Agreement may be amended, in whole or in part, only by a written recorded instrument executed by all of the parties hereto.

22. Captions. Section headings and captions of this Agreement are for convenience of reference only and shall not be considered in the interpretation of any of the provisions of this Agreement.

OWNER:

Dated: _____, 20__

By: _____

Name: Daniel Cardenas

Dated: _____, 20__

By: _____

Name: Eric Wynkoop

CITY:

Dated: _____, 20__

CITY OF SALINAS, a municipal corporation

By: _____

Name: Rene Mendez

Its: City Manager

Attest:

By: _____

Name: Patricia Barajas

Its: City Clerk

Approved as to Form:

By: _____

Name: Christopher Callihan

Its: City Attorney

Insert Notary Form

EXHIBIT "A"
Legal Description

For APN/Parcel ID(s): 002-512-016

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SALINAS, COUNTY OF MONTEREY, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

All of Lot 7, and a portion of Lot 10 in Block 2, as said lots and block are shown on the map entitled "Maple Park" surveyed by H.F. Cozzens, and Wm. Davies, Licensed Land Surveyors and Civil Engineers, and filed for record May 23, 1929 In the office of the County Recorder of the County of Monterey, State of California, in Volume 3 of Maps, "Cities and Towns" at Page 57, said portion of Lot 10, being more particularly described as follows:

Beginning at the common corner of Lots 7, and 10, In said Block 2, on the northwesterly side of Los Laureles Avenue, and running thence North $45^{\circ} 16\frac{1}{2}'$ West, 116.60 feet to the common corner of Lots 7 and 10, of said Block 2, on the southeasterly line of Lot 8; thence South $39^{\circ} 07'$ West, 25.12 feet to a stake; thence South $45^{\circ} 16\frac{1}{2}'$ East, 112.70 feet to a stake on the northwesterly line of said Los Laureles Avenue; thence northeasterly along said side of Los Laureles Avenue 25.00 feet to the place of beginning.

Subject to the conditions and restrictions contained In the Deed from Frank B. Porter, et ux, to H. G, Jorgensen and Mae Hull Jorgensen, his wife, dated August 5, 1929 and recorded In Volume 205 of Official Records, at page 24, Monterey County Records

Grant Deed
SCA0000129.doc / Updated: 04.06.20

Printed: 10.21.21 @ 09:47 AM CA-GT-FWMN-02180.054521-FWMN-52121015

EXHIBIT "B"

SCHEDULE OF IMPROVEMENTS

MILLS ACT CONTRACT NO.

PROPERTY ADDRESS – 14 LOS LAURELES AVENUE

OWNER shall expend the amount equal to a minimum of the estimated 10-year tax savings (\$270,000) attributed to the Contract for the preservation and maintenance of the Historic Resource. The rehabilitation of the Historic Resource shall be completed on or before the timetable below. Such rehabilitation shall include all of the tasks listed below.

Improvement Description

- Restoration of all wood-trim (Cost Estimate-\$10,000-\$15,000)
- Restoration of any damaged wood window materials and restore steel windows. (Cost Estimate- \$5,000-\$10,000)
- Re-roofing in Spanish style tiles and waterproofing roof. (Cost Estimate- \$100,000-\$150,000)
- Replacement of garage doors. (Cost Estimate- \$20,000-\$30,000)
- Restoration of Driveway. (Cost Estimate-\$20,000-\$30,000)
- Complete exterior repainting of the residence. (\$25,000-\$35,000)

EXHIBIT "C"

SECRETARY OF THE INTERIOR'S STANDARDS FOR REHABILITATION AND RESTORATION

Rehabilitation:

1. A property will be used as it was historically or be given a new use that requires minimal change to its distinctive materials, features, spaces and spatial relationships.
2. The historic character of a property will be retained and preserved. The removal of distinctive materials or alteration of features, spaces and spatial relationships that characterize a property will be avoided.
3. Each property will be recognized as a physical record of its time, place, and use. Changes that create a false sense of historical development, such as adding conjectural features or elements from other historic properties, will not be undertaken.
4. Changes to a property that have acquired historic significance in their own right will be retained and preserved.
5. Distinctive materials, features, finishes and construction techniques or examples of craftsmanship that characterize a property will be preserved.
6. Deteriorated historic features will be repaired rather than replaced. Where the severity of deterioration requires replacement of a distinctive feature, the new feature will match the old in design, color, texture, and where possible, materials. Replacement of missing features will be substantiated by documentary and physical evidence.
7. Chemical or physical treatments, if appropriate, will be undertaken using the gentlest means possible. Treatments that cause damage to historic materials will not be used.
8. Archeological resources will be protected and preserved in place. If such resources must be disturbed, mitigation measures will be undertaken.
9. New additions, exterior alterations or related new construction will not destroy historic materials, features and spatial relationships that characterize the property. The new work will be differentiated from the old and will be compatible with the historic materials, features, size, scale and proportion, and massing to protect the integrity of the property and its environment.
10. New additions and adjacent or related new construction will be undertaken in such a manner that, if removed in the future, the essential form and integrity of the historic property and its environment would be unimpaired.

Restoration:

1. A property will be used as it was historically or be given a new use that interprets the property's restoration period.
2. Materials and features from the restoration period will be retained and preserved. The removal of materials or alterations of features, spaces and spatial relationships that characterize the period will not be undertaken.
3. Each property will be recognized as a physical record of its time, place and use. Work needed to stabilize, consolidate and conserve materials and features from the restoration period will be physically and visually compatible, identifiable upon close inspection and properly documented for future research.
4. Materials, features, spaces and finishes that characterize other historical periods will be documented prior to their alteration or removal.
5. Distinctive materials, features, finishes and construction techniques or examples of craftsmanship that characterize the restoration period will be preserved.
6. Deteriorated features from the restoration period will be repaired rather than replaced. Where the severity of deterioration requires replacement of a distinctive feature, the new feature will match the old in design, color, texture and, where possible, materials.
7. Replacement of missing features from the restoration period will be substantiated by documentary and physical evidence. A false sense of history will not be created by adding conjectural features, features from other properties, or by combining features that never existed together historically.
8. Chemical or physical treatments, if appropriate, will be undertaken using the gentlest means possible. Treatments that cause damage to historic materials will not be used.
9. Archeological resources affected by a project will be protected and preserved in place. If such resources must be disturbed, mitigation measures will be undertaken.
10. Designs that were never executed historically will not be constructed.

SALINAS HISTORIC RESOURCES BOARD

RESOLUTION NO. 2025-01

A RESOLUTION RECOMMENDING THE CITY COUNCIL APPROVE THE LOCAL HISTORIC RESOURCE DESIGNATION AND MILLS ACT CONTRACT FOR AN EXISTING PROPERTY LOCATED AT 14 LOS LAURELES AVENUE

WHEREAS, the Mills Act is a state-enabled program that allows cities to enter into contracts with owners of designated historic properties. The City of Salinas established its Mills Act Program in June 2024 to encourage the rehabilitation and long-term preservation of designated historic resources throughout the city; and

WHEREAS, pursuant to City of Salinas Municipal Code Section 3-02.05, the City has established procedures to identify and designate historic resources with the City; and

WHEREAS, 14 Los Laureles Avenue was constructed in 1930 and is an example of Spanish Revival style and one of the first three homes constructed in Maple Park. The current owners are in the process of rehabilitation, restoration, and maintenance of the property; and

WHEREAS, the owners have applied to have the property designated as a local Historic Resource and enter into a Mills Act contract with the City; and

WHEREAS, staff reviewed the application and supporting materials and determined the Mills Act application to be complete and that the property meets the criteria to be designated as a City of Salinas Historic Resource pursuant to Salinas Municipal Code Section 3-02.05; and

WHEREAS, on October 6, 2025, the Salinas Historic Resources Board, at the request of Daniel Cardenas and Eric Wynkoop, Applicants, held a duly noticed public hearing to consider the Historic Resource Designation SHRD 2025-01 to designate the property located at 14 Los Laureles Avenue (Assessor's Parcel Number 002-512-16) as a local historic resource; and

WHEREAS, the Historic Resources Board weighed the evidence presented at said public hearing, including the Staff Report which is on file at the Community Development Department; and

NOW, THEREFORE, BE IT RESOLVED by the Salinas Historic Resources Board recommends the City Council approve the local historic designation and Mills Act contract for 14 Los Laureles Avenue; and

NOW, THEREFORE, BE IT RESOLVED that the Salinas Historic Resources Board adopts the following findings as the basis for its recommendation for approval, and that the foregoing recitations are true and correct, and are included herein by reference as finding:

The future review, preservation and rehabilitation of the historic resource in accordance with City historic regulations.

1.The environmental impacts of the proposed resolution to approve Historic Designation and approval of a Mills Act contract are deemed not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

The environmental impacts of the proposed Historic Designation and approval of the Mills Act deem the proposed action as not a project as it will not have the potential for causing a significant effect on the environment, the activity is not subject to CEQA .

2.The Historic Resources Board reviewed the Historic Resource Designation application following the criteria in the current regulations of the California Registry of Historic Resources.

The property is included in the 1989 and 2016 City Historical and Architectural Resource Surveys prepared by Kent Seavey. The structure was constructed in 1930 is a two-story, L-shaped wood-frame residence features smooth cement stucco cladding and a mission tile roof. The front façade includes a one-story projection with an undulating eave and a recessed bay window framed by two turned posts. A segmentally arched porte cochere extends to the east, while a small gabled projection marks the entrance, set behind a low stucco wall that encloses a patio. At the east end of the second story, a recessed Monterey-style balcony is supported by chamfered posts with decorative corbels and finished with a simple railing and turned balusters.

The 1989 Survey form for the property indicates that it qualifies for listing as a City Historic Resource.

3. The Historic Resources Board Reviewed the Mills Act application and supporting materials.

The City of Salinas Mills Act Tax Savings Program for Historic Properties is included as a historic preservation incentive in Section 3-02.14 of the Salinas Municipal Code. The Mills Act contracts allow property owners of designated historic resources to receive a reduction in property taxes in exchange for the property-owner's commitment to specific repair, rehabilitation improvements and satisfactory maintenance of the historic property. The application for 14 Los Laureles Avenue proposes to use the financial savings from the Mills Act to support the needed rehabilitation, restoration, and maintenance of the property, including:

- Restoration of all wood-trim windows
- Restoration of original steel windows

- Re-roofing using Spanish clay tiles
- Waterproofing of the roof
- Replacement of garage doors
- Restoration of the driveway
- Complete exterior repainting of the residence

The proposed work aligns with the standards of the Mills Act Program and qualifies as eligible improvements focused on preserving the property's historic character.

PASSED AND APPROVED this 6th day of October 2025, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

THIS IS TO CERTIFY that the foregoing is a full, true, and correct copy of a Resolution of the Historic Resources Board of the City of Salinas, that said Resolution was passed and adopted by the affirmative and majority vote of said at a meeting held on October 6, 2025, and that said Resolution has not been modified, amended, or rescinded, and is now in full force and effect.

SALINAS HISTORIC RESOURCES BOARD

Date: October 6, 2025



Yesenia Segovia, Assistant Planner

HISTORIC RESOURCES INVENTORY

HABS _____ HAER _____		Loc _____	Ser. No. _____	SHL No. _____	NR Status _____
UTM: A _____	B _____	C _____	D _____		

IDENTIFICATION

1. Common name: _____
2. Historic name: Judge Henry G. Jorgensen Residence
3. Street or rural address: 14 Los Laureles
City Salinas Zip 93901 County Monterey
4. Parcel number: 002-512-16
5. Present Owner: W.E. & Jean M. Quinlan Address: Same as above
City Salinas Zip 93901 Ownership is: Public _____ Private X
6. Present Use: Residence Original use: Residence

DESCRIPTION

- 7a. Architectural style: Monterey Colonial
- 7b. Briefly describe the present *physical appearance* of the site or structure and describe any major alterations from its original condition:

A two-story wood framed residence, ell shaped in plan. The exterior wall cladding is a smooth cement stucco. The cross gabled building is capped with Mission Tile including a segmentally arched port cochere to the east. The main roof eave undulates above a street facing one story projection whose end wall bay window is recessed in a shaped frame. Two turned posts separate the large plate glass form of the opening. A small gabled projection off the east side of this wing is the entrance. It is behind a low stucco wall enclosing an open terrace or patio. The east end of the second story has a Monterey style balcony recessed under the main roof. It is supported by chamfered posts with decorative wood corbels above. The hand rail is simple, with turned balusters. Fenestration is irregular with a variety of window types and forms. There are 2/3 outward opening metal industrial casement as well as large fixed plate glass windows fronting the principal living areas. An eave wall chimney rises above the one story entry wing on the west (side) elevation. The grounds are well landscaped and set back from the street.

8. Construction date:
Estimated _____ Factual 1930
9. Architect: _____
10. Builder: Ernest F. Reese
11. Approx. property size (in feet)
Frontage 90' Depth 143'
or approx. acreage _____
12. Date(s) of enclosed photograph(s)
1989



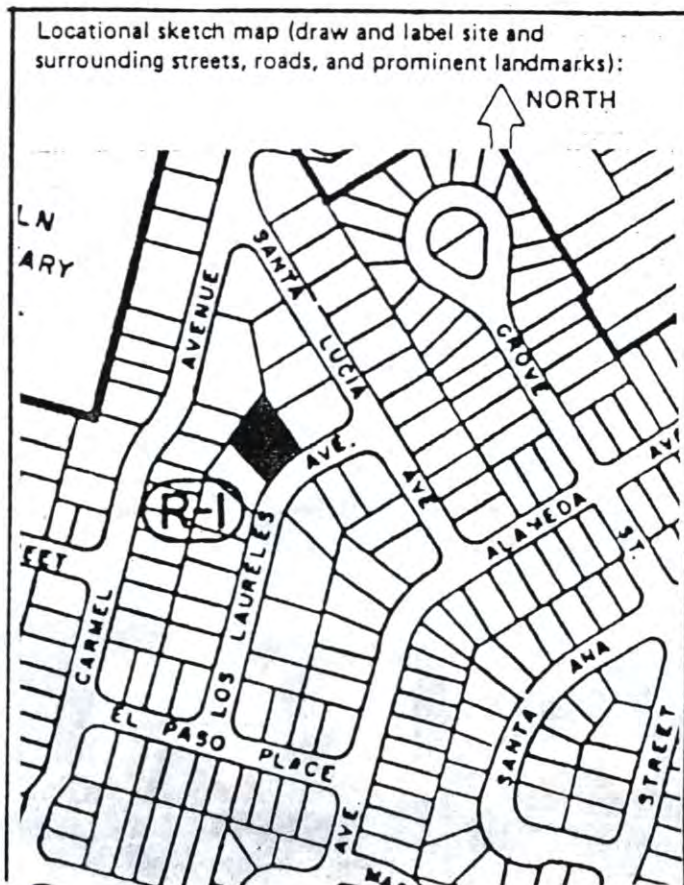
13. Condition: Excellent _____ Good ☒ Fair _____ Deteriorated _____ No longer in existence _____
14. Alterations: _____
15. Surroundings: (Check more than one if necessary) Open land _____ Scattered buildings _____ Densely built-up _____
Residential ☒ Industrial _____ Commercial _____ Other: _____
16. Threats to site: None known ☒ Private development _____ Zoning _____ Vandalism _____
Public Works project _____ Other: _____
17. Is the structure: On its original site? ☒ Moved? _____ Unknown? _____
18. Related features: _____

SIGNIFICANCE

19. Briefly state historical and/or architectural importance (include dates, events, and persons associated with the site.)
One of the first three homes constructed in the Maple Park Subdivision in 1930. Developer Frank Porter, businessman and civic leader Bruce T. Church and jurist Ernest Jorgensen were major community figures in Salinas and helped establish the prestige of a Maple Park address. Judge Jorgensen's "romantic" Spanish home was thoroughly in keeping with the planned design of the tract and still retains its integrity as constructed. Maple Park was the first Salinas residential subdivision to employ **Garden City** planning concepts in its layout with meandering streets, underground utilities, wide setbacks and extensive landscaping. It soon became a city showplace and model for later residential development in the rapidly expanding district. Judge Henry Jorgensen was an important county jurist and civic leader in Salinas. The property qualifies as a Salinas historic resource and contributing feature of the Maple Park historic district under Criterion 2,c,e,f,m.

20. Main theme of the historic resource: (If more than one is checked, number in order of importance.)
Architecture ☒ Arts & Leisure _____
Economic/Industrial _____ Exploration/Settlement _____
Government _____ Military _____
Religion _____ Social/Education _____
21. Sources (List books, documents, surveys, personal interviews and their dates).
Polk's Directory for Salinas, 1933
Salinas Daily Index, 8/11/29; 4/27/35

22. Date form prepared MAY 25 1988
By (name) Kent L. Schuch
Organization MONTEREY COUNTY
Address: HISTORICAL SOCIETY
City Salinas Zip 93912
Phone: P. O. Box 3576
Salinas, Ca.



14 LOS LAURELES



City of Salinas

200 Lincoln Ave., Salinas,
CA 93901
www.cityofsalinas.org

Legislation Text

File #: ID#25-499, Version: 1

Amendment to Ground Lease between the City of Salinas and PenFed Credit Union (1410 North Main Street, Salinas)

Approve a Resolution authorizing the Mayor to enter into an Amendment to the Ground Lease between the City of Salinas and PenFed Credit Union related to the property located at 1410 North Main Street, Salinas, to allow for an additional period of time for PenFed Credit Union to identify a replacement tenant.



CITY OF SALINAS COUNCIL STAFF REPORT

DATE: NOVEMBER 4, 2025

DEPARTMENT: ADMINISTRATION

FROM: LISA MURPHY, ASSISTANT CITY MANAGER
CHRISTOPHER A. CALLIHAN, CITY ATTORNEY

TITLE: AMENDMENT TO GROUND LEASE
(1410 NORTH MAIN STREET)

RECOMMENDED MOTION:

A motion to approve a Resolution authorizing the Mayor to enter into an amendment to the Ground Lease between the City of Salinas and PenFed Credit Union related to the property located at 1410 North Main Street, Salinas, to extend the time period for PenFed Credit Union to identify a suitable subtenant.

EXECUTIVE SUMMARY:

The City of Salinas (City) originally owned two adjacent parcels of land located at 1400 North Main Street and 1410 North Main Street. The property located at 1400 North Main Street is the site of the new El Gabilan Library and, pursuant to a Ground Lease between the City and allUS Credit Union, the property located at 1410 North Main Street is the site of the PenFed Credit Union building.¹ PenFed has discontinued its business operations in Salinas and is in the process of identifying another federally chartered credit union to sub-lease the building. PenFed has requested the City provide additional time for them to identify a proper subtenant. City Administration supports this request. Pursuant to the terms of the Ground Lease, any amendments require Council approval.

BACKGROUND:

The City originally owned the properties located at 1400 North Main Street and 1410 North Main Street. 1400 North Main Street was the site of the former El Gabilan Library and is the site of the new El Gabilan Library. During the pre-development phase of the new El Gabilan Library, allUS Credit Union informed the City that it needed to relocate from its former location at the Salinas Train Station due to the development of the Intermodal Transportation Center. As a result of both parties needs for new facilities, the City and allUS Credit Union mutually determined there were benefits to developing the two projects (the new El Gabilan Library and the new allUS Credit Union building) on the two properties. The City and allUS Credit Union thus entered into a Ground Lease on July 9, 2015, pursuant to which the City agreed to lease the property located at 1410

¹ PenFed Credit Union is the successor to allUS Credit Union under the Ground Lease.

North Main Street to allUS Credit Union. A copy of the Ground Lease is attached to this Report. To assist the City with the costs of developing the new El Gabilan Library, allUS Credit Union paid the full amount of lease payments due to the City under the Ground Lease in the amount of approximately \$4,000,000. allUS Credit Union, and later PenFed Credit Union, have been great tenants of the building and great neighbors of the library.

PenFed Credit Union recently informed the staff that it would stop conducting business within the City and that it was looking to find a suitable replacement tenant to occupy and to conduct business from the building. A copy of PenFed Credit Union's October 14, 2025, letter is attached to this Report. The Ground Lease limits the use and occupancy of the building to financial institutions facilities and community meeting rooms. The Ground Lease further prohibits the building from being vacant and unused for a period longer than three months. PenFed Credit Union has been diligently working to find a subtenant who meets the limitations of the Ground Lease but needs additional time. PenFed Credit Union has requested an additional three months (for a total of six months) to identify a suitable subtenant. This change requires an amendment to the Ground Lease. City Administration is supportive of this request and is confident PenFed Credit Union will identify a suitable subtenant and recommends the City Council approve the proposed amendment. A proposed Amendment to the Ground Lease is attached to this Report.

CEQA CONSIDERATION:

Not a Project. The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

CALIFORNIA GOVERNMENT CODE §84308 APPLIES:

Yes.

STRATEGIC PLAN INITIATIVE:

The City Council's approval of the proposed amendment to the Ground Lease supports the City Council's goal of Economic Development by supporting an established business (City of Salinas Strategic Plan 2025-2028).

DEPARTMENTAL COORDINATION:

The City Manager's Office coordinated with the City Attorney's office on the Ground Lease Amendment and on this report.

FISCAL AND SUSTAINABILITY IMPACT:

There is no direct fiscal impact to the City's General Fund associated with this item.

Fund	General Ledger Number (Operating/CIP)	General Ledger Account Name	Remaining Budget Appropriation	Amount Requested
n/a	n/a	n/a	n/a	n/a

ATTACHMENTS:

Resolution
Letter from PenFed Credit Union
Ground Lease
Ground Lease Amendment

RESOLUTION NO. _____ (N.C.S.)

**A RESOLUTION AUTHORIZING THE MAYOR TO ENTER INTO AN AMENDMENT
TO THE GROUND LEASE BETWEEN THE CITY OF SALINAS AND PENFED
CREDIT UNION RELATED TO THE PROPERTY LOCATED AT 1410 NORTH MAIN
STREET**

WHEREAS, the City of Salinas (City) and allUS Credit Union (allUS) first entered into a Ground Lease on July 9, 2015, pursuant to which the City leased the property located at 1410 North Main Street to allUS so they could develop a new building to serve their Salinas customers; and

WHEREAS, PenFed Credit Union (PenFed) is the successor in interest to allUS under the Ground Lease and has indicated to the City they are looking to find a suitable subtenant which will be a chartered credit union; and

WHEREAS, the City and PenFed desire to amend the Ground Lease to allow PenFed an additional three months (for a total of six months) to identify a suitable subtenant;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF SALINAS that the Mayor of Salinas is hereby authorized, for and on behalf of the City, to enter into an amendment to the Ground Lease as set forth in the attached "Amendment to Lease Agreement."

PASSED AND APPROVED this 4th day of November, 2025, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Dennis Donohue, Mayor

ATTEST:

Patricia M. Barajas, City Clerk

Attachment: Amendment to Lease Agreement



October 14, 2025

City of Salinas
200 Lincoln Ave
Salina, CA 93901

RE: Potential Sub-lease of the Pentagon Federal Credit Union Building

Dear Lisa,

PenFed Credit Union is currently engaged in discussions to sub-lease our building located in Salinas to another federally chartered credit union. About two weeks ago, the CEO of the other credit union reached out to our PenFed real estate agent/broker, and since then, follow-up conversations have been progressing positively.

This potential sub-lease would ensure that credit union services and competitive pricing remain available to the Salinas community. To facilitate ongoing negotiations with the other credit union and secure necessary approval from Landlord, we are requesting approval for an additional three (3) month period (on top of what is provided in Section 6.3) during which the Improvements would not be continuously operated while we pursue negotiations with the potential subtenant.

We greatly appreciate your continued support during this transition and request a response by **Friday, October 22, 2025**. Please feel free to contact me by phone or email if you have any questions. My email address is Michele.Hart@penfed.org.

Sincerely,

Michele M. Hart

Michele Hart
Vice President, Global Fixed Assets – Property Management

GROUND LEASE
(allUS Credit Union)

This Lease (the "Lease") is made as of this 9th day of July, 2015 ("Effective Date"), by and between the City of Salinas, a California charter city and municipal corporation (the "Landlord"), and the allUS Credit Union, a 501C (14) Tax Exempt corporation in the State of California and State chartered credit union (the "Tenant").

RECITALS

WHEREAS, the Landlord owns adjacent parcels of real property located at 1410 North Main Street (which is currently a vacant parcel) and 1400 North Main Street (which is currently developed with the 3,000 square foot El Gabilan Branch Library of the Salinas Public Library System); and

WHEREAS, the Landlord agrees with the State Department of Libraries in its identification of El Gabilan Library as a facility that needs to be substantially larger than its current 3,000 square feet; and

WHEREAS, in February 2014, the City Council of the City of Salinas made the rebuilding of the El Gabilan Library a top priority; and

WHEREAS, the Tenant must relocate from its current location at the Salinas Train Station as its building has been purchased by a third party to develop future transit related uses at this site; and

WHEREAS, Tenant has completed a demographic study of its clients and identified that 80% of the Tenant's customers reside in close proximity to the El Gabilan Library, and that building a new modern facility for its customers on North Main Street would be best for their clients; and

WHEREAS, after conducting their due diligence, the Tenant and Landlord have mutually determined that the benefits of developing the two projects together on these two properties achieves the goals of both by allowing each to provide excellent services to the community, in new facilities, and in a cost effective manner; and

WHEREAS, the suggested terms of the Lease provide for an advanced lump sum payment of rent by the Tenant, that the Landlord will hold in trust for exclusively for construction costs resulting in the expansion of the El Gabilan Library;

WHEREAS, the Landlord now seeks to lease a portion of the Property at 1410 North Main Street to the Tenant.

PART-1. SUBJECT OF LEASE

Section 1.1 Overview.

The Landlord is the owner of approximately 78, 000 square feet of real property located at 1400 and 1410 North Main Street in the city of Salinas, County of Monterey (APNs 261-661-001 and 231-661-008, respectively), a portion of which is currently developed with the El Gabilan Library as shown in Exhibit A. (the "Property").

The purpose of this Ground Lease ("Lease") is to effectuate the co-development of the Leased Premises with a new financial institution facility of approximately 5,000 square feet, to be owned and operated by the Tenant, and the future expansion of the El Gabilan Library, to be owned and operated by the Landlord as shown in Exhibit "B". A further purpose of this Lease is to set forth the development and the operational agreement for the financial institution facility.

This project has two distinct phases: 1) development by the Tenant of a new financial institution facility, and; 2) development of a new or expanded library by the Landlord.

Section 1.2 Improvements

The Improvements that the Tenant is to make on the Leased Premises pursuant to this Lease are generally described in the "Capital Improvement Plan and Schedule" provided in Exhibit C, as approved by the City.

Section 1.3 Capacity of City as Landlord

Except where clearly and expressly provided otherwise in this Lease, the capacity of the City of Salinas in the Lease shall be as a landlord only, and any obligations or restrictions imposed by this Lease on City shall be limited to that capacity and shall not relate to, or otherwise affect any activity of the City of Salinas in its regulatory capacity, including but not limited to, enacting laws, inspecting structures, reviewing and issuing permits, and all other legislative, administrative, or enforcement functions of the City of Salinas pursuant to the federal, state or local law.

PART 2. DEFINITIONS

Section 2.1 Definitions.

The following terms shall have the following meanings in this Lease:

(a) "Ancillary Use" means the use of portions of the Property and Improvements thereon for the hosting of lectures, meetings, or reception and other uses as permitted under Section 6.1 below.

(b) "allUS Credit Union" shall mean operation of a financial institution and community room(s) as further described in Section 6.1 below.

(c) "Capital Improvement Plan and Schedule" (Exhibit "C" to the Lease), shall mean the description of improvements, site plan and the building's conceptual architectural drawings and elevations and time-frame targets for how and when Tenant intends to fund and build the Improvements as further described in Section 4.1 below.

(d) "City" shall mean the City of Salinas, a California charter city and municipal corporation, operating through its governing body, the City Council, and its various departments.

(e) "Certificate of Occupancy" means the document issued by the City to certify that the Improvements can be occupied and used.

(f) "Commencement Date" shall mean the date the Tenant first takes possession of the Leased Premises for the purpose of initiating the Capital Improvement Plan, and the date the Lease Payment is to be initiated and pre-paid which is estimated to be [REDACTED], 2015.

(g) "Design Development Documents" shall mean the documents required under Section 4.2 below.

(h) "Effective Date" is the date first shown above and that date the Lease was approved by the City Council.

(i) "Expiration Date" means the midnight on June 30 of the year in which occurs the fortieth (40th) anniversary of the Effective Date, as may be extended pursuant to Section 3.3.

(j) "Extension" means an extension of the Lease Term of up to two (2) ten (10) year Extensions pursuant to Section 3.3.

(k) "Event of Material Default" means the events of default listed throughout the Lease including but not limited to those contained in Section 5.2(e), Section 6.3, 8.2, 9.4, 10.1 and 13.1(a) triggering the provisions of Section 13.1(b) or Section 13.2.

(l) "Hazardous Materials" means any substance defined as "hazardous wastes," "hazardous substances," "hazardous materials," "toxic substances" or words to that effect under any applicable current or future federal or state laws or regulations including petroleum and asbestos.

(m) "Hazardous Materials Laws" means all federal, state and local laws, ordinances, regulations, orders and directives pertaining to Hazardous Materials.

(n) "Improvements" shall have the meaning set forth in Section 1.2 and as more particularly described in the Capital Improvement Plan attached as Exhibit C.

(o) "Insurance Trustee" means the commercial bank or trust company designated by the Landlord pursuant to Section 9.6(c) below.

(p) "Landlord" means the City.

(q) "Lease" means this Lease Agreement.

(r) "Leased Premises" means that portion of the Property leased to the Tenant under this Lease (as further described in Exhibit B) for the purpose of developing and operating a financial institution facility.

(s) "Mortgage" means deeds of trust or other similar security instruments.

(t) "Permitted Uses" means the use of the Property and the Improvements thereon as a financial institution facility and community meeting room(s) as further described in Section 6.1 and Exhibit C of the Lease.

(u) "Personal Property" means all fixtures, furnishings, equipment and other personal property necessary to operate the Property and Improvements for the Permitted and Ancillary Uses as required under Section 5.1(h) below.

(v) "Permitted Transfer" means Transfers approved by the City pursuant to Section 8.3 below.

(w) "Prohibited Transfer" means any transfer in contravention of Section 8.2 below.

(x) "Property" shall have the meaning set forth in Exhibit "A" and in Section 1.1 above.

(y) "Term" means the term of this Lease, which shall commence on the Effective Date and terminating at midnight June 30 of the year in which occurs the fortieth (40th) anniversary of the commencement date, as may be extended pursuant to Section 3.3.

(z) "Transfer" means:

1. Any total or partial sale, assignment or conveyance, or any trust or power, or any transfer in any other mode or form, of or with respect to this Lease or of the leasehold estate in the Property or any part thereof or any interest therein, of the Improvements thereon, or the income or receipts there from or any contract or agreement to do any of the same; or

2. Any total or partial sale, assignment or conveyance, or any trust or power, or any transfer in any other mode or form, of or with respect to any ownership interest in the Tenant, or any contract or agreement to do any of the same; or

3. Any merger, consolidation, sale, lease, assignment or conveyance of all or substantially all of the assets of the Tenant; or

4. Any sublease of all of any portion of the Property.

PART 3. BASIC LEASE TERMS

Section 3.1 Lease of Property.

Upon and subject to the terms, covenants and conditions of this Lease, and in consideration of the rents to be paid pursuant to this Lease, the Landlord hereby leases a portion of the Property to the Tenant and the Tenant hereby leases and takes from the Landlord a portion of the Leased Premises as more specifically shown and described in Exhibit "B". The Landlord and the Tenant agree to the following: that the leasing is upon and subject to the terms,

covenants and conditions of this Lease; that the Tenant covenants, as a part of the consideration of this Lease, to keep, perform and observe each and all of said terms, covenants, and conditions by the Tenant to be kept, performed or observed; and that this Lease is made upon the condition of such performance.

Section 3.2 Lease Term.

Unless earlier terminated pursuant to the provisions of this Lease, the Term shall be for the period commencing on the Effective Date and terminating on the Expiration Date.

Section 3.3 Extension of Lease Term.

The Tenant may extend the Term two (2) times for up to ten (10) years each, under the same terms and conditions herein; provided, however, that the Tenant is not then in default under the terms of this Lease. Not less than one (1) year, the Tenant shall give the Landlord written notice of its desire to extend the Term. Within thirty (30) days of the Landlord's receipt of the Tenant's written notice, the Landlord and the Tenant shall enter into a written Extension of the Lease which shall commence as of the first calendar day following the Expiration Date ("Extension Effective Date") and which shall terminate at midnight on June 30th of the year in which occurs the tenth (10th) anniversary of the Extension Effective Date. Upon the Tenant and Landlord's written agreement to a second Extension of the Lease Term, the second Extension of the Lease shall commence as of the first calendar day following the expiration of the first Extension term and shall terminate at midnight on June 30th of the year which occurs the second tenth (10th) anniversary of the second Extension term.

Section 3.4 Lease Payment.

The Tenant shall prepay one-hundred (100%) percent of all cumulative Lease payments over the entire Term upon the Commencement Date, to the Landlord in lawful money of the United States of America, to the Landlord at the address for the Landlord set forth in Section 14.5 below. The said prepaid Lease payments shall be held in trust by the Landlord to be used exclusively for the expansion of Salinas Public Library Services in the area of the existing El Gabilan library. The annual base rent of twenty-nine thousand four hundred (\$29,400) escalates incrementally by five-percent (5%) every five (5) years and shall be applied to any extension to this Lease beyond the original Term. Lease payments made during any extended term of this Lease as set forth in Section 3.3, shall be made on or before the first day of each month. Lease payments shall be initiated at the Net Present Value of the accumulated rent but are not anticipated to be this same value over time as follows:

FROM	TO	Base Annual	Escalator	Cumulative
July 1, 2015	June 30, 2055	\$29,400	5% every 5 years	\$1,403,719

Section 3.5 Triple Net Lease.

This is a triple-net Lease which shall mean that in addition to the payment of any lease payment, the Tenant shall be directly responsible for the payment of all utilities, insurance, any

applicable taxes and assessments and any other costs connected with the operation and maintenance of the Leased Premises.

Section 3.6 Physical Condition of Property.

(a) The Leased Premises are hereby leased to the Tenant in an "as is" condition and the Landlord shall not be responsible in any way for demolition, site preparation or any other removal or placement of improvements presently thereon. Without limiting the generality of the foregoing, the Landlord is in no way responsible for the soil conditions regarding sufficient soil compacting on the Leased Premises, for removing any subsurface obstruction or correcting any subsurface condition on the Leased Premises. It shall be the sole responsibility of the Tenant, at the Tenant's expense, to investigate and determine the soil conditions of the Leased Premises and the suitability of the Leased Premises for the Improvements.

(b) If the conditions of the Leased Premises are not in all respects entirely suitable for the use or uses to which it will be put as described in this Lease, the Tenant retains the sole responsibility and obligation to correct any soil conditions, correct any subsurface condition, correct any structural condition and otherwise put the Leased Premises in a condition suitable for rehabilitation of the Improvements. The Tenant hereby waives any right to seek reimbursement or indemnification from the Landlord of the Tenant's costs related to any physical conditions on the Leased Premises.

(c) Notwithstanding the foregoing, in the event that the Tenant is required to remediate or mitigate a hazardous, toxic or polluted substance which was on the Leased Premises as of the Effective Date, other than existing asbestos material and lead-based paint on the Property, the Landlord shall indemnify the Tenant for the reasonable costs the Tenant incurs in accomplishing such remediation or mitigation, including the Tenant's attorneys', expert and consultant fees.

Section 3.7 Termination.

This Lease may only be terminated for cause as further described in this Lease and specifically provided in Sections 5.2, 6.3, 8.2, 9.5a, 9.5b, 9.7, 10.1, 13.1a, 13.1b and 13.2.

PART 4. PRECONDITIONS TO CONSTRUCTION OF IMPROVEMENTS

Section 4.1 Capital Improvement Plan and Schedule

The Tenant shall submit to the Landlord its Capital Improvement Plan and Schedule prior to the execution of this Lease as required in Exhibit C. The Tenant shall submit to the Landlord updates to the Capital Improvement Plan and Schedule every three (3) months under this Lease and, if so requested by Landlord, more often (but no more than monthly) until construction is completed. The update to the Plan shall include the following:

(a) An estimated percentage of work completed; and

- (b) An updated schedule of work; and
- (c) Any planned road closures, traffic control or other interruptions to the general public or City employees working at or visiting the current Library; and
- (d) A description of significant delays and their cause.

Section 4.2 Design Development Documents and Development Conditions.

As part of the development review process, and prior to the creating and submitting final construction plans, the Tenant shall submit, or shall cause to be submitted, Design Development Documents for the Improvements necessary for all land use approvals for the Improvements no later than the date four (4) months after the Effective Date of this Lease. The Design Development Documents shall be in substantial conformity with the description of site improvements and Site Plan and elevations provided in Exhibit C, and this Lease. The Landlord shall review and approve or disapprove said documents within ninety (90) days of receipt.

During the preparation of all plans and related documents, Tenant shall communicate and consult informally with the Landlord. Tenant shall work diligently with the City to complete the document submittal for review. City departments may provide conditions of the development to that shall be incorporated into and made part of this Lease and when appropriate, be incorporated into the final building plans and specifications.

The Tenant may install signs on the Leased Premises as permitted by the Salinas Municipal Code and subject to the processes established pursuant thereto.

Section 4.3 Final Construction Plans.

No later than the date nine (9) months after the Effective Date of this Lease, the Tenant shall submit, or shall cause to be submitted, to the City its final construction plans for the Improvements for issuance of a building permit.

Section 4.4 Building Permit.

The Tenant shall use best efforts to obtain the building permit for the Improvements no later than the date nine (9) months from the Effective Date of this Lease.

Section 4.5 Evidence of Funding.

The Tenant shall provide to the Landlord proof that it has sufficient funds to construct the Improvements prior to commencement of the construction of any of the Improvements.

PART 5. CONSTRUCTION OF IMPROVEMENTS

Section 5.1 Construction Standards.

(a) **Preconditions.** All preconditions set forth in Sections 4.1 through 4.6 above must be met prior to any construction of the Improvements.

(b) **General Standards.** In addition to the more specific standards set forth in Sections 5.2 and 5.3 below, all construction, alteration or repair work permitted by this Lease shall be accomplished expeditiously and diligently by reputable contractors licensed and adequately insured to do business in the State of California.

(c) **Compliance with Approved Documents and Laws; Issuance of Permits.** The Improvements shall be constructed in compliance with any documents approved by the Landlord under this Lease, and also in strict compliance with all applicable local, state and federal laws and regulations. The Tenant shall have the sole responsibility for obtaining all necessary permits and shall make application for such permits directly to the person or governmental agency having jurisdiction. The Tenant also shall be responsible for applying for and obtaining such permits within sufficient time to allow construction and completion of the Improvements within the times specified in Section 5.2 below.

(d) **Work Safeguards.** The Tenant shall erect and properly maintain at all times, as required by the conditions and the progress of work performed by the Tenant, all necessary safeguards for the protection of workers working on the Leased Premises and the general public.

(e) **Notice of Completion.** Upon completion of any work, the Tenant shall file or cause to be filed in the Official Records of the County of Monterey a notice of completion with respect to the Improvements, and the Tenant shall deliver to the Landlord, at no cost to the Landlord, two (2) sets of the final plans and specifications for the Improvements.

(f) **Discharge of Liens.** The Tenant shall not create or permit or suffer to be created or to remain, and will discharge, any lien (including, but not limited to, the liens of mechanics, laborers, material men, suppliers or vendors for work or materials alleged to be done or furnished in connection with the Leased Premises or improvements thereon), encumbrances or other charge upon the Leased Premises or improvements thereon, or any part thereof, or upon the Tenant's leasehold interest therein; provided, however, that the Tenant shall not be required to discharge any such liens, encumbrances or charges as may be placed upon the Leased Premises by the act of the Landlord.

The Tenant shall have the right to contest in good faith and by appropriate legal proceedings the validity or amount of any mechanics', laborers', materialmen's, suppliers' or vendors' lien or claimed lien; provided that the Tenant utilizes all reasonable means (including the posting of adequate security for payment) to protect the Leased Premises and any part thereof against foreclosure.

(g) **Protection of Landlord.** Nothing in this Lease shall be construed as constituting the consent of the Landlord, expressed or implied, to the performance of any labor or the furnishing of any materials or any specific improvements, alterations of or repairs to the Leased Premises or the Improvements thereon, or any part thereof, by any contractor, subcontractor, laborer or material man, nor as giving the Tenant or any other person any right, power or

authority to act as agent of or to contract for, or permit the rendering of, any services or the furnishing of any materials in such manner as would give rise to the filing of mechanics' liens or other claims against the fee of the Leased Premise improvements thereon. The Landlord shall have the right at all reasonable times to post and keep posted on the Leased Premises any notices which the Landlord may deem necessary for the protection of the Landlord, the Leased Premises, and the Improvements thereon from mechanics' liens or other claims. In addition, but subject to the second paragraph of subsection (c) above, the Tenant shall make, or cause to be made, prompt payment of all monies due and legally owing to all persons doing any work or furnishing any materials or supplies to the Tenant or any of its contractors or subcontractors in connection with the Leased Premises and improvements thereon.

(h) **Tenant to Furnish and Equip Property.** The Tenant covenants and agrees to furnish and equip the Leased Premises and the Improvements with all fixtures, furnishings, equipment and other personal property (collectively, the Personal Property) of a quantity as necessary to operate the Leased Premises and the Improvements for the Permitted Uses and Ancillary Uses (as defined in Section 6.1 below). The Tenant further agrees to take good care of such Personal Property, to keep the same in good order and condition, and promptly, at the Tenant's own cost and expense, to make all necessary repairs, replacements and renewals thereof. As used in this Lease, the term "Personal Property" includes all such replacements and renewals, and all fixtures, furnishings, equipment and other personal property of the Tenant located in, on or about the Leased Premises and the Improvements thereon.

Section 5.2 Construction of Improvements.

(a) **Specific Standards.** In accordance with this Lease, the Tenant shall construct or cause to be constructed the Improvements as required by this Lease. The Improvements shall be constructed in full conformity with plans submitted to and approved by the City.

(b) **Commencement and Completion.** Within six (6) months following the Effective Date of this Lease, the Tenant shall commence construction of the Improvements. The Tenant shall thereafter complete the Improvements within twelve (12) months of the date of commencement, subject to delays excused in writing by the Landlord. Once the Tenant commences work on the Improvements, the Tenant shall not halt or cease work for a period of more than thirty (30) days, subject to delays excused in writing by the Landlord.

(c) **Equal Opportunity.** During the construction of the Improvements, there shall be no discrimination on the basis of race, color, creed, religion, sex, sexual orientation, marital status, ancestry or national origin in the hiring, firing, promoting or demoting of any person engaged in the construction work. The Tenant and its construction contractors, employees and agents shall comply with all applicable state laws, including all equal opportunity and fair employment laws and regulations applicable to the Property. Moreover, the Tenant by and through its construction contractor(s) will give preference, to the extent practicable, for employment to those individuals residing within the geographical area of the City of Salinas.

(d) **Prevailing Wages.** The Tenant is solely responsible determining if or when the payment of prevailing wages is applicable under this Lease. Meeting these State and Federal

standards are the sole responsibility of the Tenant. The Tenant shall indemnify, hold harmless and defend (with counsel reasonably selected by the Agency) the City against any claim for damages, compensation, fines, penalties or other amounts arising out of the failure or alleged failure of any person or entity (including Tenant, its contractor and subcontractors) to pay prevailing wages as determined pursuant to Labor Code Sections 1720 et seq., to employ apprentices pursuant to Labor Code Sections 1777.5 et seq., and implementing regulations of the DIR or to comply with the other applicable provisions of Labor Code Sections 1720 et seq., 1777.5 et seq., and the implementing regulations of the DIR in connection with the rehabilitation and construction of the Improvements or any other work undertaken or in connection with the Property. This Section 5.2 (d) shall terminate upon the receipt of a certificate of occupancy.

(c) **Effect of Failure to Complete Construction.** If the Tenant fails to construct the Improvements on the Property within the time specified in subsection (b) of this Section 5.2 and the time for completion has not been extended by the parties, this Lease shall terminate without notice.

(f) **Certificate of Occupancy.** When and if the City issues a Certificate of Occupancy for the Improvements, the Certificate of Occupancy shall be conclusive determination that the covenants in this Lease with respect to the obligations of the Tenant to rehabilitate the Improvements have been met.

(g) **Persons with Disabilities.** The Improvements shall be constructed to comply with all applicable federal, state, and local requirements for access for disabled persons.

Section 5.3 Additional Work on Leased Premises.

(a) **Specific Standards.** The financial institution facility and all ancillary improvements erected on the Leased Premises permitted under this Lease, and any subsequent repair work undertaken on or within any improvement on any portion of the Leased Premises shall at all times be of high quality construction and architectural design. All such additional rehabilitation, construction, alteration, remodeling, reconstruction or repair work shall be diligently prosecuted, and completed (1) without cost to the Landlord, (2) in good and workmanlike manner, and (3) receive building permit approval when applicable, (4) be in accordance with any plans and specifications approved by the Landlord pursuant to subsection (b) below.

(b) **Approval of Plans.** Prior to commencing any alteration, construction, remodeling, or any other work with costs in excess of Twenty-Five Thousand Dollars (\$25,000) and as specified in subsection (a), the Tenant shall submit to the Landlord for the Landlord's approval plans and specifications for such work. In the event that prior to or during the course of work on the Leased Premises or the Improvements, the Tenant desires to make any material change in excess of Twenty-Five Thousand Dollars (\$25,000) in the work from that contemplated in the approved plans and specifications, the Tenant shall, prior to making such change, obtain the Landlord's approval of the desired change. If the Landlord does not approve or disapprove of said plans and specifications within sixty (60) days, the requested improvements are deemed to be approved by Landlord.

Section 5.4. Off-Site Improvements.

The tenant understands and acknowledges that the its development of the Leased Premises may result in the need to mitigate traffic impacts identified by the Traffic Impact Analysis (TIA) provided for the development. Mitigations may include, but are not limited to, the construction of a traffic signal at the North Main Street and Chaparral Street intersection, a pedestrian traffic signal at the North Main Street and Navajo Drive intersection, associated crosswalk and pavement markings, and other traffic control at these locations and along Noice Drive, Navajo Drive and Chaparral Street. The costs for these improvements shall be borne proportionally between parties based on trips generated as identified by the TIA.

PART 6. USE, OPERATION AND MAINTENANCE OF IMPROVEMENTS

Section 6.1 Permitted and Ancillary Uses.

The Tenant may use the Leased Premises and the Improvements thereon as a financial institution facility and community room(s) to, among other things, provide uses, programs and activities beneficial to its members, and for the surrounding community. In addition, the Tenant may use portions of the Leased Premises and the Improvements thereon for Ancillary uses, including the hosting of lectures, training, meetings, or receptions and other similar uses, so long as such uses are not the primary uses of the Leased Premises and the Improvements thereon.

Section 6.2 Use Prohibitions.

The Tenant agrees that in connection with the use and operation of the Improvements, the Tenant will not:

- (a) Create, cause, maintain or permit any nuisance in, or about the Leased Premises or the Improvements; or
- (b) Commit or suffer to be committed any waste in, on or about the Leased Premises or the Improvements; or
- (c) Use or allow the Leased Premises or the Improvements to be used for any unlawful purpose; or
- (d) Cause or permit obnoxious odors to emanate or be dispelled from the Leased Premises or the Improvements; or
- (e) Permit undue accumulations of garbage, trash, rubbish or any other refuse on the Leased Premises; or

(f) Do or permit to be done anything on the Leased Premises in any way which unreasonably disturbs the occupants of neighboring property.

Section 6.3 Operation of Improvements.

During the Term, the Tenant shall operate the Improvements (or any additional or subsequent improvements) for the Permitted Uses and Ancillary Uses. In the event that the Tenant desires to make any material change in the operation of the Improvements, such change shall first be proposed in writing and approved by the Landlord.

The obligation of the Tenant set forth in this Section 6.3 constitutes a "material" obligation. Failure by the Tenant to observe any such covenant, agreement or obligation or to fail to operate the Improvements for the Permitted Uses and Ancillary Uses for a period of three (3) months or longer shall constitute an Event of Material Default by the Tenant for which the Tenant shall be subject to the provisions of Sections 13.1 and 13.2 below.

Section 6.4 Maintenance of Improvements.

During the course of construction and the Term, the Tenant shall operate and maintain the Leased Premises and the Improvements thereon in a neat, clean and orderly condition. All repairs or replacements of materials, apparatus, and facilities within or around the Improvements shall be made with materials, apparatus, and facilities of a quality at least equal to the quality of the materials, apparatus, and facilities being repaired or replaced. If there arises a condition in contravention of this requirement, and if Tenant has not cured such condition within thirty (30) days after receiving notice of such a condition, then in addition to any other rights available to Landlord, the Landlord shall have the right to perform all acts necessary to cure such condition, and to establish or enforce a lien or other encumbrance against the Leased Premises.

Section 6.5 Costs of Operation and Maintenance of Improvements.

Prior to the completion of the anticipated City expansion of its Library and facilities and the full development of shared amenities, all costs incurred in the operation and maintenance of the Leased Premises thereon shall be paid by the Tenant.

Section 6.6 Shared Cost of Property Maintenance

Upon completion of the City's Library facilities and associated amenities, the costs to maintain the common areas of the Property outside of the building improvements that include but are not limited to the landscaping, irrigation, parking areas, exterior lights and exterior amenities will be equitably shared and agreed to in writing between both parties.

A separate Operations Maintenance Memorandum Of Understanding will be executed within six-months of the Landlord's occupancy of its new facilities that defines the terms, limitations and expectations of this shared responsibility.

Section 6.7 Non-discrimination.

There shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin, ancestry, age, source of income, or disability in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Leased Premises and the Improvements thereon, or any part thereof, and the Tenant or any person claiming under or through the Tenant, shall not establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Leased Premises or the Improvements thereon, or any part thereof.

The Tenant shall refrain from restricting the rental, sale or lease of the Leased Premises or the Improvements thereon, or any portion thereof, on the basis of race, color, creed, religion, sex, sexual orientation, marital status, national origin, ancestry, age, source of income, or disability of any person.

Section 6.8 Compliance with Laws.

The Tenant shall comply with and shall cause any occupants or subtenants to comply with all federal, state, county, municipal and other governmental statutes, laws, rules, orders, regulations and ordinances affecting the Leased Premises, the use thereof, or rehabilitation or construction work thereon, including those which require the making of any structural, unforeseen or extraordinary changes, whether or not any such statutes, laws, rules, orders, regulations or ordinances which may be hereafter enacted were within the contemplation of the parties at the time of execution of this Lease, or involve a change of policy on the part of the governmental body enacting the same.

The Tenant shall also comply with each and every requirement of all policies of public liability, fire and other insurance which at any time may be in force with respect to the Leased Premises or the Improvements thereon as further described in Part 9 below.

Section 6.9 Property Taxes.

The Tenant acknowledges and agrees that this Lease will create a possessory interest that may be subject to property taxation. The Tenant agrees to pay and discharge, during the Term, before delinquency, all taxes, fees, levies, water and sewer rents, rates and charges, vault license fees or rentals, license and permit fees and other governmental charges of any kind or nature whatsoever, general and special, ordinary and extraordinary, foreseen and unforeseen, currently or hereafter levied or assessed in lieu of or in substitution of any of the foregoing which are or may be, at any time or from time to time during the Term, levied, charged, assessed or imposed upon or against the Leased Premises or any improvements thereon, or against any of the Tenant's personal property located thereon, or which may be levied, charged, assessed or imposed upon or against the leasehold estate created hereby or which may be imposed upon any taxable interest of the Tenant acquired pursuant to the Lease. The Tenant shall pay taxes upon the assessed value of the Leased Premises and the Improvements thereon.

Section 6.10 Landlord's Right to Cure.

If the Tenant, in violation of the provisions of this Lease, shall fail to pay and to discharge any taxes, the Landlord may (but shall not be obligated to) pay or discharge such taxes, and the amount paid by the Landlord and the amount of all costs, expenses, interest and penalties connected therewith, including attorneys' fees, together with interest at the Lease Interest Rate, shall be deemed to be and shall, upon demand of the Landlord, be payable by the Tenant as repayment of an advance.

Section 6.11 Services and Utilities.

The Tenant shall pay promptly as the same become due and payable all charges, costs, bills and expenses of and for water, gas, electricity, sewer, air-conditioning, telephone and all other public or private services and utilities of whatever kind furnished or supplied to or used by the Tenant or any other party in connection with the use, occupancy, maintenance or operation of the Leased Premises and the Improvements thereon or any part thereof, until such a time as when the City completes its Library facility expansion, and shall comply with all contracts relating to such services and shall do all other things necessary and required for the maintenance and continuance of such services.

Following completion of the City's development and occupancy of the new facilities, the Tenant shall be solely responsible for only those utilities and related services provided to the Leased Premises and the Tenant and Landlord will execute an Operations Maintenance Memorandum of Understanding to share the costs for the common spaces that include the parking lot and open spaces and landscape.,

PART 7. OWNERSHIP AND REMOVAL OF IMPROVEMENTS AND PERSONAL PROPERTY

Section 7.1 Ownership of Improvements and Personal Property.

Any subsequent or additional improvements constructed on the Leased Premises by the Tenant, as permitted or required by the terms of this Lease, and Personal Property shall be and remain the property of the Tenant during the Term; provided that the Tenant shall have no right to waste, destroy, demolish or remove the Improvements except as specifically provided for in this Lease or otherwise approved in writing by the Landlord. The Tenant shall have the exclusive right to claim all depreciation, amortization, cost recovery allowances, credits, and other tax benefits arising from the Improvements and Personal Property during the Term of this Lease and subsequent Extensions described in Section 3.3.

Upon expiration of the Term (as may be extended pursuant to Section 3.3 above), the Improvements shall become the property of the Landlord. The Landlord shall have the right to assume any ownership or leasehold interest of the Tenant in any Personal Property, subject to the rights of third party lenders and equipment lessors and subject to the terms and conditions of Section 7.2 below that is not removed in a timely manner. Both parties agree to take whatever

action may be necessary to memorialize and to effectuate the transfer of ownership in the Improvements from the Tenant to the Landlord.

Section 7.2 Removal of Personal Property.

If the Lease is terminated for any reason prior to the Expiration Date (as may be extended pursuant to Section 3.3 above), subject to Section 11.1 below, the Tenant shall have the right to remove all Personal Property in the Improvements or on the leased Premises.

Within sixty (60) days of the Expiration Date (as may be extended pursuant to Section 3.3 above), the Landlord may demand that the Tenant remove all personal property from the Leased Premises at the Tenant's sole expense.

PART 8. ASSIGNMENT AND SUBLETTING

Section 8.1 Purpose of Restrictions on Transfer; Applicability.

This Lease is granted to the Tenant solely for the purpose of development and operation of the Leased Premises and the Improvements thereon, and their subsequent use in accordance with the terms of this Lease, and not for speculation in landholding. The Tenant recognizes that the qualifications and identity of the Tenant are of particular concern to the community and the Landlord, in view of:

- (a) The importance of the development of the Property in conjunction with the City's potential to improve the Gabilan Library and its shared benefit to the general welfare of the community;
- (b) The fact that a Transfer is for practical purposes a transfer or disposition of the leasehold interest in the Leased Premises;
- (c) The fact that the Leased Premises and the Improvements thereon are not to be acquired or used for speculation, but only for development and operation by the Tenant in accordance with this Lease; and

The Tenant further recognizes that it is because of such qualifications and identity that the Landlord is entering into this Lease with the Tenant and that Transfers are permitted only as provided in this Lease.

Section 8.2 Prohibited Transfers.

Except as expressly permitted in this Lease, the Tenant represents and agrees that the Tenant has not made or created, and will not make or create or suffer to be made or created, any Transfer, either voluntarily or by operation of law.

Any Transfer made in contravention of this Section 8.2 shall be void and shall be deemed to be a default under this Lease whether or not the Tenant knew of or participated in such Transfer.

Section 8.3 Permitted Transfers.

A Transfer shall be permitted if approved by the Landlord and if the Transfer is made to a financial institution, nonprofit or governmental entity. In the event the Tenant desires to effect a Transfer the Tenant shall first submit to the Landlord information regarding such proposed Transfer including the proposed documents to effectuate the Transfer, a description of the type and amount of consideration for the Transfer and information regarding the transferee's financial strength and the transferee's capacities and expertise with respect to operation and management of the Leased Premises and the Improvements. The Landlord may approve the Transfer by written notice to the Tenant if, based upon the information submitted by the Tenant and any other information available to the Landlord, the transferee tenant is found to be of sound reputation and to have sufficient financial strength and management and operation expertise in the ownership and operation of facilities like those on and in the Leased Premises to fully perform and comply with all terms of this Lease.

Section 8.4 Effectuation of Certain Permitted Transfers.

No Transfer of this Lease (as opposed to a Transfer in whole or in part of an interest in the Tenant) permitted pursuant to Section 8.3 above shall be effective unless, at the time of the Transfer, the person or entity to whom such Transfer is made, by an instrument in writing reasonably satisfactory to the Landlord and in form recordable among the land records, shall expressly assume all of the obligations of the Tenant under this Lease and agree to be subject to all conditions and restrictions to which the Tenant is subject arising during such person's or entity's ownership of this Lease.

Section 8.5 Temporary Use.

Notwithstanding the provisions of Sections 8.1 to 8.4 above, arrangements for temporary use of the Improvements by community or business groups shall not be considered a Transfer so long as the arrangement is an Ancillary Use as defined herein.

Section 8.6 Transfer by Landlord.

In the event of a sale, assignment, transfer or conveyance by the Landlord of the fee interest in the Property or of the Landlord's rights under this Lease, the Landlord shall be released from any future liability upon any of the covenants or conditions of this Lease, expressed or implied, in favor of the Tenant, and, in such event, the Tenant agrees to look solely to the responsibility of the successor in interest of the Landlord in and to the Property or this Lease. This Lease shall not be affected by any such sale, and the Tenant agrees to attorn to any such purchaser or assignee.

PART 9. INSURANCE, INDEMNIFICATION, DAMAGE AND
DESTRUCTION

Section 9.1 Required Insurance Policies.

(a) The Tenant shall furnish at its sole cost and expense to the Landlord the type and amounts of insurance specified in Section 9.1(b) and such specified insurance shall be maintained in force during the entire Term of this Lease and any Extensions thereof.

(b) The Tenant shall maintain and keep:

1. Worker's Compensation insurance, including Employer's Liability coverage, with limits not less than required by applicable law;
2. Comprehensive General Liability Insurance, with limits of not less than Two Million Dollars (\$2,000,000) for each occurrence of combined single-limit bodily injury and property damage;
3. Comprehensive Automobile Liability insurance with limits not less than Two Million Dollars (\$2,000,000) each occurrence combined single limit for Body Injury and Property Damage, including coverage for owned non-owned and hired vehicles as applicable; provided however, that if the Tenant does not own or lease vehicles for the purposes of this Lease, then no automobile insurance shall be required and both parties to this Lease shall initial this provision signifying same [_____ Tenant Initial and _____ Landlord Initial];
4. Umbrella Insurance, with a limit of not less than Two Million Dollars (\$2,000,000); and
5. Property insurance covering the Leased Premises and Improvements thereon covering all risks of loss, including earthquake, (but only if it is commercially affordable at a reasonable price and with a reasonable deductible, in the Landlord's reasonable opinion, and if Landlord requests in writing that such coverage be carried for one hundred percent (100%) of the replacement value, with deductible, if any, acceptable to the Landlord.

(c) Coverages under policies required under Section 9.1 shall include contractual liability, personal injury, owners' and contractors' protection (only during the course of any substantial rehabilitation or construction work), products and completed operations.

(d) The Tenant shall cause any general contractor or agent working on the Leased Premises under direct contract with the Tenant to maintain insurance of the types and in at least the minimum amounts described in Section 9.1(b)(1), (b)(2) and (b)(3) above, and shall require that such insurance shall meet all of the general requirements of Section 9.2 below. Subcontractors working on the Leased Premises or Improvements thereon under indirect contract with the Tenant shall be required to maintain the insurance described in subsections (b)(1), (b)(2), and (b)(3) above; provided that the amount of Commercial General Liability Insurance for

each subcontractor shall have a limit of not less than One Million Dollars (\$1,000,000). Liability and Comprehensive Automobile Liability insurance to be maintained by such contractors and agents pursuant to this subsection shall name as additional insured the Landlord and the City its board members and council member, officers, agents, and employees.

(e) At the Tenant's election and sole cost and expense, the Tenant shall maintain and keep in force during the Term property insurance, in addition to those required under Section 9.1, of the types and nature and in such amounts deemed necessary by the Tenant.

Section 9.2 General Insurance Policy Requirements.

(a) **Form of Policies.** All insurance provided for in this Part 9 shall be effected under valid and enforceable policies issued by responsible insurers authorized to do business in the State of California and to issue policies of the nature and in the liability amounts required above. The policies required pursuant to Section 9.1 above shall name the Landlord and its officers, employees, and representatives as additional insureds. A certificate of each insurance policy shall be provided to the Landlord on or before the beginning of the Term and upon the renewal of each policy. All such policies issued by the respective insurers shall contain an agreement by the insurers that such policies shall not be cancelled or modified to reduce or eliminate coverage or insured risks without at least thirty (30) days prior written notice to the Landlord.

(b) **Waiver of Subrogation.** The Tenant hereby expressly waives on behalf of its property insurers any right of subrogation against the Landlord, and the Landlord likewise waives on behalf of its property insurers any right of subrogation against the Tenant, which any such insurers may have against the Landlord or the Tenant by reason of any claim, liability, loss or expense arising under this Lease. The foregoing mutual waivers of subrogation are conditioned upon such waivers being available from the property insurers of each party without the payment of additional insurance premiums. In the event that either party at any time determines that such waiver is not or is no longer so available, it shall promptly notify the other party in writing of that fact.

(c) **Review of Liability Insurance.** The liability insurance requirements required hereunder shall be reviewed by the Landlord and the Tenant each five (5) years for the purpose of mutually increasing (in consultation with their respective insurance advisors) the minimum limits of such insurance from time to time to limits which shall be reasonable and customary for similar facilities of like size and operation. If the parties are unable to mutually agree upon such new limits within thirty (30) days of the written demand by one party upon the other, the parties shall mutually agree upon an independent insurance advisor with experience in securing or writing policies of insurance for similar facilities of like size and nature, who shall thereupon establish the new limits for the insurance policies hereunder. If the parties are unable to agree upon such independent insurance advisor within such thirty (30) day period following a party's written demand therefore, either party may petition to the Superior Court in the County of Monterey to appoint such independent insurance advisor to make that determination.

Section 9.3 Mutual Hold Harmless and Indemnification.

The Tenant shall indemnify and hold the Landlord, and the Landlord shall indemnify and hold the Tenant and their officers, agents and employees harmless from and against all liabilities, obligations, damages, penalties, claims, costs, charges and expenses, including reasonable attorneys' fees (collectively referred to in Section 9.3 as a "claim") arising out of the Landlord and Tenant's operations (including, without limitation, operations of any subtenant or occupant) which may be imposed upon or incurred by or asserted against the Landlord, Tenant or its officers, agents and employees (excepting claims of the Landlord and Tenant otherwise made solely pursuant to this Lease) by reason of any of the following occurrences, unless caused by the gross negligence of the Landlord, Tenant or their officers, agents or employees, during the Term:

- (a) Any work or thing done in, on, or about the Leased Premises and the Improvements thereon or any part thereof, including, without limitation, the rehabilitation of the Improvements, any subsequent improvements or any sublessee improvements, by or at the direction of the Tenant, Landlord or by any party whatsoever; or
- (b) Any use, non-use, possession, occupation, condition, operation, maintenance or management of the Leased Premises and the Improvements thereon or any part thereof; or
- (c) Any negligence on the part of the Landlord, Tenant or any of their agents, contractors, servants, employees, subtenants, operators, licensees, permittees or invitees; or
- (d) Any accident, injury or damage to any person or property occurring in, on or about the Leased Premises and the Improvements thereon or any part thereof; or
- (e) Any failure on the part of the Tenant or Landlord to perform or comply with any of the terms, provisions, covenants and conditions contained in this Lease to be performed or complied with on its part.

In case any action or proceeding regarding the Leased Premises is brought against the Landlord, Tenant, or their officers, agents and employees by reason of a claim with respect to subsections (a) through (e) above, the Landlord and Tenant, upon written notice from the by the other party or the City, shall, at the Landlord or Tenant's expense, resist or defend such action or proceeding by counsel selected by the Landlord or Tenant or the applicable party's insurance carrier.

The provisions of this Section 9.3 shall survive the expiration or other termination of this Lease with respect to events occurring prior to termination of this Lease.

Section 9.4 No Termination of Lease; Obligation to Restore.

Except as otherwise provided in Sections 9.5 or 9.6, no loss or damage by fire or any other cause resulting in either partial or total destruction of any buildings or improvements now or hereafter located in, upon or on the Leased Premises, or any fixtures, equipment or machinery

used or intended to be used in connection with the Leased Premises or the Improvements thereon shall operate to terminate this Lease, or to relieve or discharge the Tenant from the payment of any rent or other amounts payable under this Lease, as rent or otherwise, as and when they become due and payable, or from the performance and observance of any of the agreements, covenants and conditions herein contained to be performed and observed by the Tenant. The Tenant hereby waives the provisions of Civil Code Section 1932, subsection 2, and Section 1933, subsection 4, as either or both may from time to time be amended, replaced or restated.

Except as provided in Section 9.5, the Tenant shall promptly repair any damage or destruction caused to the Property and the Improvements and restore the Leased Premises and the Improvements to at least as good a condition as existed prior to the damage or destruction, as more specifically provided in Section 9.6. The Tenant's failure to make such full repair and restoration under any conditions in which it has elected or is required so to do shall constitute a default under this Lease.

Section 9.5 Damage or Destruction.

(a) If the Improvements are damaged or destroyed by any casualty where the insurance proceeds available are in an amount sufficient to repair and restore the Improvements, then the Tenant shall promptly make repair of such damage or destruction in accordance with the provisions of Sections 9.4 and 9.6; provided that, if the cost of repair and restoration of the Improvements is more than fifty percent (50%) of the replacement cost of the Improvements, the Tenant and the Landlord may mutually agree to terminate this Lease instead of having the Tenant repair the damage or destruction.

(b) If the Improvements are damaged or destroyed by any casualty where (1) the insurance proceeds available are insufficient to repair and restore such improvements, (2) the casualty causing such damage or destruction was not insured against and was not required to be insured against under the terms of this Lease, or (3) the Tenant is in default with respect to its obligation to maintain insurance against the casualty causing such damage or destruction, then the Landlord shall have the right either to terminate this Lease or provide the Tenant with time to raise sufficient funds to repair the damage or destruction. The Landlord shall give the Tenant notice of its determination within ninety (90) days following written notice from the Tenant of the amount of insurance proceeds available and the cost of repair. If the Landlord does give the Tenant the opportunity to raise funds to effectuate repair and the Tenant fails to raise such funds within the time period specified by the Landlord, then the Landlord may terminate this Lease.

Section 9.6 Procedures for Repair and Restoration.

The provisions of this Section 9.6 shall apply whenever the Improvements are to be repaired or restored under the provisions of this Part 9.

(a) In the event of any damage or destruction to the Leased Premises or the Improvements, the Tenant shall promptly give the Landlord written notice of such damage or destruction, setting forth the cause (if known), the date on which such damage or destruction occurred, and the estimated cost of repair and restoration as certified by a professional cost

estimator experienced in such matters. Whenever any part of the Property or the Improvements shall have been damaged or destroyed, the Tenant shall promptly make proof of loss and shall proceed promptly to collect, or cause to be collected, all valid claims which the Tenant may have against insurers or others based upon any such damage or destruction. Sums of money received as payments for any losses pursuant to said insurance policies shall be used and expended for the purpose of fully repairing or reconstructing the portions of the Leased Premises and the Improvements which have been destroyed or damaged.

(b) Within ninety (90) days after the event of damage or destruction unless this Lease has been terminated pursuant to Section 9.5 above, the Tenant shall make available to the Insurance Trustee, described in subsection (c) below, the difference, if any, between the certified estimated cost of repair and restoration and the amount of insurance proceeds anticipated to be received for such repair and restoration.

(c) All proceeds of insurance together with the Tenant's contribution, if any, shall be paid by the Tenant to the Insurance Trustee, which Insurance Trustee shall be a commercial bank or trust company experienced in such matters and designated by the Landlord. The Insurance Trustee shall hold such proceeds in trust and shall disburse same to the Tenant as follows: from time to time as the work of restoration progresses, the Tenant shall submit to the Insurance Trustee a certificate of the Tenant, signed by an authorized officer or representative thereof, and approved by an architect selected by the Tenant and approved by the Landlord (the Architect), which certificate shall (1) accurately describe the work for which the Tenant is requesting payment and the cost incurred by the Tenant in connection therewith, (2) certify that the Tenant has not theretofore received payment for such work, and (3) contain or be accompanied by a statement by the Tenant that the work for which the Tenant is requesting payment has been performed substantially in accordance with plans and specifications therefore approved by the Landlord.

Within five (5) days after receipt of any such certificate, the Insurance Trustee shall pay to the Tenant, from the funds on hand, an amount equal to ninety percent (90%) of the amount of the cost of the work for which the Tenant is requesting payment, as shown on such certificate. Upon completion of such work, the remainder of such cost (to the extent of the balance of the funds held by the Insurance Trustee) and all other insurance proceeds held by the Insurance Trustee shall be paid to the Tenant within five (5) days after the delivery to the Insurance Trustee of a certificate of the Tenant, signed by an authorized officer or representative thereof and approved by the Architect for the work, stating that the work has been completed and setting forth the total cost thereof, which certificate shall: (1) contain or be accompanied by a statement by the Tenant that the work has been completed substantially in accordance with plans and specifications therefore approved by the Landlord and (2) be accompanied by either (a) an unconditional waiver or release of mechanics' and materialmen's liens executed by all persons or entities supplying labor or materials in connection with such work or (b) other evidence reasonably satisfactory to the Landlord that the period for filing any such lien has expired and no such lien has been filed, or, if filed, has been bonded by the Tenant to the reasonable satisfaction of the Landlord and the Insurance Trustee. The Insurance Trustee shall not be required to invest or pay interest on any funds held by such trustee, except in accordance with any agreement between the Tenant and the Insurance Trustee.

(d) The Tenant shall promptly commence and complete, in a good and workmanlike manner and in accordance with Part 5, the reconstruction or repair of any part of the Lease Premises or the Improvements thereon damaged or destroyed after (1) the Landlord has approved the Tenant's plans, drawings, specifications and work schedule for such reconstruction or repair as such approval may be required under Part 5, and (2) the proceeds of insurance, if any, applicable to such reconstruction or repair have been made available for such purpose.

Section 9.7 Procedures Upon Permitted Termination.

(a) Permitted Terminations. Any insurance proceeds available upon termination of this Lease pursuant to Sections 9.5 or 9.6, or insurance proceeds not used in repair or restoration shall be distributed as follows:

1. First, to the Lender of a permitted Leasehold Mortgage, the amount required by such Lender.

2. Second, at the option of the Landlord, to the Landlord in the amount necessary to raze remaining improvements, clear the Leased Premises and make it safe.

3. Third, any balance shall be divided between the Landlord and the Tenant on the following basis: The Tenant shall receive a share of the balance equal to the remaining years in the Term divided by forty (40) and the Landlord shall receive a share of the balance equal to the years elapsed in the Term divided by forty (40), provided, however, if the Tenant is a nonprofit entity and is continuing its operations in the City, any balance shall be paid to the Tenant.

All other insurance proceeds shall be paid to and become the sole property of the Tenant.

(b) Prosecution of Claims. In connection with and as a condition of any termination pursuant to Section 9.5, the Tenant shall make proof of loss and proceed to collect or commence collection of all valid claims which the Tenant may have against insurers or others based upon such damage or destruction, and shall assign and transfer to the Landlord all rights under insurance policies and against others and proceeds of insurance and other claims resulting from the casualty.

Upon termination of this Lease, the Tenant shall deliver possession of the Leased Premises and the Improvements thereon to the Landlord and quitclaim to the Landlord all right, title and interest in the Leased Premises and the Improvements thereon. In addition, the Tenant shall execute such other documents reasonably requested by the Landlord to document or evidence the termination and change of possession.

PART 10. PROHIBITED ENCUMBRANCES

Section 10.1 Prohibited Encumbrances.

Tenant and Landlord shall not:

- (a) Place or create any mortgage or deed of trust upon the Leased Premises or upon the Tenant's leasehold estate therein or the Improvements thereon; or
- (b) Place or suffer to be placed upon the Leased Premises or the Tenant's leasehold estate therein or the Improvements thereon, any lien or other encumbrance (other than a lien upon the leasehold estate for taxes levied but not delinquent or payable with penalty); or
- (c) Suffer any levy or attachment to be made on the Leased Premises or on the Tenant's leasehold estate therein or the Improvements thereon.

Any such mortgage, encumbrance or lien prohibited by this Section 10.1 shall be deemed to be a violation of this covenant on the date of its execution or filing of record, regardless of whether or when it is foreclosed or otherwise enforced, unless the Tenant shall, within thirty (30) days of such date of execution or filing of record, remove any such mortgage, encumbrance or lien or provide adequate security to the reasonable satisfaction of the Landlord to protect the Leased Premises and the Improvements thereon from such mortgage, encumbrance or lien.

Section 10.2 No Permitted Leasehold Mortgages.

The Tenant shall not encumber the Leased Premises or the Improvements thereon or the leasehold created by this Lease or by any Leasehold Mortgage. As used herein, the term "Leasehold Mortgage" or "Leasehold Mortgages" shall mean any mortgage, deed of trust or other security instrument, including, without limitation, an assignment of the leasehold estate created by this Lease as security, which constitutes a lien on the leasehold estate created by this Lease is subject to this Lease, and given for purposes of securing loans made to the Tenant to finance the Improvements. As used herein, the term "Lender" or "Lenders" shall mean a beneficiary, mortgage or secured party of a permitted Leasehold Mortgage.

PART 11. SURRENDER; HOLDING OVER

Section 11.1 Surrender of Leased Premises.

(a) The Tenant shall, at least ninety (90) days before the last day of the then current Term, give to the Landlord a written notice of the Tenant's intention to surrender the Leased Premises and the Improvements thereon on that date, but nothing contained in this section shall be construed as an extension of the Term or as consent of the Landlord to any holding over by the Tenant.

(b) Unless the Tenant has removed the Personal Property in the Improvements pursuant to Section 7.2 above, at the end of the Term, Extended Term subject to the provisions set forth in Section 3.3, or other sooner termination of this Lease and subject to the terms and conditions of Part 7 above, the Tenant shall surrender and deliver to the Landlord the Leased

Premises and the possession of the Leased Premises, together with the Improvements and Personal Property the Landlord is entitled to retain on the Leased Premises pursuant to the terms of this Lease, in condition required for the Leased Premises and the Improvements to be maintained under this Lease, free and clear of all occupancies other than those granted non-disturbance, and free and clear of all liens and encumbrances other than those, if any, presently existing or created by the Landlord, without payment or allowance whatever by the Landlord on account of any such improvements.

(c) Concurrently with the surrender of the Leased Premises, the Tenant agrees, if requested by the Landlord and for the benefit of the Landlord, to execute, acknowledge and deliver to the Landlord a quitclaim deed to the Leased Premises and such instruments as may be reasonably requested by the Landlord to evidence or otherwise effect such passage and vesting of title to the Improvements and Personal Property, if any, retained on the Leased Premises.

Section 11.2 Holding Over.

If the Tenant shall retain possession of the Leased Premises or the Improvements thereon or any part thereof without the Landlord's prior written consent following the expiration or sooner termination of this Lease for any reason, then the Tenant shall pay to the Landlord One Hundred Fifty Dollars (\$150) for each day of such retention. These payments shall be applicable to a holding over of any kind by the Tenant. The Tenant shall also indemnify and hold the Landlord harmless from any loss or liability resulting from delay by the Tenant in surrendering the Leased Premises, including, without limitation, any claims made by any succeeding tenant founded on such delay. Acceptance of rent by the Landlord following expiration or termination shall not constitute a renewal of this Lease and nothing contained in this Section 11.2 shall waive the Landlord's right of reentry or any other right. The Tenant shall be only a tenant at sufferance, whether or not the Landlord accepts any rent from the Tenant while the Tenant is holding over without the Landlord's written consent.

PART 12. EMINENT DOMAIN

Section 12.1 Total Taking.

If either the entire Property (or the Improvements thereon), the Leased Premises, or a substantial and essential portion of the Property, Leased Property (or the Improvements thereon), the taking of which portion materially impairs the use of the Property or Leased Property then being made by the Tenant and renders the remainder of the Property unsuitable or economically not feasible for such use, as reasonably determined by the Tenant in good faith, is taken under the power of eminent domain during the Term, then this Lease shall terminate as of the date of such taking. The Landlord and the Tenant shall together make one claim for an award for their combined interests in the Leased Property and all buildings, structures, improvements and fixtures thereon which are so taken. Such award shall be paid to and divided between the Landlord and the Tenant in priority as follows:

All compensation and damages payable for or on account of the underlying fee title to the Property, assuming that the Property were unimproved but encumbered by this Lease, shall be payable to and be the parties according to the respective interests in the Leased Premises.

(a) All compensation and damages payable for or on account of the Improvements located on the Leased Property shall be payable between the Landlord and the Tenant in the manner specified in subsection (a) of Section 9.7 above.

Section 12.2 Partial Taking.

If less than the whole of the Property is taken under the power of eminent domain during the Term and this Lease is not terminated as provided in Section 12.1 above, then this Lease shall terminate only with respect to the portion of the Property or Leased Premises is taken and this Lease shall continue in full force and effect with respect to the portion of the Property not taken. The Tenant shall, but only to the extent of the amount of the award received, promptly reconstruct and restore the portion of the Property not taken and the Improvements located on the portion of the Property not taken as an integral unit of the same general quality and character as existed prior to such taking. Such reconstruction and restoration shall be performed in a good and workmanlike manner and undertaken in accordance with plans and specifications submitted to and approved by the Landlord in accordance with Part 5, and otherwise in accordance with the applicable provisions of this Lease. The award payable for or on account of such taking shall be obtained and divided between the Landlord and the Tenant in the manner provided in Section 12.1 above.

Section 12.3 Temporary Taking.

If the use of all or any part of the Property is taken under the power of eminent domain during the Term, and/or Extended Term subject to the provisions set forth in Section 3.3, on a temporary basis for a period less than the time remaining after the date of such taking to the end of the Term, then this Lease shall continue in full force and effect and the Tenant shall continue to be obligated to perform and observe all of the agreements, covenants and conditions on the part of the Tenant to be performed and observed as and when performance and observance is due to the full extent that such agreements, covenants and conditions are physically capable of performance and observance by the Tenant after such taking. The award payable for or on account of such taking shall be paid to the Tenant.

PART 13. DEFAULT

Section 13.1 Material Default by Tenant.

(a) Any of the following occurrences or acts shall constitute an "Event of Material Default" by the Tenant under this Lease:

1. If the Tenant at any time during the Term (and regardless of the pendency of any bankruptcy, reorganization, receivership, insolvency or other proceedings in law, in equity or before any administrative tribunal which have or might have the effect of preventing the

Tenant from complying with the terms of this Lease) fails to operate the Improvements for the Permitted Uses and Ancillary Uses as set forth in Section 6.3 above;

2. If the Tenant at any time during the Term (and regardless of the pendency of any bankruptcy, reorganization, receivership, insolvency or other proceedings in law, in equity or before any administrative tribunal which have or might have the effect of preventing the Tenant from complying with the terms of this Lease) shall fail to make payment, when such payment is due, of any rent, Advances or of any other payment the Tenant is required to pay pursuant to this Lease and such failure continues for fifteen (15) days following receipt of written notice thereof by the Tenant;

3. If the Tenant fails to observe or perform any of the material covenants, agreements or obligations of the Tenant under this Lease, other than those set forth in subsection (a)(1) above and such material default is not cured within thirty (30) days after receipt of written notice thereof by the Tenant or, as to any curable material default which cannot with diligence be cured within such thirty (30) day period, if the Tenant shall fail to proceed promptly to cure the same and thereafter prosecute the curing of such material default with diligence, it being intended in connection with a material default not susceptible of being cured with diligence within such period of thirty (30) days, that the time within which to cure the same shall be extended for such period as may be reasonably necessary to complete the curing of the same with diligence; or

4. If the Tenant shall file a petition in bankruptcy or for reorganization or for any arrangement pursuant to any present or future federal bankruptcy act or under any similar federal or state law, or shall be adjudicated a bankrupt or insolvent or shall make an assignment for the benefit of its creditors, or if a petition or answer proposing the adjudication of the Tenant as a bankrupt or its reorganization under any present or future federal bankruptcy act or any similar federal or state law shall be filed in any court and such petition or answer shall not be discharged or denied within one hundred twenty (120) days after the filing thereof; or

5. If a receiver, trustee or liquidator of the Tenant or of all or substantially all of the property of the Tenant, including the Leased Premises or the Improvements thereon, shall be appointed in any proceeding brought by the Tenant, or if any such receiver, trustee or liquidator shall be appointed in any proceeding brought by a third party (other than a Lender, as defined in Part 10 pursuing remedies under a Leasehold Mortgage, defined in Section 10.2 below) against the Tenant and if such receiver, trustee or liquidator shall not be discharged within one hundred twenty (120) days after such appointment, or if the Tenant shall acquiesce in or consent to such appointment.

(b) Subject to the rights of Lenders under Part 10 of this Lease, upon the occurrence of any such Event of Material Default and as long as the Event of Material Default continues, in addition to any and all other rights or remedies of the Landlord under this Lease or by law or in equity, the Landlord shall have the sole option to exercise the following rights and remedies:

1. The right of the Landlord to declare the Term ended and to terminate this Lease, in which event the Tenant shall promptly surrender possession of the Property, and the

Improvements and Personal Property thereon to the Landlord, and pay to the Landlord all rent to the date of such termination and all other payments, including Advances, due the Landlord under this Lease. If the Tenant does not so promptly surrender the Leased Premises and the Improvements and Personal Property thereon, the Landlord shall have the immediate right to reenter the Leased Premises and take possession thereof and remove all persons there from, other than persons granted non-disturbance.

2. The right of the Landlord, without terminating this Lease, to enter the Leased Premises and the Improvements thereon and occupy the whole or any part thereof for and on account of the Tenant and to collect said rent and any other rent that may thereafter become payable, to refuse (notwithstanding any other term or provision of this Lease) to permit, and to deny the right of the Tenant to remove any or all of the Tenant's movable Personal Property located in, on or upon the Leased Premises and the Improvements thereon, and to use and take exclusive possession of same without payment to the Tenant or cost to the Landlord for so long as the Landlord so occupies the Leased Premises and the Improvements thereon or until this Lease is terminated pursuant to subsection (b)(3) below.

3. The right of the Landlord, even though it may have reentered the Leased Premises and the Improvements thereon pursuant to subsection (b)(2) above, to thereafter elect to terminate this Lease.

(c) Prior to exercising the remedies set forth in subsection (b) above the Landlord shall give the Tenant not less than thirty (30) days prior written notice (which may be given concurrently with giving the Tenant notice of an Event of Material Default) of the Landlord's intent to exercise its remedies under this Section 13.1, which notice shall specify the remedy or remedies the Landlord intends to exercise.

(d) In the event the Landlord reenters the Leased Premises and the Improvements thereon pursuant to the provisions of subsection (b)(2) above, the Landlord shall not be deemed to have terminated this Lease, and the liability of the Tenant thereafter to pay rent, Advances and other sums payable under this Lease shall continue unless the Landlord notifies the Tenant in writing that the Landlord has so elected to terminate this Lease pursuant to subsection (b)(3) above. The Tenant further acknowledges and agrees that the service by the Landlord of any notice pursuant to the unlawful detainer or similar such statute of the State of California and the surrender of possession pursuant to such notice shall not be deemed to be a termination of this Lease.

(e) Should the Landlord elect to terminate this Lease pursuant to the provisions of subsection (b)(1) or (b)(3) above, the Landlord may recover from the Tenant, as actual damages:

1. The worth at the time of award of any unpaid rent which had been earned at the time of such termination; plus

2. The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of

such rental loss that the Tenant proves could have been reasonably avoided through re-lease or sale of the Improvements; plus

3. The worth at the time of award of the amount by which the unpaid rent for the balance of the Term after the time of award exceeds the amount of such rental loss that the Tenant proves could be reasonably avoided through re-lease or sale of the Improvements; plus

4. Any other amount necessary to compensate the Landlord for any expenses or damages incurred which would have been avoided had the Tenant performed its obligations under this Lease.

As used in subsections (e)(1) and (e)(2) above, the term "worth at the time of award" is computed by allowing interest from the date such amount becomes due and payable at the Lease Interest Rate.

As used in subsection (e)(3), above, the term "worth at the time of award" is computed by discounting the amount determined pursuant to subsection (e)(3) at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award, plus one percent (1%).

Section 13.2 Remedies Not Exclusive.

No right or remedy herein conferred upon or reserved to the Landlord or the Tenant is intended to be exclusive of any other right or remedy, except as expressly stated herein, and each and every right and remedy shall be cumulative and in addition to any other right or remedy given hereunder or now or hereafter existing at law or in equity or by statute, except such rights or remedies as are expressly limited herein.

Section 13.3 Default by Landlord.

In the event the Landlord shall fail to perform or observe any of the material covenants or provisions contained in this Lease on the part of the Landlord to be performed or observed within thirty (30) days after written notice from the Tenant to the Landlord specifying the particulars of such material default or breach of performance, or if more than thirty (30) days shall be reasonably required because of the nature of the material default, if the Landlord shall fail to proceed diligently to cure such material default after such notice, then in that event the Landlord shall be responsible to the Tenant for any and all actual damages sustained by the Tenant as a direct result of the Landlord's material default, and, in addition the Tenant shall be entitled to terminate this Lease upon giving the Landlord not less than ninety (90) days prior notice of the Tenant's intention to terminate this Lease for such material default.

Section 13.4 Limitations On Liability.

The Tenant agrees that the Tenant shall have no recourse with respect to the breach of any obligation of the Landlord under this Lease, or for any claim based upon this Lease against

any board member, officer, director, employee or attorney, past, present or future of the Landlord, or against any person other than the Landlord.

PART 14. GENERAL PROVISIONS

Section 14.1 Enforced Delay.

In addition to specific provisions of this Lease, performance by any party shall not be deemed to be in default where delays or defaults are due to war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; quarantine restrictions; casualties; acts of god; acts of the public enemy; epidemics; government restrictions or priorities; freight embargoes, shortage of labor or materials; unusually inclement weather; lack of transportation; government restrictions or priorities; court order; or any other similar causes (other than lack of funds of the Tenant, due to reasons unrelated to physical inaccessibility to funds, or the Tenant's inability to finance the rehabilitation of the Improvements or to pay rent due under this Lease) beyond the control or without the fault of the party claiming an extension of time to perform. An extension of time for any cause will be deemed granted if notice by the party claiming such extension is sent to the other party within thirty (30) days from the commencement of the cause and such extension of time is not rejected in writing by the other party within thirty (30) days of receipt of the notice. Times of performance under this Lease may also be extended by written agreement of the Landlord and the Tenant.

Section 14.2 Dispute Resolution.

In the event of any dispute between the Landlord and the Tenant regarding this Lease, the parties shall meet and confer in an attempt to resolve the dispute. In the event the parties' efforts to meet and confer do not resolve the dispute, the parties agree to formal mediation before resorting to a court action. Mediation fees, if any, shall be divided equally between the parties. If either party commences a court action without first attempting to resolve the matter through mediation, or refuses to mediate after a request has been made, then that party shall not be entitled to recover attorney fees, even if they would otherwise be available to that party in any such action. In the event formal mediation does not resolve the disputes, the parties may choose to file suit or to pursue whatever legal remedies are available at law or in equity. In case suit shall be brought to interpret or to enforce this Lease, or because of the breach of any other covenant or provision herein contained, the prevailing party in such action shall be entitled to recover their reasonable attorneys' fees in addition to such costs as may be allowed by the Court. City's attorneys' fees, if awarded, shall be calculated at the mutually agreed upon market rate.

Section 14.3 Estoppel Certificates.

Either party to this Lease shall, promptly upon the request of the other party, execute, acknowledge and deliver to or for the benefit of the other party or to or for the benefit of any actual or prospective Lender, at any time, from time to time, and at the expense of the party requesting a certificate as herein below described, promptly upon request, its certificate certifying (1) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect, as modified, and stating the

modifications), (2) the dates, if any, to which all amounts due hereunder have been paid, (3) whether there are then existing any charges, offsets or defenses against the enforcement of any agreement, covenant or condition hereof on the part of the party requesting the certificate known to the party delivering the certificate in the performance or observance of any agreement, covenant or condition hereof to be performed or observed and whether any notice has been given of any default which has not been cured (and, if so, specifying the same), and (4) such other reasonable matters concerning this Lease or the Property as either party may request. Any such certificate may be relied upon by a prospective purchaser, mortgagee, lender or trustee or beneficiary under a deed of trust of the Property or the Improvements thereon or the leasehold estate hereunder or any part thereof.

Section 14.4 Waiver.

No waiver of any default under this Lease shall constitute or operate as a waiver of any subsequent default hereunder, and no delay, failure or omission in exercising or enforcing any right, privilege or option under this Lease shall constitute a waiver, abandonment or relinquishment thereof or prohibit or prevent any election under or enforcement or exercise of any right, privilege or option hereunder. No waiver of any provision hereof by the Landlord or the Tenant shall be deemed to have been made unless and until such waiver shall have been reduced to writing and signed by the Landlord or the Tenant, as the case may be. The receipt and acceptance by the Landlord of any amount owing under this Lease with knowledge of any default under this Lease shall not constitute or operate as a waiver of such default. Failure by the Landlord or the Tenant, as the case may be, to enforce any of the terms, covenants or conditions of this Lease for any length of time or from time to time shall not be deemed to waive or decrease the right of the Landlord to insist thereafter upon strict performance by the Tenant.

Section 14.5 Notices.

If at any time after the execution of this Lease it shall become necessary or convenient for one of the parties to this Lease to serve any notice, demand or communication upon the other party, such notice, demand or communication shall be in writing and shall be served personally, or dispatched by the certified United States mail, return receipt requested, postage prepaid, or by facsimile transmission or reputable overnight service and if intended for the Landlord shall be addressed to:

City of Salinas
200 Lincoln Avenue
Salinas, CA 93901
Attn: City Manager

With copy to:

City of Salinas
200 Lincoln Avenue
Salinas CA 93901
Attn: City Attorney

July 6th, 2015

and if intended for the Tenant shall be addressed to:

allUS Credit Union
20 West Market Street
Salinas CA 93901
Attn: Chief Executive Officer

or to such other address as either party may have furnished to the other in writing as a place for the service of notice. Any notice so mailed shall be deemed to have been given on the delivery date or the date delivery is refused by the addressee, as shown on the return receipt.

Whenever the approval, consent or other action of a party will be deemed to be given or taken within a period of time, pursuant to a provision of this Lease, the item submitted or request for action shall be made in writing to such party and shall be accompanied by written notice stating that it is being submitted or requested pursuant to a provision of this Lease identified in such notice and stating that such item will be deemed approved or that a specified action will be deemed taken within an identified period of time (as specified by such Lease provision), unless objection is made or other action taken within the time stated in such notice.

Section 14.6 Identity and Authority of Tenant.

Each of the persons executing this Lease on behalf of the Tenant does hereby covenant and warrant that the Tenant is a duly authorized and existing nonprofit corporation and shall remain during the Term in good standing and qualified to do business in the State of California; that the Tenant has full right, power and authority to enter into this Lease; that the execution, delivery and performance of this Lease were duly authorized by proper action of the Tenant and no consent, authorization or approval of any person is necessary in connection with such execution and delivery or to carry out all actions contemplated by this Lease except as have been obtained and are in full force and effect; that the persons executing this Lease on behalf of the Tenant have full authority to do so and that this Lease constitutes the valid, binding and enforceable obligation of the Tenant. Upon the Landlord's request, the Tenant shall provide the Landlord with evidence reasonably satisfactory to the Landlord confirming the foregoing covenants and warranties.

Section 14.7 Landlord's Covenant of Quiet Enjoyment.

a. The Landlord hereby covenants to the Tenant that the Landlord possesses good and marketable fee simple title to the Property. Upon the Tenant paying the rent, advances and other amounts payable hereunder and observing and performing all of the covenants, conditions and provisions on the Tenant's part to be observed and performed hereunder, the Tenant shall peaceably hold and quietly enjoy the Property for the entire Term without hindrance, molestation or interruption by the Landlord or any party claiming through or under the Landlord.

b. During the Landlord's development of its site, the Landlord agrees to take the necessary steps to assure the Tenant its continued quiet enjoyment of the Leased Premises to the best extent feasible, communicate to Tenant in advance of any anticipated

temporary interruptions of utility services, or temporary changes to traffic use of the facility during construction that may occur in the process of its development work.

Section 14.8 Entry by Landlord.

The Landlord and its authorized representatives, upon reasonable advance notice and opportunity to be accompanied by the Tenant's representatives, reserve and shall at all times have the right to enter upon the Leased Premises and the Improvements that are accessible by the general public at all reasonable times; to inspect the same, to determine compliance with the terms of this Lease, to inspect any rehabilitation or construction work, to show the Leased Premises and the Improvements thereon to prospective purchasers, mortgagees, lenders or tenants, or to post notices, including, without limitation, notices of non-responsibility, all the foregoing without abatement of rent.

Landlord will not without necessary cause during the operation of the financial institution, require access to those sensitive areas of the premises specifically controlled as a part of the secure business operations that specifically apply to financial institutions.

In the event of an emergency, the Landlord shall have the right to use any and all means which the Landlord may deem necessary or proper to open any doors in order to obtain entry to any portion of the Leased Premises or the Improvements thereon, and any entry to the Leased Premises or the Improvements or portions thereof obtained by the Landlord by any of such means or otherwise, shall not under any circumstances be construed or deemed to be forcible or unlawful entry into, or a detainer of, the Leased Premises or the Improvements thereon or an eviction, actual or constructive, of the Tenant from the Leased Premises or the Improvements thereon.

The Landlord shall indemnify and hold harmless the Tenant, and its respective subtenants, officers, employees, contractors and agents from and against all liabilities, damages, claims and expenses (including reasonable attorneys' fees) to third parties arising out of the Landlord's entry upon the Leased Premises and the Improvements pursuant to this Section 14.7.

Section 14.9 No Joint Venture.

It is agreed that nothing contained in this Lease shall be deemed or construed as creating a partnership or joint venture between the Landlord and the Tenant or between the Landlord and any other party or cause the Landlord to be responsible in any way for the debts or obligations of the Tenant or any other party.

Section 14.10 Provisions Subject to Applicable Law.

All rights, powers and remedies provided in this Lease may be exercised only to the extent that the exercise thereof does not violate any applicable law and is intended to be limited to the extent necessary so that such exercise will not render this Lease invalid, unenforceable or not entitled to be recorded under applicable law. If any term of this Lease shall be held to be invalid, illegal or unenforceable, the validity of the other terms of this Lease shall in no way be

affected thereby. Whenever the consent or approval of the Landlord or the Tenant is required under this Lease, such consent or approval shall not be unreasonably withheld or delayed unless another standard for consent or approval shall be expressly set forth. At all times the Landlord and the Tenant shall deal with each other fairly and in good faith.

(a) The Tenant shall not pay any money or provide any other consideration of any kind whatsoever or employ, contract with or sublease to or with any person or entity if such payment of money or provision of other consideration would violate or would have a reasonable likelihood of violating any law, statute, ordinance, directive, regulation, decision or opinion now or hereafter enacted or promulgated by the Landlord, the City, the State of California or any governmental, public or judicial body, agency or department relating in any manner to conflicts of interest or if such payment or provision of consideration is to a person or entity which has discretionary authority or power of any kind over the development, use or occupancy of the Leased Premises or the Improvements thereon or any part thereof or with respect to the enforcement or interpretation of this Lease.

(b) The words "Landlord" and "Tenant" as used herein shall include a corporation and include the plural as well as the singular. Words used in the masculine gender include the feminine and neuter. If there be more than one Landlord and Tenant, the obligations hereunder imposed upon the Landlord and the Tenant shall be joint and several.

(c) Contemporaneously with the execution of this Lease, the Landlord and the Tenant shall execute, acknowledge and record in the Official Records of the County of Monterey, California, the Memorandum of Lease in the form attached as Exhibit D and incorporated herein by reference.

(d) The captions used herein are for convenience of reference only and are not a part of this Lease and do not in any way limit or amplify the terms and provisions hereof.

(e) Time is of the essence of each and all of the agreements, covenants and conditions of this Lease.

(f) This Lease shall be interpreted in accordance with and governed by the laws of the State of California. The language in all parts of this Lease shall be, in all cases, construed according to its fair meaning and not strictly for or against the Landlord or the Tenant.

(g) This Lease and the agreements referenced herein constitute the entire agreement between the Landlord and the Tenant with respect to the subject matter hereof and supersede all prior offers and negotiations, oral and written. This Lease may not be amended or modified in any respect whatsoever except by an instrument in writing signed by the Landlord and the Tenant.

Section 14.11 Applicable Law.

This Lease shall be interpreted under and pursuant to the laws of the State of California. Any dispute hereunder that is not otherwise resolved through a meet and confer or mediation

between the parties shall be subject to the jurisdiction of the Superior Court of the County of Monterey or the appropriate federal court with jurisdiction over the matter.

Section 14.12 Conflict of Interest.

(a) Except for approved eligible administrative or personnel costs, no person described in this section who exercises or has exercised any functions or responsibilities with respect to the activities funded pursuant to this Lease or who is in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from the activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during, or at any time after, such person's tenure. Tenant shall exercise due diligence to ensure that the prohibition in this section is followed.

(b) The conflict of interest provisions of this section apply to any person who is an employee, agent, consultant, officer, or any immediate family member of such person, or any elected or appointed official of the City, or any person related within the third (3rd) degree of such person.

(c) In accordance with California Government Code Section 1090 and the Political Reform Act, California Government Code Section 87100 et seq., no person who is a director, officer, partner, trustee or employee or consultant of the Tenant, or immediate family member of any of the preceding, shall make or participate in a decision, made by the City or a City board, commission or committee, if it is reasonably foreseeable that the decision will have a material effect on any source of income, investment or interest in real property of that person or the Tenant. Interpretation of this Section shall be governed by the definitions and provisions used in the Political Reform Act, California Government Code Section 87100 et seq., its implementing regulations manual and codes, and Government Code Section 1090.

Section 14.13 Severability.

If any term, provision, covenant or condition of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall continue in full force and effect unless the rights and obligations of the parties have been materially altered or abridged by such invalidation, voiding or unenforceability.

Section 14.14 Discretion Retained by the City.

The City's execution of this Lease in no way limits the discretion of the City in the permit and approval process in connection with development of the Improvements.

Section 14.15 Action by the City.

Except as may otherwise be specifically provided in this Lease, whenever any approval, notice, direction, finding, consent, request, waiver, or other action by the City is required or is

permitted under this Lease, such action may be given, made or taken by the City Manager or by any person who shall have been designated in writing to the Tenant by the City Manager without further approval by the City Council. Any such action shall be in writing.

Section 14.16 Representations and Warranties of Tenant.

The Tenant hereby represents and warrants to the City as follows:

- a. Organization. The Tenant is a duly organized, validly existing 501C (14) Tax Exempt corporation in the State of California and State chartered credit union, and is in good standing under the laws of the State of California and has the power and authority to own its property and carry on its business as now being conducted.
- b. Authority of Tenant. The Tenant has full power and authority to execute and deliver this Lease, or to be executed and delivered, pursuant to this Lease, and to perform and observe the terms and provisions of all of the above.
- c. Authority of Persons Executing Documents. This Lease and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Lease have been executed and delivered by persons who are duly authorized to execute and deliver the same for and on behalf of Tenant, and all actions required under the Tenant's organizational documents and applicable governing law for the authorization, execution, delivery and performance of this Lease and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Lease, have been duly taken.
- d. Valid Binding Agreements. This Lease and all other documents or instruments which have been executed and delivered pursuant to or in connection with this Lease constitute or, if not yet executed or delivered, will when so executed and delivered constitute, legal, valid and binding obligations of the Tenant enforceable against it in accordance with their respective terms.
- e. No Breach of Law or Agreement. Neither the execution nor delivery of this Lease or of any other documents or instruments executed and delivered, or to be executed or delivered, pursuant to this Lease, nor the performance of any provision, condition, covenant or other term hereof or thereof, will conflict with or result in a breach of any statute, rule or regulation, or any judgment, decree or order of any court, board, commission or agency whatsoever binding on the Tenant, or any provision of the organizational documents of the Tenant, or will conflict with or constitute a breach of or a default under any agreement to which the Tenant is a party, or will result in the creation or imposition of any lien upon any assets or property of the Tenant, other than liens established pursuant hereto.
- f. Compliance With Laws; Consents and Approvals. The construction of the Improvements will comply with all applicable laws, ordinances, rules and regulations of federal, state and local governments and agencies and with all applicable directions, rules and regulations of the fire marshal, health officer, building inspector and other officers of any such government or agency.
- g. Pending Proceedings. The Tenant is not in default under any law or regulation or under any order of any court, board, commission or agency whatsoever, and there are no claims, actions, suits or proceedings pending or, to the knowledge of the Tenant, threatened against or affecting the Tenant, at law or in equity, before or by any court, board, commission or agency whatsoever which might, if determined adversely to the Tenant, materially affect the Tenant's

ability to develop the Improvements.

h. Financial Data. The financial data and information furnished by, or on behalf of the Tenant, to the City fairly present the information contained therein. As of the Effective Date, there has not been any adverse material change in the financial data and information provided by the Tenant.

Section 14.17 Counterparts.

This Lease may be executed in counterparts, each of which shall be deemed to be an original.

Section 14.18 Entire Understanding of the Parties.

This Lease constitutes the entire understanding of the parties. All prior discussions, understandings, and written agreements are superseded by this Lease. The parties and their legal counsel have read and reviewed this Lease and agree that any rule of construction (including but not limited to Civil Code section 1654, as may be amended from time to time) to the effect that ambiguities are to be resolved against the drafting party shall not apply to the interpretation of this Lease.

Section 14.19 Amendments.

The parties can amend this Lease only by means of a writing executed by the parties, which execution is subject to the approval by the City Council.

IN WITNESS WHEREOF, the Landlord and the Tenant have executed this Lease by proper persons thereunto duly authorized as of the date first hereinabove written.

LANDLORD:

CITY OF SALINAS,
a public body, corporate and politic

By: _____

Name: Joe Gunter

Its: Mayor

ATTEST:

Patricia Barajas, City Clerk

July 6th, 2015

APPROVED AS TO FORM:

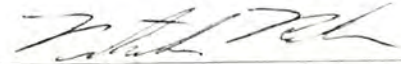
CITY ATTORNEY



Christopher A. Callihan

TENANT:

**allUS CREDIT UNION a California nonprofit
public benefit corporation**

By: 

Name: Patrick Redo

Its: Chief Executive Officer

July 6th, 2015

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of MONTEREYOn 07/09/2015 before me, STEPHANIE B. MASON, NOTARY PUBLIC

Date

Here Insert Name and Title of the Officer

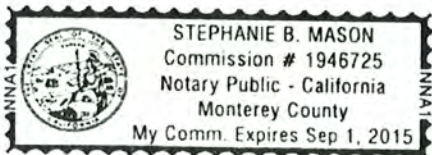
personally appeared PATRICK REDD

Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature

Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached DocumentTitle or Type of Document: LEASE AGREEMENTDocument Date: 07/09/2015

Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

☐ Corporate Officer — Title(s): _____
☐ Partner — Limited ☐ General
☐ Individual Attorney in Fact
☐ Trustee Guardian or Conservator
Other: _____

Signer Is Representing: _____

Signer's Name: _____

☐ Corporate Officer — Title(s): _____
☐ Partner — Limited ☐ General
☐ Individual Attorney in Fact
☐ Trustee Guardian or Conservator
Other: _____

Signer Is Representing: _____

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY,

The land is situated in the City of Salinas, County of Monterey, State of California, and is described as follows:

LEGAL DESCRIPTION

Real property in the City of Salinas, County of Monterey, State of California, described as follows:

ALL THAT CERTAIN REAL PROPERTY SITUATE IN RANCHO EL SAUSAL, LYING IN THE COUNTY OF MONTEREY, STATE OF CALIFORNIA, AND BEING A PORTION OF THAT CERTAIN 200.456 ACRE PARCEL OF LAND CONVEYED BY HAROLD STANLEY CHRISTENSEN, A SINGLE MAN, TO ELENA P. CHRISTENSEN BY DEED, RECORDED SEPTEMBER 13, 1938 IN VOLUME 583 OF OFFICIAL RECORDS, AT PAGE 480, MONTEREY COUNTY RECORDS, CALIFORNIA, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS, TO WIT:

BEGINNING AT A 15" PIPE, TOP FLUSH WITH GROUND, STANDING AT THE POINT OF INTERSECTION OF THE EASTERLY LINE OF NORTH MAIN STREET (110 FEET WIDE) WITH THE SOUTHERLY BOUNDARY OF THE AFOREMENTIONED 200.456 ACRE PARCEL; THENCE RUNNING EASTERLY ALONG SAID SOUTHERLY BOUNDARY

(1) S. 73° 35' E., AT 293.20 FEET A POINT ON THE WESTERLY LINE OF NOICE DRIVE (60 FEET WIDE), 326.39 FEET TO A POINT ON THE CENTERLINE OF THE PRESENT NORTHERLY TERMINUS OF SAID NOICE DRIVE; THENCE RUNNING ALONG THE NORTHERLY PROLONGATION OF THE CENTERLINE OF NOICE DRIVE,

(2) N. 8° 55' W., 14.20 FEET TO A POINT; THENCE

(3) ALONG THE ARC OF A CIRCULAR CURVE TO THE RIGHT, THE CENTER OF WHICH BEARS N. 81° 05' E., 500.00 FEET DISTANT, THROUGH A CENTRAL ANGLE OF 21° 38' 24", FOR AN ARC DISTANCE OF 188.84 FEET TO A POINT; THENCE

(4) N. 77° 16' 36" W., 30.00 FEET TO A POINT; THENCE

(5) S. 82° 58' 39" W., 302.54 FEET TO A POINT ON THE AFORESAID EASTERLY LINE OF NORTH MAIN STREET; THENCE ALONG SAID EASTERLY LINE OF NORTH MAIN STREET,

(6) S. 8° 55' E., 80.00 FEET TO THE PLACE OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION CONVEYED TO HAWAII-SAN FRANCISCO INVESTMENT CO. RECORDED MAY 4, 1976 IN REEL 1051 OF OFFICIAL RECORDS, AT PAGE 864.

APN: 261-661-001

LEGAL DESCRIPTION

Real property in the City of SALINAS, County of MONTEREY, State of CALIFORNIA, described as follows:

LOT 6, AS SHOWN ON MAP ENTITLED, "NORTHPOINT UNIT NO. 2, TRACT NO. 782", FILED FOR RECORD MAY 5, 1976 IN VOLUME 13 OF MAPS, CITIES AND TOWNS, AT PAGE 24.

APN: 261-661-008

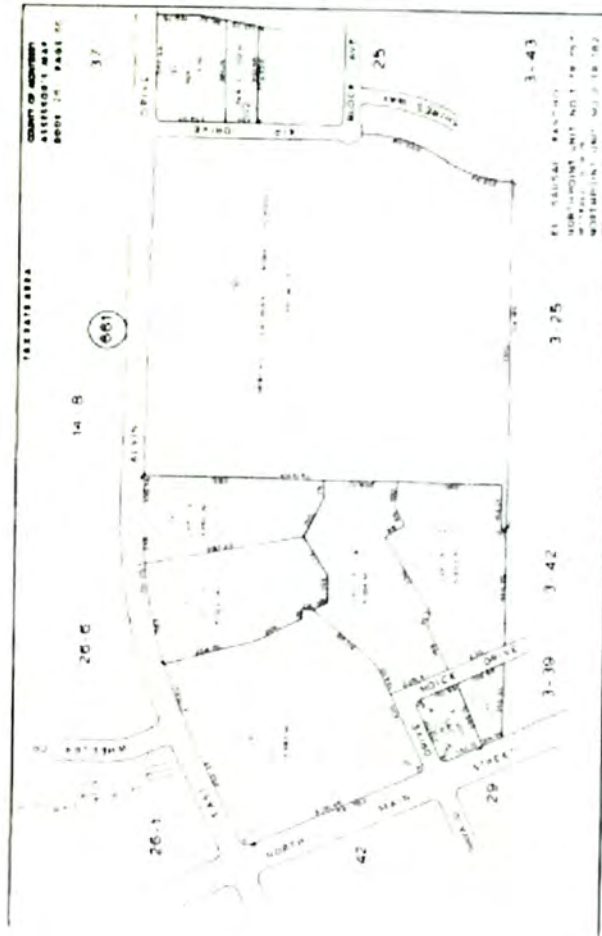


EXHIBIT B

LEASED PREMISES

Certain real property situate in the Rancho El Sausal, City of Salinas, County of Monterey, State of California, particularly described as follows:

Being a portion of Lot 6, as said lot is shown and so designated on that certain map entitled, "Tract No. 782, Northpoint Unit No. 2...etc.", filed in Volume 13 of Cities and Towns at Page 24, official records of the County of Monterey, and being more particularly described as follows:

BEGINNING at point in the westerly boundary of said Lot 6, from which the southwesterly corner thereof bears S 8° 55' 00" E, 38.15 feet distant, thence running along said westerly boundary:

- (1) N 8° 55' 00" W, 105.00 feet to a curve point; thence
- (2) Northeasterly 31.42 feet along the arc of a circular curve to the right, the center which bears N 81° 05' 00" E, 20.00 feet distant, through a central angle of 90° 00' 00"; thence running along the northerly boundary thereof
- (3) N 81° 05' 00" E, 215.01 feet to a curve point; thence
- (4) Southeasterly 31.42 feet along the arc of a circular curve to the right, the center which bears S 8° 55' 00" E, 20.00 feet distant, through a central angle of 90° 00' 00"; thence running along the easterly boundary thereof
- (5) S 8° 55' 00" E, 105.00 feet; thence leaving said easterly boundary and running on a line parallel to and 125 feet southerly, as measured at right angles, from the northerly boundary
- (6) S 81° 05' 00" W, 255.01 feet to the **POINT OF BEGINNING**.

Containing 31,704.57 square feet, 0.728 acres, more or less.

END OF DESCRIPTION

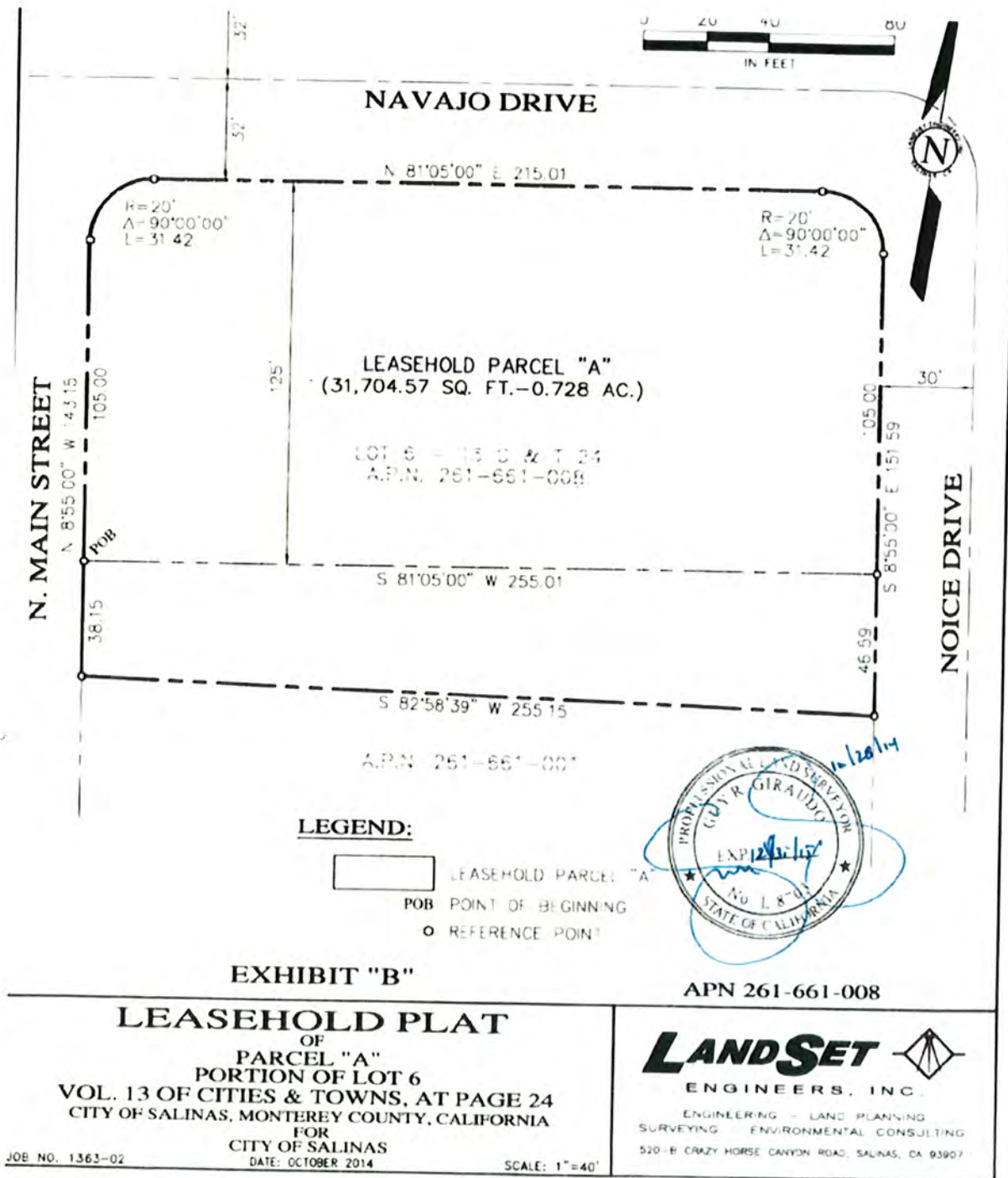
All is shown on Exhibit "B" attached hereto and by this reference being a part hereof.

This real property description has been prepared by me, or under my direction, in conformance with the Professional Land Surveyor's Act.

Signature: _____

Date: _____



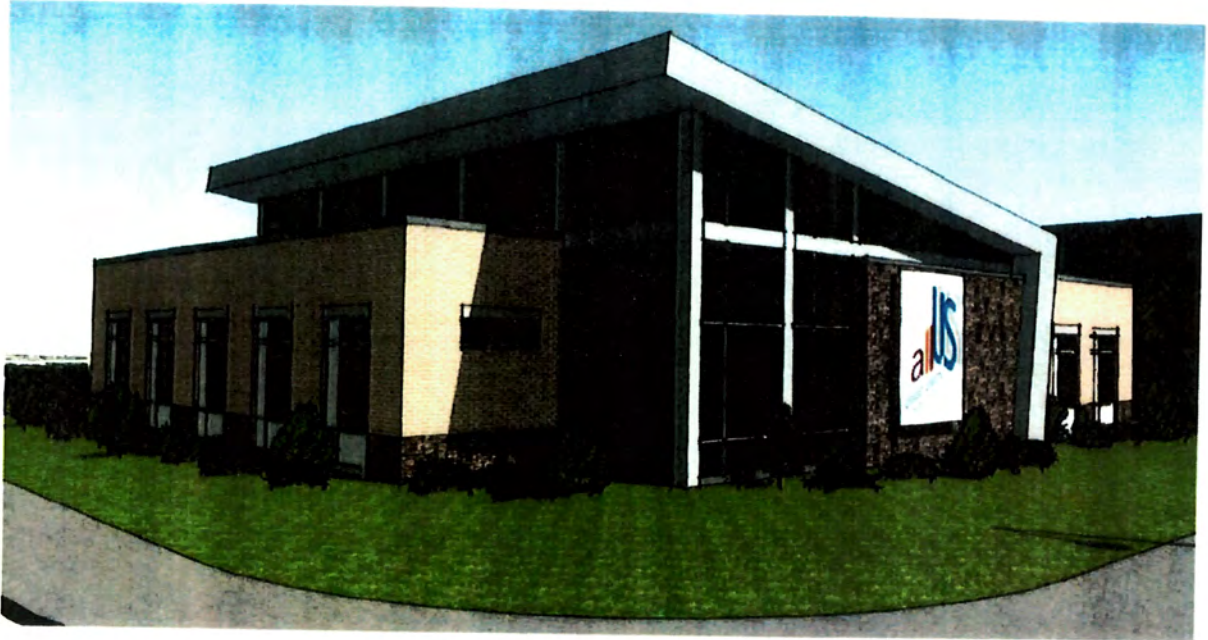


July 6th, 2015

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303\10\621289 6





VIEW LOOKING EAST



EXHIBIT D

MEMORANDUM OF LEASE

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City of Salinas
200 Lincoln Avenue
Salinas, California 93901

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE § 27383

MEMORANDUM OF LEASE

This Memorandum of Lease (the "Memorandum") is entered into as of the _____ day of _____, 20__, by and between the City of Salinas (the "Landlord"), and the allUS Credit Union, a California _____ ??? nonprofit public benefit corporation (the "Tenant") with respect to that certain Lease (the "Lease") dated _____, 20__, between the Landlord and the Tenant.

Pursuant to the Lease, the Landlord hereby leases to the Tenant and the Tenant hereby leases from the Landlord the real property commonly known as 1400 and 14010 North Main Street, more particularly described in Exhibit A attached hereto, which real property is otherwise known as the Property, located within the City of Salinas, Monterey County, California, and Exhibit "B" the "Leased Premises" a portion of said real property. The Lease is for a term commencing on _____ 20__, and ending on June 30, 2045 (the "Term"), or as may be extended pursuant to Section 2.3 of the Lease.

This Memorandum is solely for recording purposes and shall not be construed to alter, modify, amend or supplement the Lease, of which this is a memorandum.

IN WITNESS WHEREOF, the Landlord and the Tenant have executed this Memorandum by proper persons thereunto duly authorized as of the date first hereinabove written.

LANDLORD:

CITY OF SALINAS

CITY,

a public body corporate and politic

By: 

Name: JOE GUNTER

Its: MAYOR

ATTEST:


PATRICIA BARAJAS, CITY CLERK

APPROVED AS TO FORM:
CITY ATTORNEY


CHRIS CALLIHAN

TENANT:

allUS Credit Union, a private non-profit corporation

By: 

NAME: Patrick Redo

ITS: Executive Officer

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**CIVIL CODE § 1189**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)

County of MONTEREY)On 07/09/2015before me, STEPHANIE B. MASON, NOTARY PUBLIC

Date

Here Insert Name and Title of the Officer

personally appeared

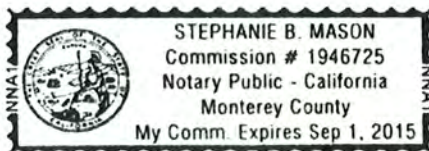
PATRICK KEDD

Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature

[Signature]

Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached DocumentTitle or Type of Document: ADDENDUM D TO LEASE Document Date: 07/09/2015

Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

Corporate Officer — Title(s): _____

Partner — Limited General

Individual Attorney in Fact

Trustee Guardian or Conservator

Other: _____

Signer Is Representing: _____

Signer's Name: _____

Corporate Officer — Title(s): _____

Partner — Limited General

Individual Attorney in Fact

Trustee Guardian or Conservator

Other: _____

Signer Is Representing: _____

EXHIBIT A
TO MEMORANDUM OF LEASE

PROPERTY

The land is situated in the City of Salinas, County of Monterey, State of California, and is described as follows:

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY,

The land is situated in the City of Salinas, County of Monterey, State of California, and is described as follows:

LEGAL DESCRIPTION

Real property in the City of Salinas, County of Monterey, State of California, described as follows:

ALL THAT CERTAIN REAL PROPERTY SITUATE IN RANCHO EL SAUSAL, LYING IN THE COUNTY OF MONTEREY, STATE OF CALIFORNIA, AND BEING A PORTION OF THAT CERTAIN 200.456 ACRE PARCEL OF LAND CONVEYED BY HAROLD STANLEY CHRISTENSEN, A SINGLE MAN, TO ELENA P. CHRISTENSEN BY DEED, RECORDED SEPTEMBER 13, 1938 IN VOLUME 583 OF OFFICIAL RECORDS, AT PAGE 480, MONTEREY COUNTY RECORDS, CALIFORNIA, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS, TO WIT:

BEGINNING AT A 1/2" PIPE, TOP FLUSH WITH GROUND, STANDING AT THE POINT OF INTERSECTION OF THE EASTERLY LINE OF NORTH MAIN STREET (110 FEET WIDE) WITH THE SOUTHERLY BOUNDARY OF THE AFOREMENTIONED 200.456 ACRE PARCEL; THENCE RUNNING EASTERLY ALONG SAID SOUTHERLY BOUNDARY

(1) S. 73° 35' E., AT 293.20 FEET A POINT ON THE WESTERLY LINE OF NOICE DRIVE (60 FEET WIDE), 326.39 FEET TO A POINT ON THE CENTERLINE OF THE PRESENT NORTHERLY TERMINUS OF SAID NOICE DRIVE; THENCE RUNNING ALONG THE NORTHERLY PROLONGATION OF THE CENTERLINE OF NOICE DRIVE,

(2) N. 8° 55' W., 14.20 FEET TO A POINT; THENCE

(3) ALONG THE ARC OF A CIRCULAR CURVE TO THE RIGHT, THE CENTER OF WHICH BEARS N. 81° 05' E., 500.00 FEET DISTANT, THROUGH A CENTRAL ANGLE OF 21° 38' 24", FOR AN ARC DISTANCE OF 188.84 FEET TO A POINT; THENCE

(4) N. 77° 16' 36" W., 30.00 FEET TO A POINT; THENCE

(5) S. 82° 58' 39" W., 302.54 FEET TO A POINT ON THE AFORESAID EASTERLY LINE OF NORTH MAIN STREET, THENCE ALONG SAID EASTERLY LINE OF NORTH MAIN STREET,

(6) S. 8° 55' E., 80.00 FEET TO THE PLACE OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION CONVEYED TO HAWAII-SAN FRANCISCO INVESTMENT CO. RECORDED MAY 4, 1976 IN REEL 1051 OF OFFICIAL RECORDS, AT PAGE 864.

APN: 261-661-001

July 6th, 2015

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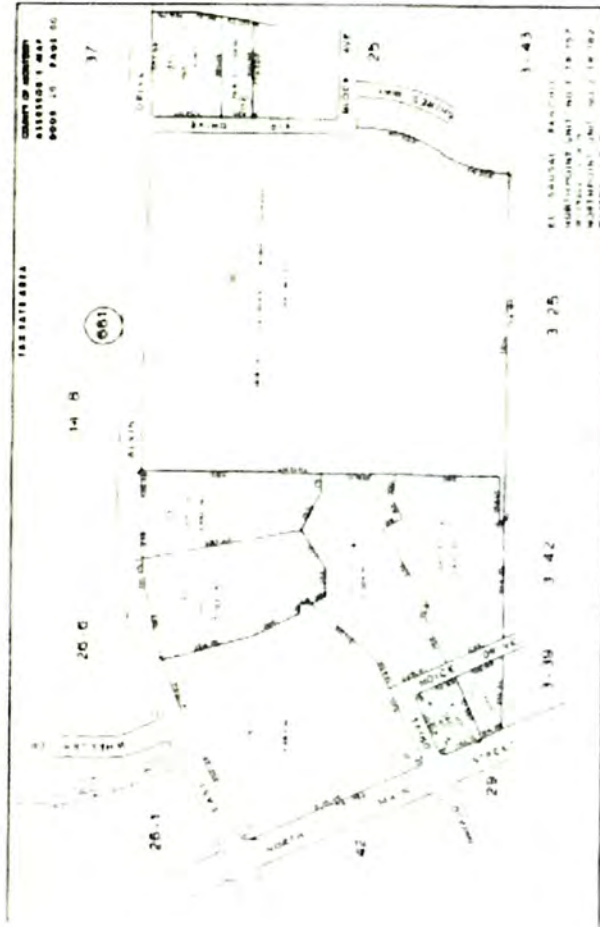
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LEGAL DESCRIPTION

Real property in the City of SALINAS, County of MONTEREY, State of CALIFORNIA, described as follows:

LOT 6, AS SHOWN ON MAP ENTITLED, "NORTH-POINT UNIT NO. 2, TRACT NO. 782", FILED FOR RECORD MAY 5, 1976 IN VOLUME 13 OF MAPS, CITIES AND TOWNS, AT PAGE 24.

APN: 261-661-008



July 6th, 2015

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EXHIBIT B
TO THE MEMORANDUM OF LEASE
LEASED PROPERTY

EXHIBIT B

LEASED PREMISES

Certain real property situate in the Rancho El Sausal, City of Salinas, County of Monterey, State of California, particularly described as follows:

Being a portion of Lot 6, as said lot is shown and so designated on that certain map entitled, "Tract No. 782, Northpoint Unit No. 2...etc.", filed in Volume 13 of Cities and Towns at Page 24, official records of the County of Monterey, and being more particularly described as follows:

BEGINNING at point in the westerly boundary of said Lot 6, from which the southwesterly corner thereof bears S 8° 55' 00" E, 38.15 feet distant, thence running along said westerly boundary:

- (1) N 8° 55' 00" W, 105.00 feet to a curve point; thence
- (2) Northeasterly 31.42 feet along the arc of a circular curve to the right, the center which bears N 81° 05' 00" E, 20.00 feet distant, through a central angle of 90° 00' 00"; thence running along the northerly boundary thereof
- (3) N 81° 05' 00" E, 215.01 feet to a curve point; thence
- (4) Southeasterly 31.42 feet along the arc of a circular curve to the right, the center which bears S 8° 55' 00" E, 20.00 feet distant, through a central angle of 90° 00' 00"; thence running along the easterly boundary thereof
- (5) S 8° 55' 00" E, 105.00 feet; thence leaving said easterly boundary and running on a line parallel to and 125 feet southerly, as measured at right angles, from the northerly boundary
- (6) S 81° 05' 00" W, 255.01 feet to the **POINT OF BEGINNING**.

Containing 31,704.57 square feet, 0.728 acres, more or less.

END OF DESCRIPTION

All is shown on Exhibit "B" attached hereto and by this reference being a part hereof

This real property description has been prepared by me, or under my direction, in conformance with the Professional Land Surveyor's Act.

Signature: _____

Date: _____



July 6th, 2015

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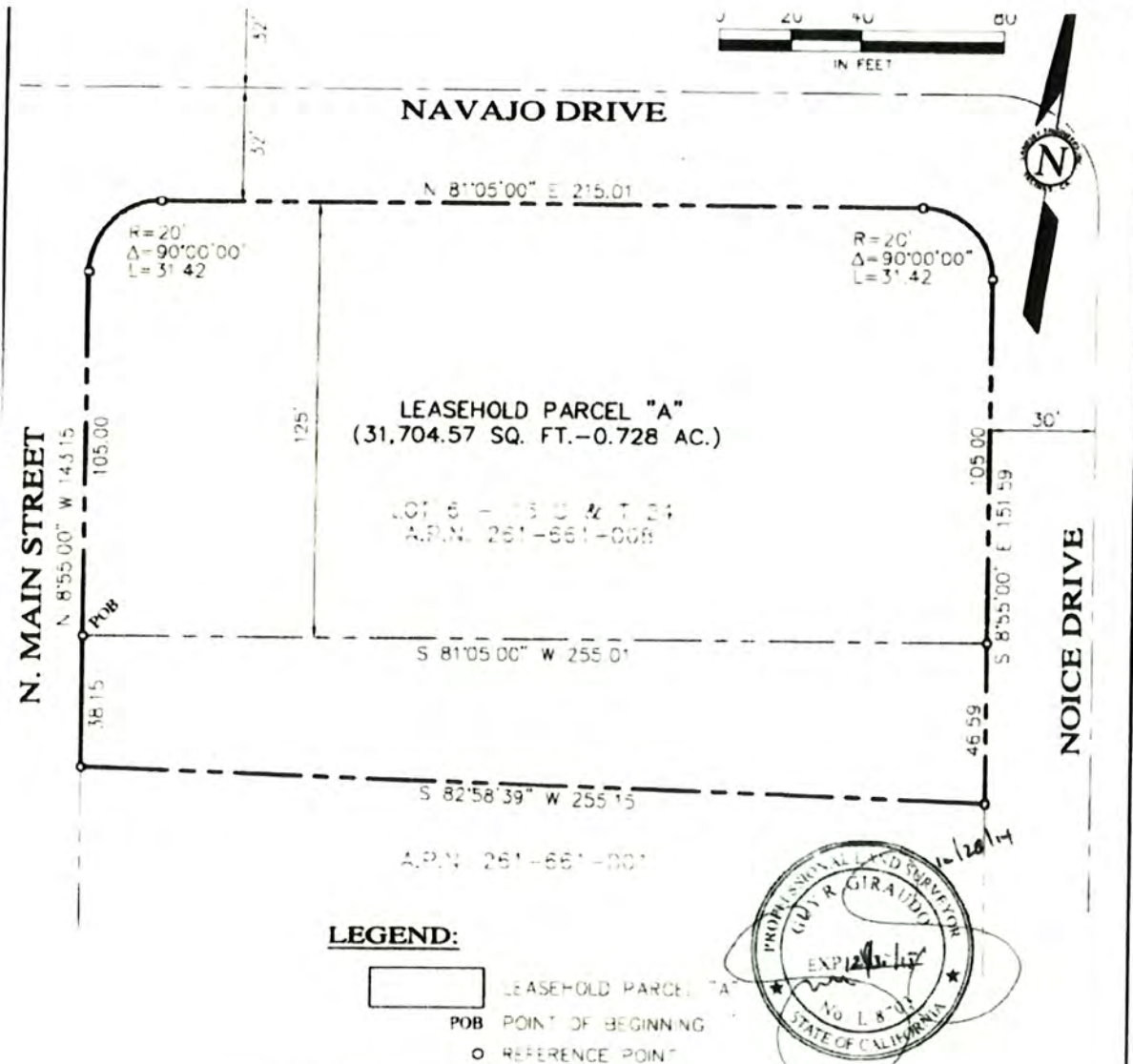


EXHIBIT "B"

APN 261-661-008

LEASEHOLD PLAT
OF
PARCEL "A"
PORTION OF LOT 6
VOL. 13 OF CITIES & TOWNS, AT PAGE 24
CITY OF SALINAS, MONTEREY COUNTY, CALIFORNIA
FOR
CITY OF SALINAS

LANDSET ENGINEERS, INC.
ENGINEERING - LAND PLANNING
SURVEYING - ENVIRONMENTAL CONSULTING
520 - B CRAZY HORSE CANYON ROAD, SALINAS, CA 93907

JOB NO. 1363-02

DATE: OCTOBER 2014

SCALE: 1"=40'

July 6th, 2015

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4F

AMENDMENT TO LEASE AGREEMENT

THIS AMENDMENT TO LEASE AGREEMENT ("Amendment") dated _____, 2025 ("Effective Date") is made and entered into by and between the City of Salinas, a California charter city and municipal corporation ("Landlord") and Pentagon Federal Credit Union ("Tenant").

RECITALS

A. Pursuant to that Lease Agreement dated July 9, 2015, by and between Landlord and allUS Credit Union (Landlord acknowledges and agrees that Pentagon Federal Credit Union is the current Tenant, as the successor by merger with allUS Credit Union, which was completed October 1, 2022), ("Original Lease"), Landlord demised to Tenant and Tenant leased from Landlord the Leased Premises for the purpose of developing and operating a financial institution facility, as more particularly described in the Original Lease. Capitalized terms, unless otherwise defined herein, shall have the meanings ascribed to such terms in the Original Lease.

B. Landlord and Tenant desire to amend the Original Lease in order to modify the provisions related to the operation of the Improvements and limitations on Transfers.

C. Landlord and Tenant desire that this Amendment shall supersede and amend the terms of the Original Lease, and that the remaining terms of the Original Lease shall retain their full force and effect.

NOW, THEREFORE, in consideration of the mutual covenants contained in this Amendment, the adequacy and sufficiency of which are mutually acknowledged and accepted, Landlord and Tenant hereby agree as follows:

1. Landlord and Tenant hereby ratify and confirm the other terms and provisions of the Original Lease. In particular, the Original Lease as amended by this Amendment shall remain, and be, in full force and effect in accordance with the terms of the Original Lease and this Amendment, and shall be binding upon Landlord and Tenant. To the best of Tenant's knowledge as of the Effective Date, there exists no default, or event or condition which, with the giving of notice or the passage of time or both, would constitute a default under the Lease either by Tenant or Landlord. To the best of Landlord's knowledge as of the Effective Date, there exists no default, or event or condition which, with the giving of notice or the passage of time or both, would constitute a default under the Lease either by Tenant or Landlord.
2. Section 6.3 is hereby amended to read as follows:

"During the Term, the Tenant shall operate the Improvements (or any additional or subsequent improvements) for the Permitted Uses and Ancillary Uses. In the event that the Tenant desires to make any material change in the operation of the Improvements, such change shall first be proposed in writing and approved by the Landlord.

The obligation of the Tenant set forth in this Section 6.3 constitutes a "material" obligation. Failure by Tenant to observe any such covenant, agreement or obligation or to fail to operate the Improvements for the Permitted Uses and Ancillary Uses for a

period of six (6) months or longer shall constitute an Event of Material Default by Tenant, for which the Tenant shall be subject to the provisions of Sections 13.1 and 13.2 below.”

3. The provisions of this Amendment shall be binding upon and inure to the benefit of the Landlord and Tenant, and their respective successors and assigns. This Amendment embodies and constitutes the entire understanding between Landlord and Tenant with respect to the subject matter hereof and all prior agreements, representations and statements, oral or written, relating to the subject matter hereof, are merged into this Amendment.
4. This Amendment may be validly executed and delivered by fax or other electronic transmission and in one or more counterpart signature pages, which when combined shall constitute one Amendment. This Amendment shall be construed without presumption for or against the drafter of all or any part hereof.
5. Tenant and Landlord each represent and warrant to each other that neither has dealt with any broker in connection with this Amendment or the negotiation or execution thereof which could form the basis of any claim by any such broker or agent for a brokerage fee or commission, finder's fee, or any other compensation of any kind or nature in connection herewith. Each party shall, and hereby agrees to, indemnify and hold the other harmless from all costs (including court costs, investigation costs, expert fees and attorneys' fees), expenses, or liability for commissions or other compensation claimed by any broker or agent with respect to this Amendment which arise out of any agreement or dealings, or alleged agreement or dealings, between the indemnifying party and any such agent or broker. This provision shall survive the expiration or earlier termination of this Amendment.

[SIGNATURE PAGE FOLLOWS]

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

LANDLORD:

City of Salinas
A California charter city and municipal corporation

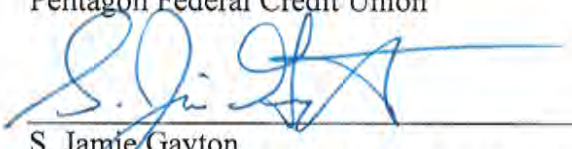
Dennis Donohue, Mayor

APPROVED AS TO FORM:

Christopher A. Callihan, City Attorney

TENANT:

Pentagon Federal Credit Union



S. Jamie Gayton
Executive Vice President, Member Operations
& Global Fixed Assets