

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.

(c) "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 (e) 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.

(e) 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.

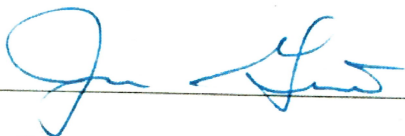
Section 14.19 Amendments.

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

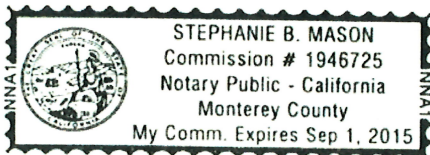
personally appeared PATRICK REDD

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 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

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

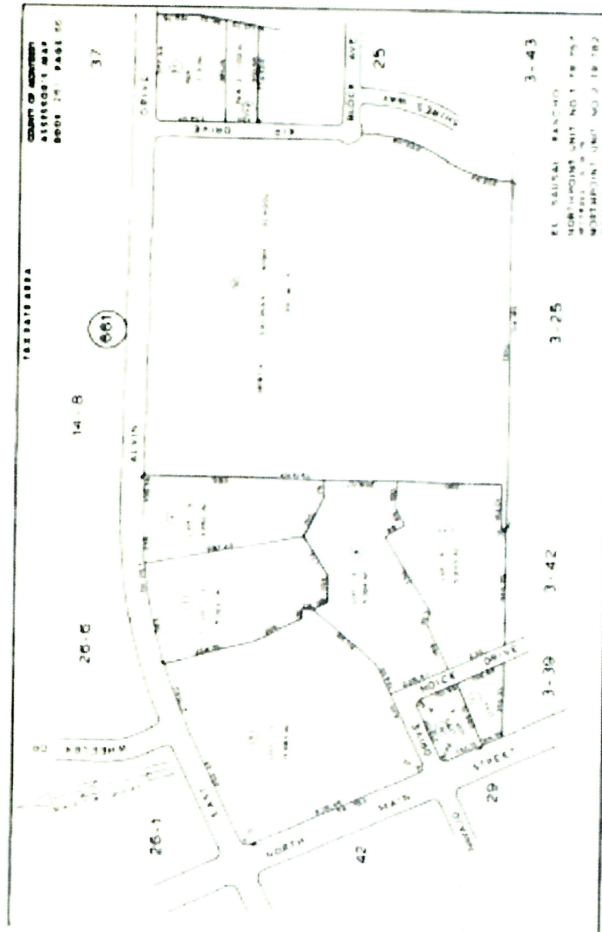


EXHIBIT B

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

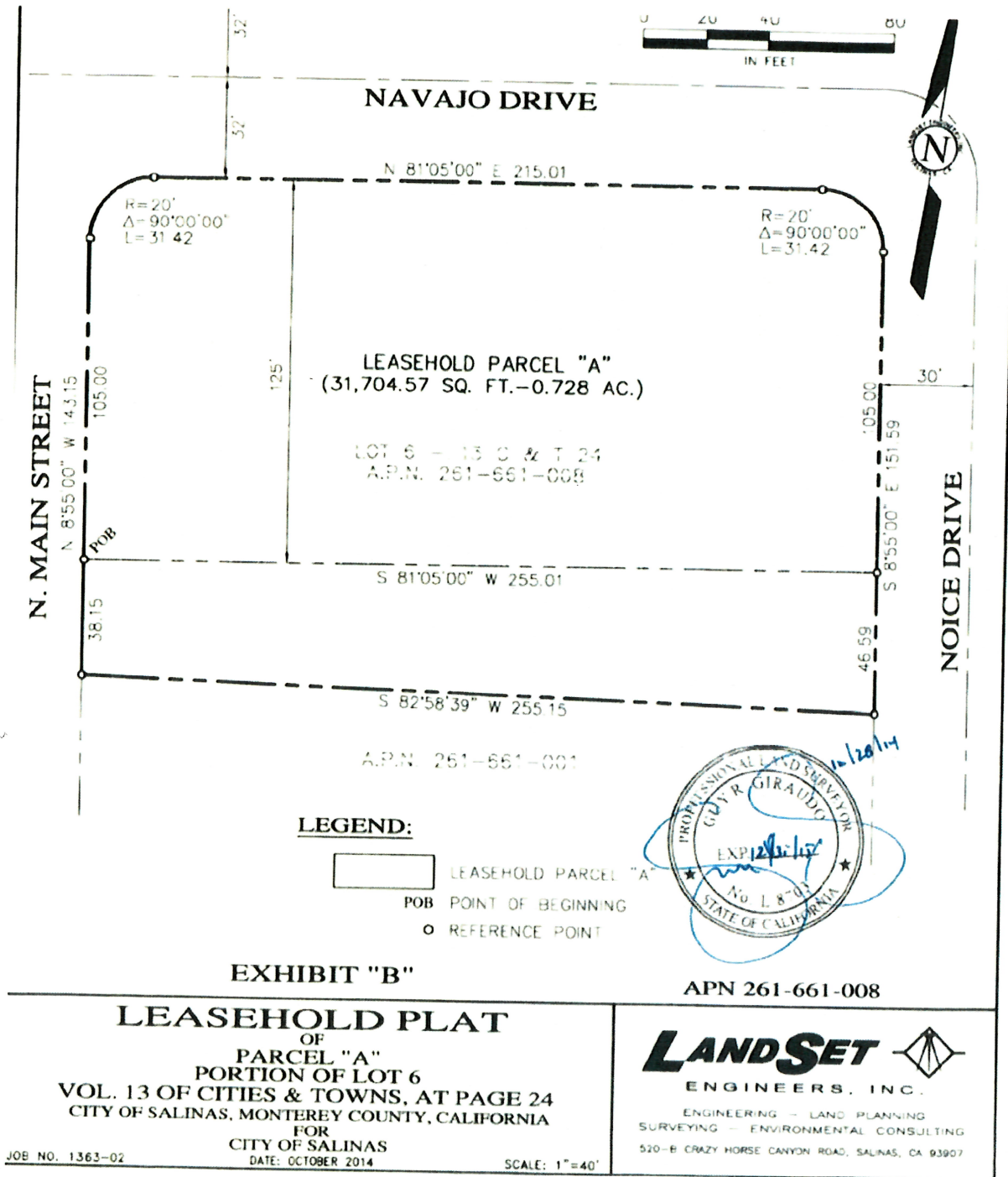
All is shown on Exhibit "B" attached hereto and by this reference being a part hereof.

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

Signature: _____

Date: _____

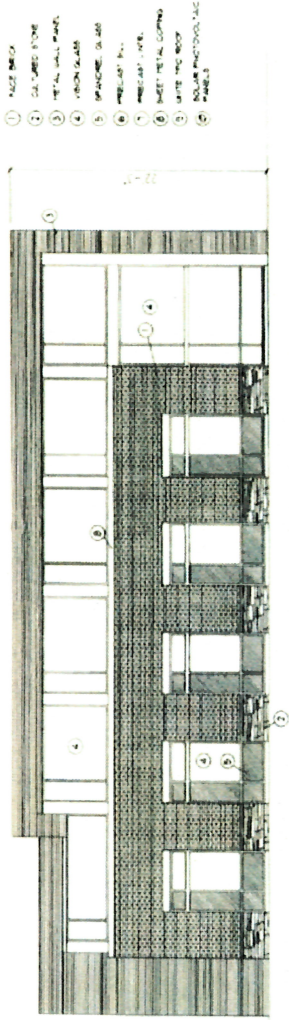




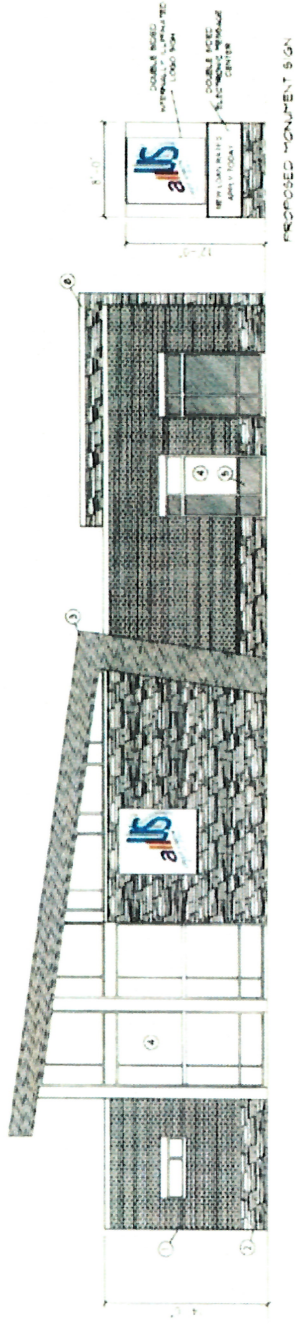
July 6th, 2015

C-1

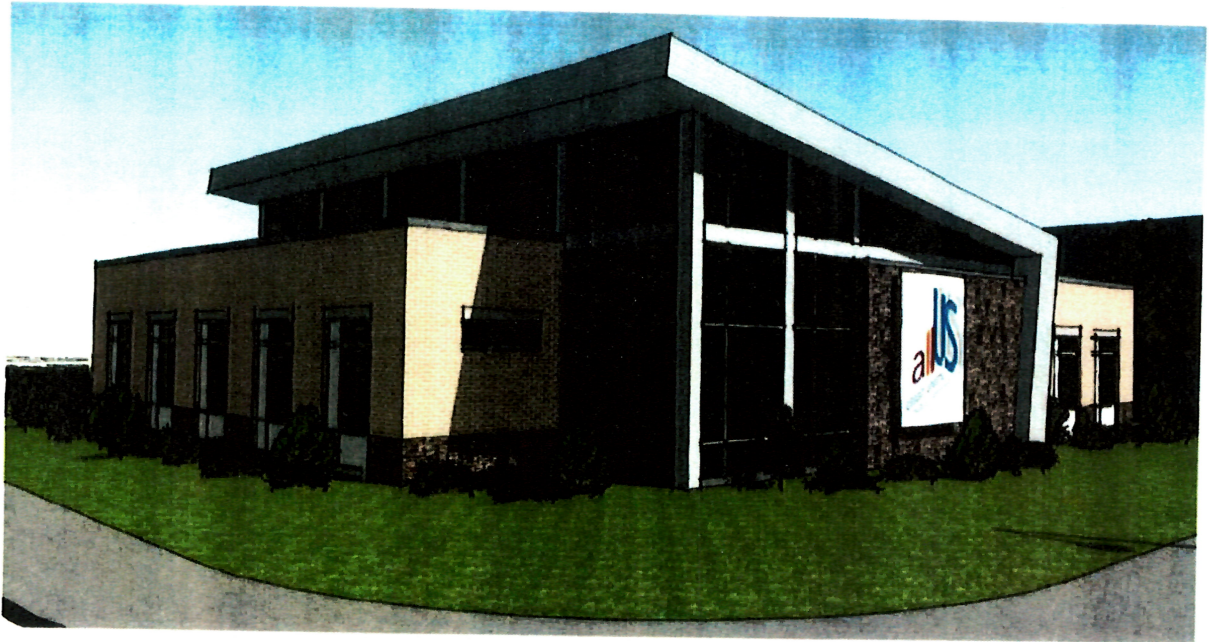
303\10\621289.6



NORTH ELEVATION



WEST ELEVATION



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: 

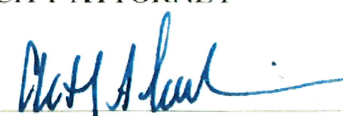
Name: JOE GUNTER

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 07/09/2015

before me, STEPHANIE B. MASON, NOTARY PUBLIC

Date

Here Insert Name and Title of the Officer

personally appeared

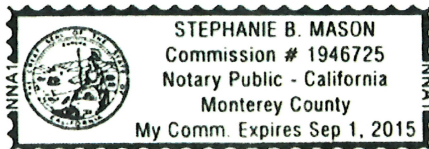
PATRICK REDD

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 Document

Title 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

38

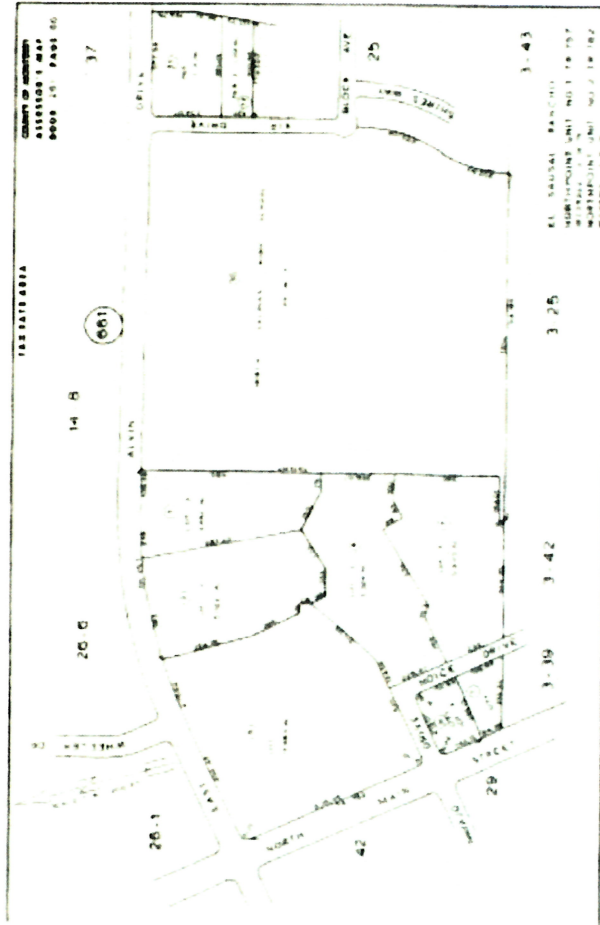
D-5

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

D-6

38

**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:

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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

D-8

40

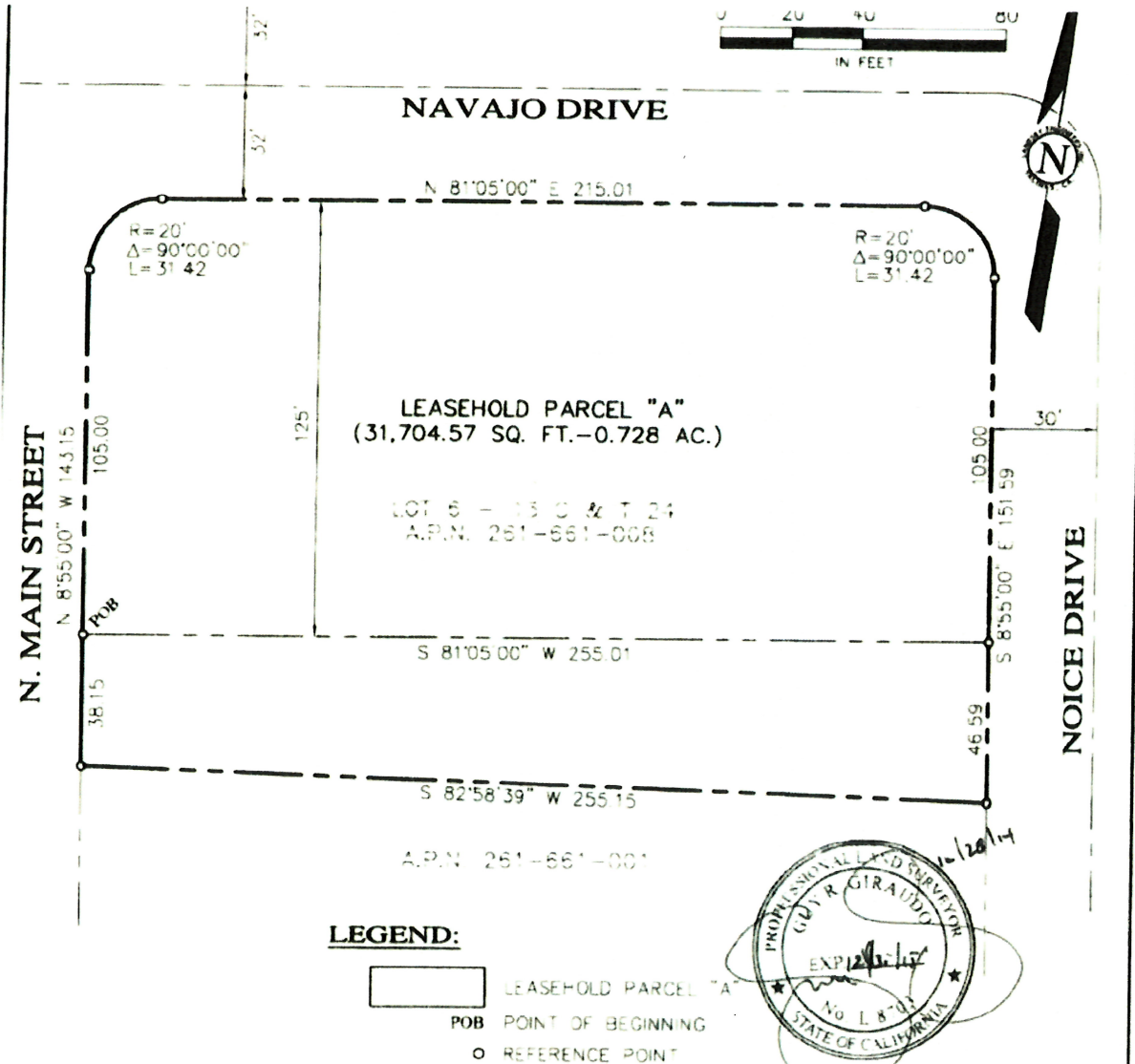


EXHIBIT "B"

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

JOB NO. 1363-02

DATE: OCTOBER 2014

SCALE: 1"=40'

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

July 6th, 2015

D-9

4F