

**GROUND LEASE AGREEMENT
BETWEEN
THE CITY OF SALINAS AND
MEXICAN AMERICAN OPPORTUNITY
FOUNDATION**



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**GROUND LEASE AGREEMENT
BETWEEN THE CITY OF SALINAS AND MEXICAN AMERICAN OPPORTUNITY FOUNDATION**

1210 John Street, Los Padres Park Site, Salinas, California

ARTICLE 1. BASIC LEASE PROVISIONS

1.1 Date and Parties. This Ground Lease ("Ground Lease") is dated, for reference purposes only, June 4, 2019 and is between the **City of Salinas**, a California charter city and municipal corporation ("City" or "Lessor") and the **Mexican American Opportunity Foundation**, a California nonprofit Corporation ("Lessee") upon the provision and conditions contained in this Ground Lease, lessee is a California nonprofit corporation with its principal offices at 401 North Garfield Avenue, Montebello, CA. City is a municipal corporation, organized under the laws of the State of California, acting through its Administrative Offices located at City Hall 200 Lincoln Avenue, Salinas, CA 93301.

1.2 Capacity of City as Landlord. Except where clearly and expressly provided otherwise in this Ground Lease, the capacity of the City of Salinas in this Ground Lease shall be as landlord only, and any obligations or restrictions imposed by this Ground 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 federal, state, or local law.

1.3 Execution Date. The phrase "Execution Date" shall mean the date the Office of the City Clerk of Salinas attests this Ground Lease, except in the event that Lessee executes this Ground Lease after such attestation, in which case the date of such execution by Lessee shall be the Execution Date.

1.4 Intent of Parties. The intent of the parties in entering into this Ground Lease is to provide at minimal cost to Lessee property upon which to situate and operate a childcare center for children of low-income households. Lessor has determined that the public benefit to the citizens and community of Salinas to be received from the provision of such services by Lessee is the primary consideration for Lessor to enter into this Ground Lease subject to conditions to insure the use of the property for a low-income childcare center for the duration of this Lease and any extensions thereto.

ARTICLE 2. PROPERTY

2.1 Property. Lessor leases to Lessee and Lessee leases from Lessor those portions of the real property commonly known as Los Padres Park (located at 1210 John Street), Salinas, California, comprising of approximately one acre of the Park and identified specifically as Areas A and B on the Site Plan attached to this Ground Lease as **Exhibit A**, and incorporated herein (hereinafter "Site").

2.2 Property Ownership. Lessor warrants that Lessor is the owner of the Property and is legally authorized to enter into this Ground Lease and lease the Property described in Section 2.1.

2.3 Reservations. This Ground Lease and the Site delivered hereby are, and shall be at all times subject to the following:

2.3.1 Conditions of Site. The Site is accepted as-is by Lessee and subject to any and all existing easements and encumbrances. Lessor expressly reserves the right to re-construct, improve, maintain, repair and operate its uses of all existing easements and encumbrances with no liability whatsoever to Lessee, including the right to enter upon, above, below or through the surface to construct, maintain, replace, repair, enlarge or otherwise utilize the Site for such purpose, without compensation or abatement of rent provided, however, Lessor shall not unreasonably interfere with the Lessee's operations conducted on the Site as contemplated

by this Ground Lease.

2.3.2. Easements and Encumbrances Installed After Execution Date. Lessee leases the Site subject to Lessor's reservation of the right to, after the execution date of this Lease, enter upon, above, below or through the surface of any and all portions of the Site to install, lay, construct, maintain, repair, and operate sanitary sewers, drains, storm water sewers, pipelines, manholes, and connections; water, oil and gas pipelines; and the appliances and appurtenances necessary or convenient in connection therewith after the execution date of this Lease. In the event Lessor exercises this right, Lessee's rental shall be reduced in proportion to any interference with Lessee's use of the Site.

2.3.3. Streets and Highways. Rights-of-way for streets and other highways and for railroads and other means of transportation which are apparent from a visual inspection of the Site or which shall have been duly established or which are reserved herein.

2.3.4. Prior Exceptions. All prior exceptions, reservations, grants, easements, leases, or licenses of any kind whatsoever as the same appear of record in the office of the Recorder of Monterey County, California, or in the official records of the City of Salinas

2.4. Inspection. Lessee has conducted its own due diligence and has inspected the Site in contemplation of occupying it for the uses permitted hereunder and agrees that:

2.4.1. Suitability. The Site, including any improvements existing thereon covered by this Ground Lease, is suitable for Lessee's intended uses. No officer or employee of Lessor has made any representation or warranty with respect to the Site, including improvements, if any, or subsurface or soil conditions existing thereon, unless the nature and extent of such representation or warranty is described in writing and attached hereto as an addendum.

2.4.2. Additions and Improvements at Lessee's Expense. Any modification, improvement, or addition to the Site and any equipment installation required by the Fire Department, Department of Building and Safety, Air Quality Management District, Regional Water Quality Control Board, Environmental Protection Agency, or any other local, regional, state or federal agency in connection with Lessee's operations shall be constructed or installed at Lessee's sole expense.

ARTICLE 3. USE

3.1. Use. This Ground Lease is made for the purpose of allowing Lessee use of the Site for a childcare center granting Lessee exclusive rights and privileges as follows:

(a) The right to construct, place, install, maintain and/or operate a childcare center to serve up to 144 children from low-income households, with outdoor play area, parking and driveway for ingress and egress (hereinafter collectively "Childcare Center"). The Childcare Center uses shall be divided between Areas A and B on the Site as follows:

Area A: Childcare center outdoor play area for center and public use during periods Childcare Center is not in operation, and

Area B: Driveway and parking area for Childcare Center

(b) The right to install utilities (including, but not limited to, communications, water, gas, sewer and electricity) in furtherance of its operations on the Site.

(c) The right to construct, place, install, maintain and/or operate office facilities on the Site.

(d) Lessee shall not use the Site, or any part thereof, or permit them to be used for any purpose or purposes other than for the uses described above. Lessee in its use of the Site shall at all times comply with the terms and conditions of this Lease and all applicable federal, state and municipal statute, laws, regulations, ordinances and permits (hereafter "Laws") applicable to Lessee, the operations of Lessee or Lessee's use of the Site, including, but not limited to those that define and prohibit nuisances.

(e) Lessee, at its sole cost and expense, shall comply with any directive of any governmental authority which shall impose any duty upon Lessor with respect to the Site or the use or occupation thereof, which arises due to the nature of Lessee's use or occupancy of the Site. Lessee shall not commit, or suffer to be committed, any waste or nuisance in its occupancy of the Site. Lessee shall not install upon the Site any underground tank(s) for the storage of petroleum products or any other Hazardous Substance as defined in Section 16.2.

Lessee further agrees, within 72 hours from receiving written notice by the Lessor that a violation of Laws exists, to abate or otherwise correct such violation. In the event Lessee has not taken corrective action within 72 hours, the Lessor may use all available remedies to correct such violation at the expense of the Lessee without any liability for monetary loss or anticipated profits of Lessee. However, City shall not have any responsibility to maintain the Site. Lessee hereby waives the benefit of Civil Code sections 1941 and 1942 and any other law that would otherwise afford Lessee the right to make repairs at City's expense.

ARTICLE 4. TERM

4.1. Term. The term of this Ground Lease ("Term") shall be ten (10) years, commencing on June 4, 2019 and terminating on June 3, 2029 unless terminated in the manner an under conditions herein provided.

4.2. Option to Extend Lease. Lessor in its discretion may grant to Lessee two (2) options to extend this Lease for a period of five (5) years each from and after the expiration date thereof at the rental hereafter provided. Each option shall be exercised by Lessee by delivering to Lessor notice in writing of its intent to exercise such option. Such notice shall be delivered not less than 180 days before the expiration of the term then in effect. Failure to exercise this option by not giving the required 180 days' notice, not determining and accepting changed conditions and terms, as hereinafter provided, or not paying rent when due shall operate to terminate any further option right upon the termination of the current term of this Lease.

4.3. Holdover. If Lessee remains in possession of all or any part of the Site after the expiration of the Term hereof, with the express or implied consent of Lessor, such tenancy shall be from month to month only, and not a renewal hereof or an extension for any further term, and in such case, monthly rent (1/12th of the annual rental amount) and other monetary sums due hereunder shall be payable in the amount and at the time specified in this Ground Lease. Such month-to-month tenancy shall be subject to every other provision, covenant and agreement contained herein. Acceptance by Lessor of rent after such expiration or earlier termination shall not constitute a holdover hereunder or result in a renewal. The foregoing provisions of this Section 4.3 are in addition to and do not affect the right of re-entry or any rights of Lessor hereunder or as otherwise provided by law or in equity, and in no way shall affect any right which Lessor may otherwise have to recover damages from Lessee for loss or liability incurred by Lessor resulting from such failure by Lessee to surrender the Site. Nothing contained in this Section 4.3 shall be construed as consent by Lessor to any holding over by Lessee, and Lessor expressly reserves the right to require Lessee to surrender possession of the Site to Lessor as provided in this Ground Lease upon the expiration or other termination of this Ground Lease.

4.4. Early Termination. In addition to Lessor's right to terminate this Lease for default under Article 14, should the Site cease to be used for the purposes stated in Section 3.1, or (in the absence of an assignment pursuant to Article 17) should the Lessee cease to operate or exist, or should the operations conducted not be in accordance with the statutes or regulations of the United States, State of California, the County of Monterey, or the City of Salinas, upon not less than sixty (60) days' notice, Lessor may terminate this Ground Lease.

4.5. Surrender of Site. The voluntary or other surrender of this Ground Lease by Lessee, or a mutual cancellation thereof, shall not work a merger, and shall, at the option of Lessor, operate as an assignment to it of any or all subleases or sub-tenancies. No act or thing done by Lessor or any agent or employee of Lessor during the Term shall be deemed to constitute an acceptance by Lessor of a surrender of the Site unless such intent is specifically acknowledged in a writing signed by Lessor. Upon the expiration or termination of this Ground Lease, Lessee shall peaceably surrender the Site and all alterations and improvements thereto, in good order, repair and condition, reasonable wear and tear alone excepted, and free of debris. Upon such expiration or termination, Lessee shall, without expense to Lessor, and subject to the rights of the State of California, remove or cause to be removed from the Site all leasehold Improvements (Section 6.1), debris and rubbish, and such items of equipment, and other articles of personal property owned by or installed or placed by Lessee at its expense on the Site, and such similar articles of any other persons claiming under Lessee, as Lessor may, in its sole discretion, require to be removed.

ARTICLE 5. RENT

5.1. Rent. Lessee shall pay the City the sum of one thousand, four hundred forty (\$1,440) Dollars per month. Failure to pay rent on a monthly basis as of the Effective Date of this Ground Lease shall render the Lease null and void and of no effect. Lessee assumes all risk of loss and responsibility for late payment. Annual rent adjustments shall be made on the lease anniversary month. Rent shall be increased the lesser of either 3%, or the annual percentage change in the Consumer Price Index ("CPI") for "All Urban Consumers" for San Francisco/Oakland/San Jose California for the previous year.

5.2. Rent During Extensions. In the event Lessee exercises the option provided in Section 4.2 above and Lessor consents to the exercise of any such option, the new rental rate shall be negotiated during the 180-day notice period, with the intent to maintain the rent amount per month at the current market rate through-out the duration of the Lease or subsequent extensions.

ARTICLE 6. LEASEHOLD IMPROVEMENTS

6.1. Leasehold Improvements. Other provisions of this Lease notwithstanding, it is understood that leasehold improvements made by the Lessee after execution of the Lease, and throughout the term of the Lease, will remain the property of the Lessee, subject to any encumbrances then asserted by the State of California.

6.2. Expiration of Lease. Upon the expiration of the life of this Lease, including extensions, or any sooner termination of this Lease, Lessee shall redeliver possession of said Site to Lessor in substantially the same condition that existed immediately prior to Lessee's entry thereon, reasonable wear and tear excepted.

6.2.1. Restoration of Site at Lease Termination. On or before expiration of the Term of this Lease, or any sooner termination thereof Lessee shall remove, at its sole cost and expense, all works, structures, improvements and pipelines of any kind and paving (collectively referred to as "Structures") placed on the Site by Lessee. Lessee shall leave the Site including all Structures constructed, owned or controlled by Lessee free from Hazardous Materials (unless the Hazardous Materials were present at the time Lessee took possession), and leave the surface of the ground in a clean, level, graded and compacted condition with no excavations or holes resulting from Structures removed. Any improvements, equipment or fixtures left upon the Site upon the expiration or other termination of the Ground Lease without authorization from Lessor shall, at Lessor's sole option, become the property of Lessor. In the event Lessee shall leave any improvements, equipment or fixtures upon the upon the expiration or other termination of the Ground Lease without authorization from Lessor, Lessor may at its sole option, store, sell, or otherwise dispose of such items, and Lessee shall immediately pay Lessor's cost of storage or disposal (minus the proceeds of any sale) upon demand from Lessor. Lessor shall incur no liability to Lessee for such storage, sale or disposal.

Ownership of the portable buildings on the Site is with the State of California until the obligation of Lessee

has been met. Lessee shall be solely responsible for prompt removal of the portables in the event of termination of this Lease Agreement and shall be solely responsible for satisfying its debt to the State.

6.3. Improvements and Fixtures. Ownership of the portable buildings on the Site is with the State of California until the obligation of Lessee has been met. Lessee shall be solely responsible for prompt removal of the portables in the event of termination of this Lease Agreement and shall be solely responsible for satisfying its debt to the State. At the sole option of the Lessor, all improvements and fixtures made or attached to the Site by Lessee and in Lessee's ownership and control shall be and become upon termination of this Lease, or at the sooner termination of Lessee's tenancy, the property of Lessor at no cost to Lessor and shall not be removed by Lessee unless Lessee is directed to do so by Lessor, provided, however, if Lessee is not in default in the payment of rent or in the performance of its obligations under this Lease, it may remove from said premises, at its sole expense, such personal Property which are not an integral part of the premises, and which can be removed without damage to the premises or where the premises are restored to the condition required in Section 6.2.1 above (clean, level, graded and compacted condition with no excavations or holes resulting from the improvements and fixtures removed), and provided the same may be removed prior to the expiration of this Lease or of any extensions thereof. In no event will furniture, fixtures, and equipment, or other personal Property, be removed until all monies due Lessor have been paid in full. If the Lessor does not exercise its option to acquire the improvements at no cost, all surface improvements shall be removed or demolished at the sole cost of Lessee and the Site returned to the Lessor pursuant to Section 6.2.

If the Lessor exercises the option to acquire the improvements, Lessor shall not be liable for any compensation to Lessee for the improvements and infrastructure that remain on the premises upon termination of the Ground Lease pursuant to Section 6.2.1 herein.

6.4. Lien by State of California. Lessee has represented to Lessor that the State of California provided financial assistance to Lessee for its Child Care Center Project resulting in a lien against the improvements constructed upon the property. Lessor shall not suffer any improvements, structures, and fixtures to be left on the property in the event the Lease is terminated prior to the Lessee's complete repayment and satisfaction of the loan obligations to the State.

In the event Lessee should default on its obligation to the State and the State takes possession of the portable buildings, Lessor shall recognize the right of the State to exercise its options under its agreement with Lessee, including, but not limited to, locating another entity to assume this Lease and/or operate the Childcare Center. Any such successor entity shall be reasonably acceptable to Lessor.

6.5. Expiration of Term. Subject to any encumbrances then asserted by the State of California, upon expiration of the term hereof, including extensions, or any sooner termination of this Lease, Lessee shall execute, acknowledge and deliver to Lessor a proper instrument in writing releasing and quitclaiming to Lessor all right, title and interest of Lessee in and to the leasehold improvement, this provision replacing the requirement stated above.

ARTICLE 7. RENOVATIONAS AND ALTERATIONS

7.1. Renovations and Alterations. Any renovation or alteration which is made to the Site by Lessee shall be at its own cost and expense and the construction shall in accordance with plans and specifications approved prior to such renovation or alteration by the City Engineer of Lessor's Public Works Department. Lessor may deny permission for any renovation or alteration if such renovation or alteration is for a use not contemplated in this Lease, unless such renovation or alteration is required by a governmental authority having jurisdiction therefore, in which case permission shall not be unreasonably withheld.

7.2. "As Built" Drawings. Lessee shall submit to Lessor reproducible "as built" drawings of all improvements constructed on the Site with the sole exception of the security system.

7.3. Liens and Claims. Lessee shall not suffer or permit to be enforced against Lessor's title to the leased premises, or any portion thereof, any lien, claim or demand arising from any work of construction, repair, restoration, operation, maintenance or removal as herein provided, or otherwise arising (except liens, claims or demands suffered by or arising from the actions of Lessor). Lessee shall pay all such liens, claims and demands before any action is brought to enforce the same against such land; and Lessee agrees to hold Lessor and said land free and harmless from all liability for any and all such liens, claims or demands, together with all costs and expenses in connection therewith.

Should Lessee fail or refuse to pay any lien, claim or demand arising out of the construction, repair, restoration, operation, maintenance and use of said premises and the buildings and improvements hereon, or any other claim charge or demand which Lessee has agreed to pay under the covenants of this Lease, Lessee or its authorized encumbrances, if any, shall within thirty (30) days after written notice from Lessor to Lessee or its said encumbrances, pay and discharge the same or shall furnish to Lessor, in a form satisfactory to Lessor, sufficient security of an irrevocable standby letter of credit, certificate of cash deposit, or recorded lien release bond issued by a surety authorized to issue surety bonds in California in an amount equal to one and one-half times the amount of the claim of lien which complies with the requirements of Civil Code section 8424 which security shall hold Lessor and said land free from all liability from such lien, claim or demand and all costs and expenses in connection therewith. Should Lessee or its said encumbrancer, within said thirty (30) days period, not pay and discharge said lien, claim or demand or not provide said security to Lessor, then Lessor may at its option, either treat such failure or refusal as a breach of or default under this Lease, or may pay any such lien, claim or demand, or settle or discharge any action therefore or judgment thereon, and all cost, expenses and other sums incurred or paid by Lessor in connection therewith shall be repaid to Lessor by Lessee upon written demand, together with interest thereon at the rate of ten percent (10%) per annum from the date of payment until repaid, and any default in such repayment shall constitute a breach of the covenants and conditions of this Lease.

7.4. No Creation of Liability. Nothing contained herein shall be construed or deemed to create any obligation or liability, including without limitation liability as a guarantor or surety, on the part of Lessor with respect to the Site or any other improvements constructed from time to time on the Site, or any plans or specifications, construction contracts, financing or other matter, instrument or document of any nature whatsoever relating to such improvements. Lessor is not and shall at no time be liable to any creditor of Lessee or any other persons occupying any part of the Site or the improvements thereon as a sublessee, licensee or otherwise or to any claimant against the estate or Site of Lessee or such other occupants for any of their debts, losses, contracts or other obligations. The relationship between Lessor and Lessee is solely that of landlord and Lessee and is not and shall not be deemed a partnership or joint venture.

ARTICLE 8. CONDITION OF SITE

8.1. Lessor's Acceptance of Site. Lessor hereby accepts the Site in its "as is" condition existing as of the Execution Date subject to all applicable zoning, municipal, county, state, and other governmental laws, ordinances and regulations governing and regulating the use of the Site, and any easements, covenants, restrictions or other matters of record, and accepts this Ground Lease subject thereto and to all matters disclosed thereby and by any exhibits attached hereto.

8.2. Restoration of Site After Damage by Fire or Casualty. If during the term hereof the improvements constructed by Lessee on the leased premises or any part thereof shall be damaged or destroyed by fire or other casualty, Lessee may, at its cost and expense, either (a) repair or restore said improvements, in accordance with Zoning and Building requirements in effect at that time, or (b) tear down and remove the same from said premises. If Lessee shall elect to repair or restore said improvements, the work thereon shall commence within one hundred eighty (180) days after the damage occurs and shall be completed with due diligence. If Lessee shall elect not to repair or restore said improvements, Lessee shall, at its sole expense, within one hundred eighty (180) days after said damage occurs, tear down and remove all parts thereof remaining and the debris resulting from said fire or other casualty and otherwise clean-up said premises, including but not limited to filling all excavations and removing

all foundations, debris, and other parts of said buildings remaining after same are removed, and peacefully surrender possession of said premises to Lessor in a clean and orderly condition. Failure by Lessee to do so shall constitute a breach of the covenants and conditions of this Lease. After completion of the above work to the satisfaction of Lessor, Lessee may give written notice to terminate this Lease and shall then immediately comply with the aforementioned requirements.

8.3. Rent During Restoration. Lessee understands and agrees it is responsible for complete restoration of the Site, as specified in Article 5, including the clean-up of any Hazardous Material contamination on or arising from the Site resulting from the use or occupation of the Site by Lessee or its invitees before the expiration or earlier termination of this Ground Lease. If, for any reason and with the consent of Lessor, such restoration is not completed before such expiration, then Lessee is obligated to pay Lessor compensation during such restoration consistent with the terms of rent herein for occupancy of the premises as a holdover tenant as provided in Section 4.3

ARTICLE 9. SIGNS

9.1. Signs. Lessee shall have the right to post such signs as are necessary and usual in the conduct of its business in and upon the leased premises. Location, size, shape and copy of all signs exposed shall be in accordance with the Salinas City Code and approved by the Department of Community Development and Permit Center prior to installation

ARTICLE 10. MAINTENANCE AND REPAIR

10.1. Maintenance and Repair. Lessee at its cost shall maintain the Site and all leasehold improvements in good condition and repair and free from weeds, debris, rubbish and the prevention of accumulation of any refuse or waste materials which might constitute a fire hazard or a public or private nuisance. Lessor may, after giving written notice to Lessee and after a reasonable time, enter the Site and cause such repair and maintenance to be made. If Lessor's costs are not paid promptly by Lessee, this Lease shall be deemed to be in default and Lessor shall be entitled to all legal remedies provided hereunder. Notwithstanding the above, City shall not have any responsibility to maintain the Site and improvements thereon. Lessee hereby waives the benefit of Civil Code sections 1941 and 1942 and any other law that would otherwise afford Lessee the right to make repairs at City's expense.

10.2. Emergency Contacts. Lessee shall provide the City of Salinas with the names and telephone numbers of at least two (2) qualified persons designated to act on Lessee's behalf and who can be contacted by City representatives when emergency maintenance conditions occur at the Site. Lessee shall immediately notify the City of Salinas any change in its designees or other emergency contact information.

ARTICLE 11. UTILITIES AND SERVICES

11.1 Utility Installation. Lessee acknowledges that Lessor has not made any representation to Lessee regarding the availability of utilities to the Site and that Lessee is relying solely on its own knowledge and investigations regarding the availability of utilities to the Site. Lessee shall pay the appropriate suppliers to install and make available all water, gas, electricity, light, heat, telephone, power, and other utilities and communications services used by Lessee on the Site during the Term. Lessee will also procure, or cause to be procured, without cost to Lessor, any and all necessary permits, licenses, or other authorizations required for the lawful and proper installation and maintenance upon the Site of wires, pipes, conduits, tubes, and other equipment and appliances for use in supplying any such service to and upon the Site. Lessor, upon request of Lessee, and at the sole expense and liability of Lessee, will join with Lessee in any application required for obtaining or continuing any such services.

11.2. Utility Services. Lessee shall make all arrangements for and pay for all services furnished to or used by it in the ordinary course of its use of the Site, including, without limitation, security, trash collection, hazardous materials disposal, and extermination.

ARTICLE 12. TAXES

12.1. Real Property Taxes. The term "Real Property Taxes" shall include, without limitation, (a) any form, general or special, possessory, ordinary or extraordinary, of assessment, license fee, commercial rental tax, levy, penalty, and tax (other than inheritance or estate tax), imposed, levied or charged by any authority having the direct or indirect power to tax, including any city, county, state or federal government, or any school, lighting, drainage or other improvement district thereof, as against any legal or equitable title and/or interest of Lessor; (b) the levy or assessment against Lessor by the State of California or any political subdivision of the state, including any county, city, city and county, public corporation of this state of any tax, fee, or excise on (i) rents, (ii) the square footage of the Site, (iii) the act of entering into this Ground Lease, (iv) the occupancy of Lessee; (c) the levy or assessment against Lessee of any other tax, fee or excise (including without limitation a so-called value-added tax) as a direct substitute in whole or in part for, or in addition to, any real Property taxes; and (d) any transfer tax. The amount of Real Property Taxes assessed to the Site shall be paid by Lessee prior to delinquency.

12.2. Possessory Interest Tax. No fee interest in real property is hereby conveyed; however, by the execution of this Ground Lease and accepting the benefits thereof, a property interest known as "possessory interest" may be created and such property interest will be subject to property taxation. Lessee, as the party to whom the possessory interest is vested, shall be responsible for the payment of all property taxes levied upon such interest. Lessee acknowledges that the notice required under California Revenue and Taxation Code section 107.6 has been provided.

12.3. Personal Property Taxes. Lessee shall pay, or cause to be paid, before delinquency, any and all taxes levied or assessed, and which become payable during the term hereof upon all Lessee's leasehold Improvements, equipment, furniture, fixtures and personal property located in or upon the Site.

12.4. Protest Rights. Lessee shall have the right to contest, in good faith, the validity or the amount of any tax, assessment or imposition for which Lessee is responsible under this Ground Lease Agreement and my request Lessor to defer payment of such obligation, pay same under protest, or take such steps as Lessee may deem appropriate. Lessor shall cooperate in the institution and prosecution of any such proceedings, including permitting the action to be brought in the name of the Lessor, and will execute any documents required, therefore. The expense of such proceedings shall be borne by Lessee and any refunds or rebates secured shall belong to Lessee.

ARTICLE 13. INDEMNIFICATION AND INSURANCE

13.1. Indemnity – General. Lessee shall indemnify, defend and hold Lessor and its officers, employees, agents and volunteers harmless from and against any and all liability, claims, suits, actions, damages, and causes of action arising out of any personal injury, bodily injury, loss of life, or damage to any property, or any violation of any federal, state, or municipal law or ordinance, or other cause in connection with the negligent or intentional acts or omission of Lessee, its employees, subcontractors, or agents arising from Lessee's improvement and use of the Site, except for any such claim arising out of the active negligence or misconduct of the Lessor, its officers, employees, agents, or volunteers. It is understood that the duty of the Lessee to indemnify and hold harmless includes the duty to defend as set forth in Section 2778 of the California Civil Code, and that Lessee shall at its own expense, upon written request of the Lessor, its officer, agents or employees defend the Lessor accordingly. Acceptance of insurance certificates and endorsements required under this agreement does not relieve Lessee from liability under this indemnification and hold harmless clause. This indemnification and hold harmless clause shall apply whether or not such insurance policies shall have been determined to be applicable to any of such damages or claims for damages.

Lessee shall reimburse the City of Salinas for all costs and expenses (including but not limited to fees and charges of architects, engineers, attorneys, and other professionals, and court costs) incurred by the Lessor in enforcing the provisions of this section.

13.2. Indemnity- Environmental. Lessee shall indemnify, defend and hold Lessor and its officers, employees, agents

and volunteers harmless from and against any and all claims, judgments, administrative or regulatory orders, damages, penalties, fines, costs, liabilities or losses (including, without limitation, diminution of the value of the Site, damages for loss or restriction on use of rentable or useable space or of any amenity of the Site, damages arising from any adverse impact on marketing of space, and sums paid in settlement of claims, attorneys' fees, consultant fees, expert fees, investigation, remediation, disposal costs, administrative hearing expenses, and litigation expenses) arising from any injuries to any person or damage to property, including without limitation employees and property of Lessee, and which arise during or after the Ground Lease Term as a result of contamination of the Site or the Site of others by Hazardous Materials transported, delivered, stored, used, generated or disposed of on the Site during Lessee's possession with the exception only of hazardous materials that are proven to have migrated onto the Site from off-site. This indemnification of Lessor by Lessee includes, without limitation, fines, penalties, expenses, attorneys' fees, consultant fees, expert fees, or costs incurred in connection with any investigation of site conditions or any clean up, remedial, removal or restoration work required by any federal, state or local governmental agency because of hazardous material present in the soil or groundwater on or under the Site for which Lessee is otherwise responsible for under the provisions of this Ground Lease. The foregoing indemnity shall survive the expiration or any termination of this Ground Lease. Lessee shall not be responsible for any pre-existing Hazardous Material (as defined in Section 16.2 herein) located on the Site.

The duty of the Lessee to indemnify and hold harmless includes the duty to defend as set forth in Section 2778 of the California Civil Code, and that Lessee shall at its own expense, upon written request of the Lessor, its officer, agents or employees defend the Lessor accordingly. Acceptance of insurance certificates and endorsements required under this Ground Lease does not relieve Lessee from liability under this indemnification and hold harmless clause. This indemnification and hold harmless clause shall apply whether or not such insurance policies shall have been determined to be applicable to any of such damages or claims for damages

13.3. Insurance. Lessee shall, throughout the duration of this Agreement, maintain comprehensive general liability and property insurance covering all operations of the Lessee performed in connection with this Agreement including but not limited to premises and automobile. For purposes of this section, "Operations of Lessee" shall include, but not be limited to, the acts or omissions of Lessee and Lessee's contractors, agents, employees, guests or invitees.

Lessee shall maintain the limits outlined in Exhibit C.

13.3.5. Substitute Certificate of Insurance. Lessee shall provide a substitute certificate of insurance no later than thirty (30) days prior to the policy expiration date. Failure by the Lessee to provide such a substitution and extend the policy expiration date shall be considered default by Lessee.

13.3.6. Maintenance of insurance. Maintenance of insurance by the Lessee as specified in the agreement shall in no way be interpreted as relieving the Lessee of any responsibility whatever and the Lessee may carry, at its own expense, such additional insurance as it deems necessary.

13.4. Use of Contractors and Subcontractors. In addition to requiring statutory workers compensation insurance pursuant to Section 4.5, Lessee shall also require all contractors and subcontractors who perform work on the leased premises to maintain general liability insurance in an amount no less than \$1million combined single limit per occurrence which complies with all the provision of Section 13.3. Lessee shall provide Lessor with copies of such certificates upon request.

13.5. Adjustments of Insurance levels. Lessor reserves the right at any time during the Term of this Bround Lease, but no more than once every year, applying generally accepted risk management principles, to change the amounts and types of insurance required hereunder upon giving Lessee three (3) months prior written notice. Insurance requirements shall be subject to reasonable revision by Lessor in the event Lessee's activities or liabilities change to such an extent as to make additional protection necessary.

ARTICLE 14. DEFAULT BY LESSEE

14.1. Default by Lessee. The occurrence of any one or more of the following events shall constitute an Event of Default hereunder by Lessee:

14.1.1. Abandonment. The abandonment of the Site by Lessee, as defined in California Civil Code section 1951.3. However, any notice of belief of abandonment shall be served not less than thirty (30) calendar days prior to the termination date set forth in such notice. Lessee may, at its sole option and upon written notice to Lessor, allow the Site, or any portion thereof, to become or remain vacant without such vacancy constituting an abandonment, subject to compliance with reasonable requests of Lessor related to the security of the Site.

14.1.2 Material Breach of Ground Lease Provisions. The failure by Lessee to observe or perform any of the covenants or provisions of this Ground Lease to be performed by Lessee, other than as specified in Paragraph 14.1.1, where such failure shall continue for a period of thirty (30) calendar days after written notice thereof from Lessor to Lessee specifying the nature of such failure or such longer period as is reasonably necessary to remedy such default, provided that Lessee shall continuously and diligently pursue such remedy at all times until such default is cured.

14.2. Lessor's Remedies. Subject to any encumbrances then asserted by the State of California, if an Event of Default by Lessee has occurred, then Lessor may at any time thereafter, exercise any right or remedy at law or in equity which Lessor may have by reason of such default, including, without limitation, the remedies provided by California Civil Code Sections 1951.2, 1951.4 [City may continue Lease in effect after Lessee's breach and abandonment and recover rent as it becomes due, if Lessee has right to sublet or assign, subject only to reasonable limitations] and 1951.5:

14.2.1. Reletting of Site. Lessee shall be immediately liable to pay Lessor, in addition to any indebtedness other than rent hereunder, the cost and expenses of such reletting and of any such alterations and repairs incurred by Lessor, and the amount, if any, by which the rent reserved in this Lease for the period of such reletting (up to but not beyond the term of this Lease) exceed the amount agreed to be paid as rent for the leased premises for such period of such reletting; or at the option of the Lessor, rents received by Lessor from such reletting shall be applied: Option (1), to the payment of any costs and expenses of such reletting and of any such alterations and repairs; Option (2), to the payment of rent due and unpaid hereunder; Option (3), to the payment of any indebtedness of Lessee to Lessor, other than rent due; and the residue, if any shall be applied in payment of future rent as the same may become due and payable hereunder.

If Lessee has been credited with any rent to be received by such reletting and such rent shall not be promptly paid to Lessor by the new tenant, or if such rentals received from such reletting during any month be less than that to be paid during that month by Lessee hereunder, Lessee shall pay any such deficiency to Lessor. Such deficiency shall be calculated and paid monthly. No such re-entry or taking possession of the leased premises by Lessor shall be construed as an election by Lessor to terminate this Lease unless a written notice of such intention be given to Lessee or unless the termination thereof be decreed by a court of competent jurisdiction. Notwithstanding any such reletting without termination, Lessor may at any time thereafter elect to terminate this Lease for any breach, in addition to any other remedy available to Lessor hereunder. Lessor may recover from Lessee all damages which Lessor may incur by reason of such breach, including any cost of recovering the leased premises, and including the worth at the time of such termination of the excess, if any, of the amount of rent and charges equivalent to rent reserved in this Lease for the remainder of stated term, all of which amount shall be immediately due and payable from Lessee to Lessor.

14.2.2. Termination of Ground Lease. Terminate this Ground Lease by giving written notice to Lessee of Lessor's election to so terminate, reenter the Site and take possession of the same, and expel or remove Lessee and all other parties occupying the Site. In such event, Lessor shall thereupon be entitled to recover

from Lessee:

- (1) The worth at the time of award of the amount of such rental loss less actual rent, if any, received by Lessor from a reletting of the Site; plus
- (2) Any other amount reasonably necessary to compensate Lessor for all detriment proximately caused by Lessee's failure to perform its obligations under this Ground Lease or which, in the ordinary course of things, would be likely to result therefrom.

As used in Paragraphs (1) above, the "worth at the time of award" is computed by allowing interest at the rate of ten percent (10%) per annum.

14.3. Lessor's Cumulative Rights; No Waiver of Default. Except where otherwise provided, all rights, options and remedies of Lessor contained in this Ground Lease shall be construed and held to be cumulative, and no one of them shall be exclusive of the other, and Lessor shall have the right to pursue any one or all of such remedies or any other remedy or relief which may be provided by law or in equity, whether or not stated in this Ground Lease. No waiver of any default by Lessee hereunder shall be implied from any acceptance by Lessor of any rent or other payments due hereunder or any omission by Lessor to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than as specified in said waiver. The consent or approval of Lessor to any act by Lessee requiring Lessor's consent or approval shall not be deemed to waive or render unnecessary Lessor's consent or approval to any subsequent similar acts by Lessee.

ARTICLE 15. HAZARDOUS MATERIALS

15.1. Liability of Lessee. Lessee shall comply with all laws, rules and regulations regarding the use, storage and disposal of all hazardous materials, including petroleum products. During the term of this Ground Lease and any extensions thereto should any discharge, leakage, spillage, emission, or pollution of any type occur including but not limited to migration from off-site, upon or from the Site due to any cause whatever other than the act of Lessor or Lessor's agent or employee, Lessee shall: (1) Immediately notify Lessor in writing of the occurrence, (2) At its sole expense promptly undertake all appropriate investigation to determine the cause and timely provide to Lessor a copy of all information and documentation relating to its investigation, and (3) At its sole expense promptly undertake all remediation on all Property affected thereby for which Lessee is responsible under the terms of this Ground Lease, whether owned or controlled by Lessee or any other person. All investigation, reporting and remediation required hereby shall be performed to the reasonable satisfaction of Lessor and any governmental body having jurisdiction thereof.

15.2. Definition. As used herein, the phrase "Hazardous Material" means any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State of California or the United States Government. "Hazardous Material" includes, without limitation, any material or substance which is (1) defined as a "hazardous waste," "extremely hazardous waste" or "restricted hazardous waste" under Sections 25115, 25117 or 25122. 7, or listed pursuant to Section 25140, of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law), (2) defined as a "hazardous substance" under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act), (3) defined as a "hazardous material," "hazardous substance," or "hazardous waste" under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (4) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (5) petroleum, (6) asbestos, (7) listed under Article 9 or defined as hazardous or extremely hazardous pursuant to Article 11 of Title 22 of the California Administrative Code, Division 4, Chapter 20, (8) designated as a "hazardous substance" pursuant to Section 311 of the Federal Water Pollution Control Act (33 U.S.C. § 1317), (9) defined as a "hazardous waste" pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq. (42 U.S.C. § 6903), or (10) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response,

Compensation and Liability Act, 42 U.S.C. § 9601 et seq. (42 U.S.C. § 9601).

15.3. Disposal of Hazardous Material. If Lessee disposes of any soil, material or groundwater contaminated with Hazardous Material, Lessee shall provide Lessor copies of all records including a copy of each uniform hazardous waste manifest indicating the quantity and type of material being disposed of, the method of transportation of the material to the disposal site and the location of the disposal site. The name of the City of Salinas shall not appear on any manifest document as a generator of such material.

15.4. Inspection. Lessee shall make available for inspection to the Lessor, all records relating to the maintenance, release, mitigation, cleanup and disposal of any hazardous substances on the Site for which Lessee is responsible. Lessor may reasonably enter upon and inspect the premises at any time but shall not interfere with Lessee's operations during the course of Lessor's inspection unless reasonably necessary for the purposes of the inspection. Notwithstanding the above, Lessor may enter the Site for regulatory purposes to protect the public health and safety at any time

15.5. Annual Disclosure. Within sixty (60) days of the effective date of this Ground Lease, and each year during the Term thereof, as well as sixty (60) days before termination of this Ground Lease and upon sixty (60) days prior written notice by Lessor to Lessee, Lessee shall submit to Lessor the names and amounts of all Hazardous Materials, or any combination thereof, which were stored, used or disposed of on the Site during the previous year, or which Lessee intends to store, use or dispose of on the Site in the future.

ARTICLE 16. CONDEMNATION

16.1. Definitions.

16.1.1. "Condemnation" " means (1) the exercise of any governmental power, whether by legal proceedings or otherwise, by a Condemner and (2) a voluntary sale or transfer by Lessor to any Condemner, either under threat of condemnation or while legal proceedings for condemnation are pending.

16.1.2. "Date of taking" means the date the Condemner has the right to possession of the Site being condemned.

16.1.3. "Award" means all compensation, sums, or anything of value awarded, paid, or received on a total or partial Condemnation

16.1.4. "Condemner" means any public or quasi-public authority, or private corporation or individual, having the power of Condemnation.

16.2. Parties' Rights and Obligations to be Governed by Ground Lease. If, during the Term, there is any taking of all or any part of the Site by Condemnation, the rights and obligations of the parties shall be determined pursuant to this Article 17.

16.3. Total Taking. If the Site is totally taken by Condemnation, this Ground Lease shall terminate on the date of taking. Notwithstanding the foregoing, Lessee shall have the right to make a claim for compensation of its improvements, relocation expenses and business loss caused by such taking as allowed by law. Rent shall be abated as of the date of taking

16.4. Partial Taking.

16.4.1. Effect on Ground Lease. If any portion of the Site is taken by Condemnation, this Ground Lease shall remain in effect subject to an adjustment in rents to the fair market value of the portion of the Site remaining after Condemnation. Notwithstanding the above, Lessee can elect to terminate this Ground Lease if the

remaining portion of the Site is rendered unsuitable or uneconomical for Lessee's continued use of the Site. If Lessee elects to terminate this Ground Lease pursuant to this Article 18, Lessee must exercise its right to terminate by giving written notice to Lessor within thirty (30) calendar days after the nature and extent of the taking have been finally determined. Such termination shall be effective on the date of the taking. If Lessee does not terminate this Ground Lease within the thirty-day period, this Ground Lease shall continue in full force and effect.

16.4.2. Award. Lessor shall be entitled to receive that portion of the award or payment attributable to the underlying fee interest in connection with a Condemnation, except that Lessee shall have the right to that portion of the award or payment attributable to the improvements, personal property and alterations or improvements belonging to Lessee upon expiration of the Term pursuant to the provisions of this Ground Lease, and for moving expenses, so long as such claim is payable separately to Lessee.

16.4.3. Waiver of CCP § 1265.130. Each party waives the provisions of the California Code of Civil Procedure Section 1265.130 allowing either party to petition the superior court to terminate this Ground Lease in the event of a partial taking of the Site.

ARTICLE 17. ASSIGNMENT AND SUBLEASE

17.1. Assignment or Sublease. Because of the Lessor's substantial and integral contribution to the viability of the Lessee's Childcare Center through a charge of minimal rent for the Site for the purpose of providing the needed community benefit of low-income childcare, Lessor shall not agree to any assignment, sublease or other conveyance of Lessee's rights under this Lease for any other purpose than to maintain the low-income childcare facility. This Ground Lease may not be assigned, encumbered or subleased unless the assignment, encumbrance or sublease shall be approved by prior written consent of the Lessor, which shall not be unreasonably withheld or delayed beyond sixty (60) days after receipt of Lessee's complete request including all documentation and proof required herein. As a part of its reasonable consent, each proposed assignee, sublessee, or other transferee shall provide to Lessor adequate proof that it has the experience, expertise, financial resources and appropriate licensing to provide the low-income childcare services and maintain the Site and improvements thereupon. Additionally, Lessor may require that each assignee, sublessee, or other transferee agree to an amendment of this Ground Lease imposing any other reasonable provisions and conditions that Lessor may request. Any assignment, encumbrance or sublease without Lessor's prior written consent shall be void and of no force and effect.

17.1.1 Consent Does Not Constitute Waiver. Should Lessor consent to any such encumbrance, assignment, transfer or subletting, such consent shall not constitute a waiver of any of the restrictions of this clause and the same shall apply to each and every encumbrance, assignment, transfer or subletting hereunder and shall be severally binding upon each and every encumbrancer, assignment, or transferee, subtenant and other successor in interest of Lessee.

17.1.2. Lessor May Withhold Consent. Lessor agrees that it will not unreasonably withhold its consent to any subletting, assignment, or transfer requiring its prior approval hereunder, but Lessor may withhold such consent:

(a) If the proposed assignee shall not covenant in writing to keep, perform and be bound by each and all the covenants and conditions of this Lease herein provided to be kept and performed by Lessee and to assume any previously accrued obligations hereunder.

(b) If this Lease is in default at such time in any respect.

(c) At any time while there is any work of improvement or demolition in progress or uncompleted on leased premises.

(d) Until a determination has been made by Lessor that the assignee, transferee, subtenant or other successor in interest of Lessee can pay rent and operate in accordance with the standards required by Lessor.

Any document which purports to assign, transfer, encumber or sublet the Site or any part thereof, shall incorporate directly or by reference all provisions of this Lease unless otherwise amended in writing.

Any document which purports to assign, transfer, encumber or sublet the Site or any part thereof, shall incorporate directly or by reference all provisions of this Lease unless otherwise amended in writing

17.2. Transfer of Stock or Interest. If Lessee hereunder is a corporation or an unincorporated association or a partnership, the transfer, assignment, or hypothecation of any stock or interest in said corporation, association or partnership, in the aggregate in excess of twenty-five percent (25%) shall be deemed an assignment within the meaning of this Lease. The following transfers are excepted from the provisions of this paragraph:

17.2.1. Transfer or Assignment. Transfer or assignment of stock or interest to a shareholder or member of the same corporation, association, or partnership. Transfer or assignment of stock or interest to a spouse, child, or grandchild of a shareholder or member.

17.3. Continued Obligation of Lessee. Consent by Lessor to any assignment or subletting by Lessee shall not relieve Lessee of any obligation to be performed by Lessee under this Ground Lease, whether occurring before or after such consent, assignment or subletting. The consent by Lessor to any assignment or subletting shall not relieve Lessee from the obligation to obtain Lessor's express written consent to any other assignment or subletting. The acceptance of rent by Lessor from any other person shall not be deemed to be a waiver by Lessor of any provision of this Ground Lease or to be a consent to any assignment, subletting or other transfer. Consent to one assignment, subletting or other transfer shall not be deemed to constitute consent to any subsequent assignment, subletting or other transfer.

17.4. Assignment or Sublease Costs. In the event Lessor shall consent to an assignment or sublease under the provisions of this Article 17, Lessee shall pay Lessor's actual and reasonable processing costs, including attorneys' fees, incurred in giving such consent.

17.5. Unapproved Assignment. Should Lessee attempt to make or suffer to be made any such encumbrance, assignment, transfer or subletting, except as aforesaid, or should any right or interest of Lessee hereunder or in or to said buildings and improvements be transferred or sold by or under court order or legal process, or otherwise, then any of the foregoing events shall be deemed a breach of the conditions and restrictions of this Lease and thereupon Lessor may, at its option, terminate this Lease forthwith by written notice thereof to Lessee, or exercise other rights provided by law or in this Lease to be exercisable by Lessor in the event of any default or breach under this Lease.

ARTICLE 18. BANKRUPTCY

18.1. Bankruptcy. Either (a) appointment of a receiver to take possession of all or substantially all of the assets of Lessee, or (b) a general assignment by Lessee for the benefit of creditors, or (c) any action taken or suffered by Lessee as a petitioning debtor under any insolvency or bankruptcy act, shall constitute a breach of this Lease by Lessee. Notwithstanding the above provisions, the filing of any involuntary petition in bankruptcy against Lessee shall not constitute a breach of this Lease, unless and until there is an adjudication in such involuntary bankruptcy proceedings that Lessee is bankrupt, which adjudication shall constitute a breach of this Lease.

ARTICLE 19. LITIGATION INVOLVING LEASE

19.1. Litigation Involving Lease. In the event Lessor is made a party to any litigation concerning this Lease or the

leased premises by any act or omission of Lessee, Lessee shall hold Lessor harmless from all loss or liability, including reasonable attorneys' fees incurred by Lessor in such litigation. In case suit shall be brought for an unlawful detainer of said premises, for the recovery of any monies due under the provisions of this Lease, or because of the breach of any other covenant or provision herein contained on the part of Lessee to be kept or performed, and Lessor prevails therein, Lessee shall pay to Lessor a reasonable attorneys' fee, which shall be fixed by the court. In the event Lessee prevails on any cause alleging a breach of this Lease by Lessor, Lessee shall be entitled to reasonable attorneys' fees as may be fixed by the court.

ARTICLE 20. NOTICES

20.1. Notices. All notices and demands which may or are to be required or permitted to be given by either party to the other hereunder shall be in writing. All notices and demands shall be personally delivered (including by means of professional messenger service), sent by United States registered or certified mail, postage prepaid, return receipt requested, or transmitted by telecopier (e.g., Fax), in which case the receiving party shall immediately confirm receipt of such notice. All notices are effective upon receipt. Telecopier/facsimile transmissions shall be effective only if sent on Monday through Friday, excluding legal holidays, between the hours of 8 a.m. and 5 p.m. For the purposes of such notices, the addresses for the parties are set forth in Section 20 .2 below. Either party may from time to time designate another person or place in a notice.

Emergency notifications by Lessor to Lessee pursuant to Section 10.2 are excepted from the notice requirement of this Section 20.1.

20.2. Notices – Where Sent. All notices given under this Ground Lease which are mailed, or telecopies shall be addressed to the respective parties as follows:

To City:
City of Salinas
ATTN: City Manager
200 Lincoln Avenue
Salinas, CA 93901

To Lessee:
Mexican American Opportunity Foundation
ATTN: President
401 N Garfield Ave
Montebello, CA 90640

With a Copy to:
City Attorney
200 Lincoln Avenue
Salinas, CA 93901

ARTICLE 21. MISCELLANEOUS PROVISIONS

21.1. Binding Effect. The covenants and conditions herein contained, subject to the provisions as to assignment, apply to and bind the heirs, successors, executors, administrators and assigns of the parties hereto.

21.2. Captions, Table of Contents and Index. The titles or captions of all Articles, Sections, or Paragraphs, as well as the Table of Contents and the Index contained herein, are for convenience and reference only, are not intended to define or limit the scope of any provisions of this Ground Lease and shall have no effect on the interpretation of any provision of this Ground Lease.

21.3. Conflict of Laws. This Ground Lease shall be governed by and construed pursuant to the laws of the State of California.

21.4. Venue. Venue for all disputes between Lessor and Lessee under this Ground Lease shall be in Monterey County, California.

21.5. Consent / Duty to Act Reasonably. Regardless of any reference to the words "sole" or "absolute", any time the consent of Lessor or Lessee is required, such consent shall not be unreasonably withheld, conditioned or delayed. Whenever the Ground Lease grants Lessor or Lessee the right to take action, exercise discretion, establish rules and regulations or make allocations or other determinations, Lessor and Lessee shall act reasonably and in good faith and take no action which might result in the frustration of the reasonable expectations of a sophisticated landlord and sophisticated Lessee concerning the benefits to be enjoyed under the Ground Lease.

21.6. Covenants and Agreements. The failure of Lessor or Lessee to insist in any instance on the strict keeping, observance or performance of any covenant or agreement contained in the Ground Lease, or the exercise of any election contained in the Ground Lease shall not be construed as a waiver or relinquishment for the future keeping, observance or performance of such covenant or agreement, but the same shall continue and remain in full force and effect.

21.7. Days. All references to "days" shall mean calendar days unless specifically modified herein to be "business" or "working" days. All references to "notice" shall mean written notice given in compliance with Article 20 and emergency notice by Lessor to Lessee pursuant to Section 10.2. All references, if any, to "month" or "months" shall be deemed to include the actual number of days in such actual month or months.

21.8. Exhibits Incorporated in Ground Lease. All exhibits referred to are attached to this Ground Lease and incorporated by reference.

21.9. Force Majeure. Except as otherwise provided in this Ground Lease, whenever a day is established in this Ground Lease on which, or a period of time, including a reasonable period of time, is designated within which, either party is required to do or complete any act, matter or thing, the time for the doing or completion thereof shall be extended by a period of time equal to the number of days on or during which such party is prevented from, or is unreasonably interfered with, the doing or completion of such act, matter or thing because of strikes, lockouts, embargoes, disruption of service or brownouts from utilities not due to action or inaction of Lessee, wars, insurrections, rebellions, civil disorder, terrorism, declaration of national emergencies, acts of God, or other causes beyond such party's reasonable control (financial inability excepted) ("Force Majeure"); provided, however, that nothing contained in this Section 21.9 shall excuse Lessee from the prompt payment of any rental or other charge required of Lessee hereunder. Neither party shall be liable for, and in particular Lessee shall not be entitled to, any abatement or reduction of rent or right to terminate by reason of, any such delays or failures or other inability to provide services or access under this Ground Lease due to Force Majeure.

21.10. Lessor Delay Exclusion. Notwithstanding any other provision of this Ground Lease, no regulatory activity of Lessor in the inspection, issuance of permits, and other enforcement functions of the City of Salinas pursuant to federal, state, or local law shall be considered as an activity of Lessor for the purposes of determining the existence or duration of any delay by Lessor as Lessor hereunder.

21.11. Partial Invalidity. If any provision or condition contained in this Ground Lease shall, to any extent, be invalid or unenforceable, the remainder of this Ground Lease, or the application of such provision or condition to persons or circumstances other than those with respect to which it is invalid or unenforceable, shall not be affected thereby, and each and every other provision and condition of this Ground Lease shall be valid and enforceable to the fullest extent possible permitted by law.

21.12. Unspecified Payment Date. Whenever a payment is required to be made by one party to the other under this Ground Lease, but a specific date for payment or a specific number of days within which payment is to be made is not set forth in this Ground Lease, or the words "immediately," "promptly" and/or "on demand," or their equivalent, are used to specify when such payment is due, then such payment shall be due thirty (30) days after the party which is entitled to such payment sends written notice to the other party demanding such payment.

21.13. Quiet Possession. Upon Lessee providing the 'rent required hereunder and observing and performing all of the covenants, conditions and provisions on Lessee's part to be observed and performed hereunder, Lessee shall

have quiet possession of the Site for the entire Term hereof, subject to all the provisions of this Ground Lease.

21.14. Recording. Neither Lessor nor Lessee shall record this Ground Lease nor a short form memorandum thereof without the consent of the other and if such recording occurs, it shall be at the sole cost and expense of the party requesting the recording, including any documentary transfer taxes or other expenses related to such recordation. However, Lessee understands that this Ground Lease may be considered a public document and, therefore, may be made available to members of the general public

21.15. Time. Time is of the essence with respect to the performance of every provision of this Ground Lease in which time or performance is a factor.

21.16. Waiver. The waiver by Lessor of any breach of any provision, covenant or condition shall not be deemed a waiver of such provision, covenant or condition, or any subsequent breach of the same, or any other provision, covenant or condition of this Ground Lease.

IN WITNESS WHEREOF, the undersigned, as authorized representatives of the parties, have entered into this Lease as of the date first written above.

CITY OF SALINAS

MEXICAN AMERICAN OPPORTUNITY FOUNDATION

Joe Gunter, Mayor

By: Martin Castro
Its: President & CEO

APPROVED AS FORM:

Christopher A. Callihan, City Attorney

ATTEST:

Patricia Barajas, City Clerk Date

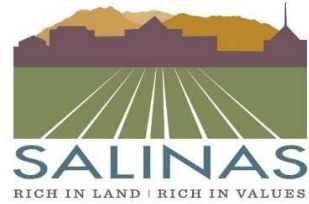
EXHIBIT A

Property Report

Assessor Parcel Number: 003911003000

Owner: CITY, OF SALINAS

Address: 1210 JOHN ST, SALINAS, CA, 93905



Disclaimer: The City of Salinas has made every reasonable effort to provide accurate and timely information. The City of Salinas does not, however, assume any responsibility, implied or otherwise, and makes no representation, warrant, guarantee, or claim regarding accuracy, omissions, or the reliance on second party data. Users are advised to seek independent verification before relying on this information.

Report generated on: 18-Jul-2018

Property Report

Area (acres)
2.65195

Area (square feet)
115519

Zoning Overlay District
AR - Airport Overlay District

Council District/Person
2 - Tony Barrera

Mayor
Joe Gunter

Police Beat
12

Seismic Risk Zone (1)
UNDETERMINED

Seismic Risk Zone (2)
III

Police Reporting District
094

Census Tract
9

Fire run
43

School District
SALINAS UNION HIGH

Elementary District (if applicable)
SALINAS CITY

Combined School Districts
SALINAS CITY, SALINAS UNION HIGH

Flood Zone Description
0.2 PCT ANNUAL CHANCE FLOOD HAZARD

DFIRM ID
06053C

FEMA Flood Zone
X

Zoning Code & Description
P - Parks

Additional Ownership
Owner: CITY OF SALINAS
Situs Address: 1210 JOHN ST #A

Building Permits
67151, 70007, 70009, 71253, B07-0224, E08-0052,
ENC07-0031, ENC07-0239, FOR07-0146, REV07-0278

Case Numbers
FD1009-0021, FD1102-0038, FD1607-0012

Encroachment(s)
2

Project Numbers
ER2004-012, M2003-001

Property Report

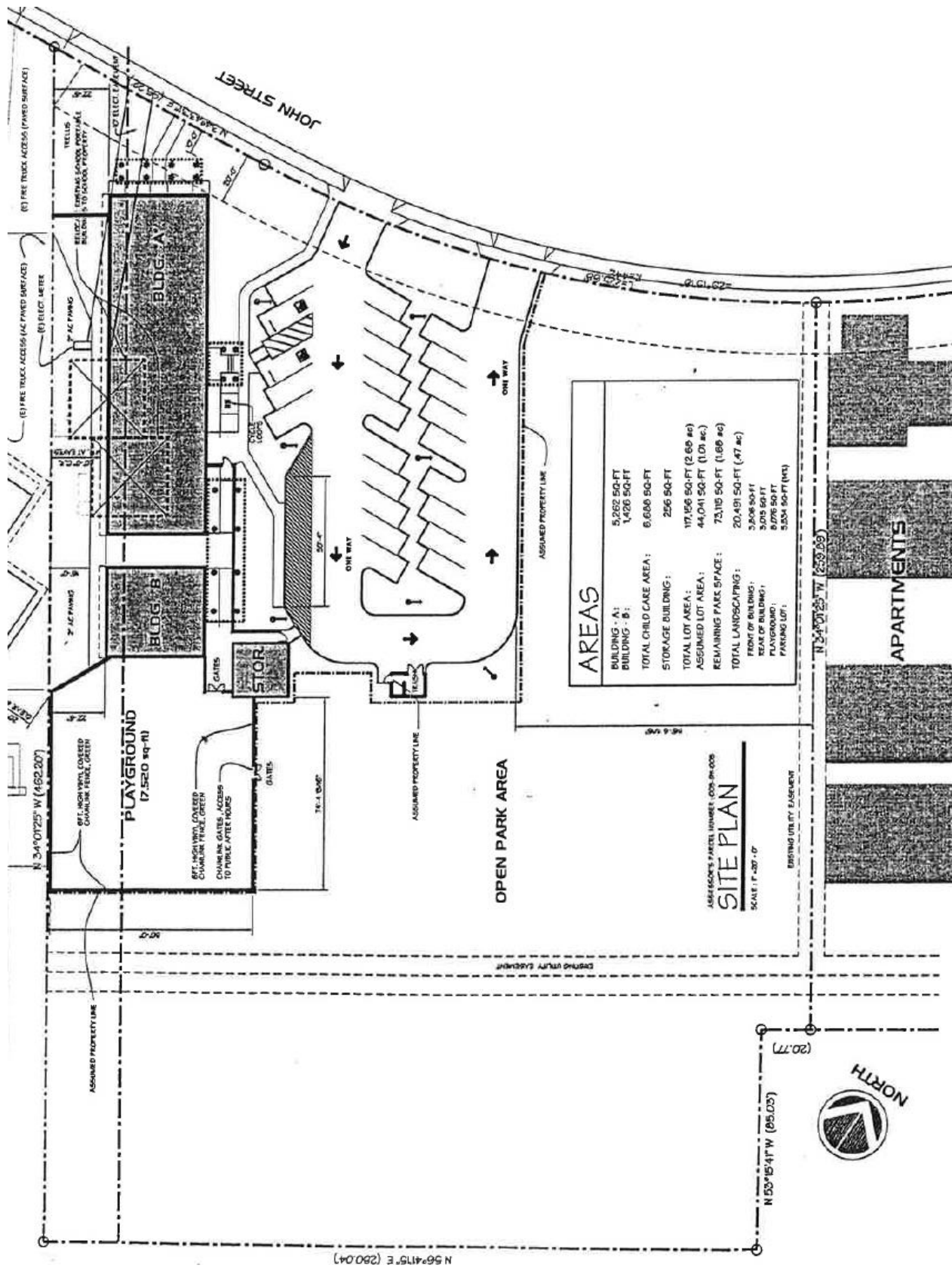


EXHIBIT B

ACCEPTANCE OF THE LEASED PREMISES

I _____(NAME), the _____(POSITION OR TITLE), representing [INSERT LESSEE NAME] have inspected the offices and common grounds at _____, Salinas California, owned by the City of Salinas. I have determined that this building and property will be suitable for my business practices, and I hereby accept the Leased Premises in “as-is, where-is” condition.

Signature: _____ Date _____

EXHIBIT C

INSURANCE REQUIREMENTS

Tenant shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder and the results of that work by the Tenant, his agents, representatives, employees or subcontractors.

MINIMUM SCOPE AND LIMIT OF INSURANCE

Coverage shall be at least as broad as:

1. **Commercial General Liability (CGL):** Insurance Services Office Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than **\$2,000,000** per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (**ISO CG 25 03 or 25 04**) or the general aggregate limit shall be twice the required occurrence limit.
2. **Automobile Liability:** ISO Form Number CA 00 01 covering any auto (Code 1), or if Tenant has no owned autos, hired, (Code 8) and non-owned autos (Code 9), with limit no less than **\$1,000,000** per accident for bodily injury and property damage.
3. **Workers' Compensation:** as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than **\$1,000,000** per accident for bodily injury or disease.
4. **Property insurance:** against all risks of loss to any tenant personal property, improvements, or betterments at full replacement cost with no coinsurance penalty provision.

If the Tenant maintains **broader coverage and/or** higher limits than the minimums shown above, the Entity requires and shall be entitled to **the broader coverage and/or** the higher limits maintained by the Tenant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the Entity.

Other Insurance Provisions

The insurance policies are to contain, or be endorsed to contain, the following provisions:

Additional Insured Status

The Entity, its officers, officials, employees, and volunteers are to be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Tenant including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Tenant's insurance (at least as broad as ISO Form CG 20 10 11 85 or if not available, through the addition of **both** CG 20 10, **CG 20 26, CG 20 33, or CG 20 38**; and CG 20 37 if a later edition is used).

Primary Coverage

For any claims related to this contract, the Tenant's insurance coverage shall be primary coverage at least as broad as **ISO CG 20 01 04 13** as respects the Entity, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the Entity, its officers, officials, employees, or volunteers shall be excess of the Tenant's insurance and shall not contribute with it.

Notice of Cancellation

Each insurance policy required above shall provide that coverage shall not be canceled, except with notice to the Entity.

Waiver of Subrogation

Tenant hereby grants to Entity a waiver of any right to subrogation which any insurer of said Tenant may acquire against the Entity by virtue of the payment of any loss under such insurance. Tenant agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the Entity has received a waiver of subrogation endorsement from the insurer.

Self-Insured Retentions

Self-insured retentions must be declared to and approved by the Entity. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or Entity.

Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A: VII, unless otherwise acceptable to the Entity.

Verification of Coverage

Tenant shall furnish the Entity with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by the Entity before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Tenant's obligation to provide them. The Entity reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.