City of Salinas

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

Meeting Agenda - Final

Tuesday, December 2, 2025

4:00 PM

SALINAS ROTUNDA

City Council

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

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

ZOOM WEBINAR PARTICIPATION

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PLEDGE OF ALLEGIANCE

ROLL CALL

CLOSED SESSION

Receive public communications from the audience on Closed session items.
The City Council will recess to closed session pursuant to:

ID#25-561

a. **Labor Negotiations** - California Government Code Section §54957.6 with its designated labor representatives Rene Mendez, City Manager; Christopher A. Callihan, City Attorney; Katherine Hogan, Assistant City Attorney; Selina Andrews, Finance Director; Marina Horta-Gallegos, Human Resources Director; Sylvia Enriquez, Human Resources Manager; and Che Johnson, Liebert Cassidy Whitmore, regarding labor relations with Service Employees International Union (SEIU), SEIU Supervisors, Salinas Municipal Employees Association/SEIU, Association of Management Personnel, Police Officers Association, Police Management Association, International Association of Firefighters, Fire Supervisors Association, Confidential Non-Management Employees, Confidential Management Employees, and Department Directors.

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

c. **Existing Litigation** - California Government Code Section 54956.9, conference with legal counsel regarding, *Anthony Parker vs. City of Salinas*, Workers' Compensation Appeals Board Case Number(s): ADJ13250786, ADJ19245337, and ADJ12630844.

THE CITY COUNCIL WILL RECONVENE IN THE ROTUNDA AT 5:00 P.M.

NEW EMPLOYEE WELCOME AND INTRODUCTIONS

PUBLIC COMMENT PROCEDURES

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

GENERAL PUBLIC COMMENTS

Receive public communications on items that are not on the agenda and that are in the City of Salinas' subject matter jurisdiction. Comments on Consideration, Public Hearing items, and the Consent Agenda should be held until the items are reached.

CALIFORNIA GOVERNMENT CODE §84308 - LEVINE ACT

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

PRESENTATION

Councilmember comments on presentations are generally limited to three minutes.

ID#25-522 **Salinas Youth Council Updates and Comments**

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

ADMINISTRATIVE REPORTS

ID#25-491 **Zoning Code Update: Draft Public Engagement Plan**

Recommendation: No action required. Receive an administrative report on the Draft Public Engagement Plan for the Zoning Code Update and provide feedback and direction.

ID#25-318 **Report on Residential Rental Registration and Rent Stabilization Program**

Recommendation: No action required. Receive an administrative report on the Residential Rental Registration and Rent Stabilization Program.

CONSIDERATION

ID#25-451 **Establishment of a Pilot Rental Assistance Program**

Recommendation: Approve a Resolution establishing the Pilot Rental Assistance Program (RAP); and appropriating $750,000 of Family Homeless Challenge (FHC) Grant funds for rental assistance; and authorizing the City Manager, or designee, to negotiate and execute a subrecipient agreement with Monterey County Office Education (MCOE) to provide rental assistance for families with school age children enrolled in school at risk of homelessness for an amount not to exceed $250,000 of the $750,000 FHG grant funds; and authorizing the City Manager, or designee, to promulgate RAP Program Guidelines, and negotiate and execute all applicable forms, agreements, and subsequent amendments as needed to implement the RAP.

CONSENT AGENDA

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

ID#25-543 **Minutes**

Recommendation: Approve the minutes of November 18, 2025.

ID#25-519 **Fifth and Sixth Renewal with Avolve Software, Inc. for ProjectDox ePLAN**

Recommendation: Approve a Resolution authorizing the City Manager to execute fifth and sixth renewals with Avolve Software, Inc. for the ProjectDox ePlan software subscription and increase the amount by $162,101 for a total not to exceed $569,468.

ID#25-532 **Land Disposition and Development Agreement Between the City of Salinas and Taylor Fresh Foods, Inc., Related to the City-Owned Parking Lots Located at Lincoln Avenue and West Gabilan Street (Parking Lot 8 and Parking Lot 12)**

Recommendation: Consider adopting an Ordinance approving a Land Disposition and Development Agreement between the City of Salinas and Taylor Fresh Foods, Inc., related to the City-owned parking lots located at Lincoln Avenue and West Gabilan Street (Parking Lot 8 APN 002-244-098-000 and Parking Lot 12 APNs 022-245-002-000, 022-245-003-000, 022-245-004-000, 022-245-005-000, 022-245-006-000, 022-245-007-000, and 022-245-008-000). Exempt from further environmental analysis pursuant to California Environmental Quality Act (CEQA) Guidelines Sections 15060(c), 15061(b)(3), and/or 15378.

2nd Reading

COUNCILMEMBERS' REPORTS, APPOINTMENTS AND FUTURE AGENDA ITEMS

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

ADJOURNMENT

Alexis Mejia, Assistant City Clerk

AGENDA MATERIAL / ADDENDUM

Any addendums will be posted within 72 hours of regular meetings or 24 hours of special

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

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

PUBLIC NOTIFICATION

This agenda was posted on November 26, 2025 in the Salinas Rotunda and City's website.

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

File #: ID#25-561, **Version:** 1

a. **Labor Negotiations** - California Government Code Section §54957.6 with its designated labor representatives Rene Mendez, City Manager; Christopher A. Callihan, City Attorney; Katherine Hogan, Assistant City Attorney; Selina Andrews, Finance Director; Marina Horta-Gallegos, Human Resources Director; Sylvia Enriquez, Human Resources Manager; and Che Johnson, Liebert Cassidy Whitmore, regarding labor relations with Service Employees International Union (SEIU), SEIU Supervisors, Salinas Municipal Employees Association/SEIU, Association of Management Personnel, Police Officers Association, Police Management Association, International Association of Firefighters, Fire Supervisors Association, Confidential Non-Management Employees, Confidential Management Employees, and Department Directors.

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

c. **Existing Litigation** - California Government Code Section 54956.9, conference with legal counsel regarding, *Anthony Parker vs. City of Salinas*, Workers' Compensation Appeals Board Case Number(s): ADJ13250786, ADJ19245337, and ADJ12630844.

File #: ID#25-522, Version: 1

Salinas Youth Council Updates and Comments

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

CITY OF SALINAS
COUNCIL STAFF REPORT

DATE: **DECEMBER 2, 2025**

DEPARTMENT: **ADMINISTRATION**

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

TITLE: **SALINAS YOUTH COUNCIL UPDATES AND COMMENTS**

RECOMMENDED MOTION:

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

EXECUTIVE SUMMARY:

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

BACKGROUND:

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

The Youth Council participates in activities like:

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

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

CEQA CONSIDERATION:

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

CALIFORNIA GOVERNMENT CODE §84308 APPLIES:

No.

STRATEGIC PLAN INITIATIVE:

Youth and Seniors

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

Public Safety

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

City Services

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

DEPARTMENTAL COORDINATION:

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

FISCAL AND SUSTAINABILITY IMPACT:

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

ATTACHMENTS:

None.

File #: ID#25-491, Version: 1

Zoning Code Update: Draft Public Engagement Plan

No action required. Receive an administrative report on the Draft Public Engagement Plan for the Zoning Code Update and provide feedback and direction.

CITY OF SALINAS
COUNCIL STAFF REPORT

DATE: **DECEMBER 2, 2025**

DEPARTMENT: **COMMUNITY DEVELOPMENT**

FROM: **LISA BRINTON, DIRECTOR**

THROUGH: **GRANT LEONARD, PLANNING MANAGER**

BY: **JONATHAN MOORE, SENIOR PLANNER**

TITLE: **ZONING CODE UPDATE: DRAFT PUBLIC ENGAGEMENT PLAN**

RECOMMENDED MOTION:

No action required. Receive an administrative report on the Draft Public Engagement Plan for the Zoning Code Update and provide feedback and direction.

EXECUTIVE SUMMARY:

The City has begun a multi-phase comprehensive Zoning Code Update. Community engagement will be a critical component of this project. City staff and the consultant team (Placeworks) drafted a Public Engagement Plan (Plan) and Plan Overview matrix, provided as Attachments 1 and 2 outlining the roles and responsibilities of the City Council, Planning Commission, the Technical Advisory Committee (TAC), stakeholders, the public, and the tools and frequency of engagement for each body and group. The tools used for gathering input vary and include community workshops and meetings, study sessions with the City Council and Planning Commission, individual and group meetings with stakeholders and the TAC, and surveys and pop-ups. These encourage participation from a diverse group of community stakeholders, including the public, residential and commercial property owners, business owners and business organizations, real estate, building trade and construction professionals and associations, architects and designers, developers, and community-based organizations. Staff is seeking City Council feedback and direction on the Plan. Next steps in early 2026 include forming a Technical Advisory Committee and conducting a kick- off community workshop.

BACKGROUND:

Zoning Code Update Overview

The City is undertaking a comprehensive Zoning Code Update (ZCU). At its June 17, 2025 Meeting, the City Council authorized execution of an agreement with the consultant PlaceWorks to prepare the ZCU. The ZCU is split into three phases to address compliance and priority needs, ensure consistency with the General Plan Update once adopted, while ultimately developing a new

code. Phase One will address amendments to the current Zoning Code to bring it into compliance with State Housing Law prior to completion of the General Plan Update and will consider opportunities for streamlining and clarification that do not need to wait for the full comprehensive update.

Phase Two includes bridge amendments to bring the current Zoning Code consistent with the General Plan Update once the latter is adopted. Phase Two will include map and text amendments to the current Zoning Code to ensure consistency with the proposed Place Types and Land Use Element. By drafting these amendments concurrently with the completion of the General Plan Update, the City will avoid a long period of inconsistency. Completion of Phase Two is anticipated by late-2026, but exact timing will depend on adoption of the General Plan Update.

Phase Three is the completion of a new and revised Zoning Code. Objectives of the new Zoning Code include a code that is easier for the public and staff to understand and use, visually rich with easily shareable graphics, and streamlined, objective development standards that are consistent with development needs and community vision. This also includes full implementation of relevant portions of the General Plan Update. Completion of Phase 3 is anticipated by the end of 2027.

Draft Public Engagement Plan

Community involvement will be a key component of the ZCU and the engagement approach for this project must be appropriate for Salinas and designed to ensure the resulting Zoning Code aligns with the vision of the community. The Public Engagement Plan is a framework that can be adapted and augmented as needed throughout the ZCU. To encourage participation from a diverse group of community stakeholders' engagement for the ZCU will be:

- Transparent – by creating public awareness of the project, regular updates and direction vetting through the Planning Commission and City Council and clearly articulating the basis and context of proposed changes; and
- Inclusive – by offering multiple avenues for participation throughout the project and increasing the accessibility of engagement activities; and
- Collaborative – by giving the community and the stakeholders most impacted by the Zoning Code meaningful opportunities to shape the new Zoning Code and ensuring their input is reflected in the final product.

The Draft Public Engagement Plan, provided as Attachment 1, proposes a variety of events and tools to provide multiple opportunities and levels of engagement to maximize input from the community. Plan activities seek to engage residents, residential and commercial property owners, business owners and industry, business associations, institutions and agencies, trade organizations, and community-based organizations through community meetings, surveys, and pop ups; individual interviews and group meetings; and presentations, study sessions, and public hearings.

Attachment 2 provides an overview of the different bodies and groups that will be involved, their roles, and a summary of the engagement tools to be used with each group. These draft documents were also shared with the Planning Commission at their October 1, 2025 meeting. The following sections provide more information engagement efforts for these groups.

General Public

Large in-person and virtual community meetings will be held at key points in the planning process. These meetings may be held as workshops or open houses to introduce and receive feedback on proposed changes and to receive community input on areas of change needed. Other activities to build broader awareness and obtain input from the wider Salinas community include pop-ups at events and locations throughout the city, surveys, and business canvassing. Amendments for the Zoning Code will also require public hearings at the Planning Commission and City Council for adoption.

Planning Commission and City Council

The City of Salinas Planning Commission will be the primary advisory committee for the Zoning Code Update and forum for reaching consensus on recommendations to City Council. Staff will meet regularly with the Planning Commission for review and direction of draft content and education on new State laws and best practices. The Planning Commission must make formal recommendations to City Council on amendments before City Council consideration.

Staff will provide City Council with updates at least quarterly, with additional reporting and study sessions as amendments near public hearings. City Council will provide project and engagement direction and has final adoption authority.

Technical Advisory Committee

The Technical Advisory Committee (TAC) will consist of stakeholders that frequently use the Zoning Code with the time and dedication to drill down on the details of the Zoning Code Update with City staff. These stakeholders may include, but are not limited to, architects and designers, developers, property owners, business owners and organizations, and building trade and construction and real estate professionals. This group will be an informal, non-Brown Act group that meets during business hours and provides recommendations for consideration by the Planning Commission. The exact frequency of TAC meetings may vary depending on project phase, but it is expected to meet at least quarterly, with monthly or even bi-monthly meetings depending on materials to review.

It is expected that the TAC will include approximately 15 Committee members, not counting potential alternates. The City will work with the Salinas Planning and Research Corporation (SPARC), the Salinas Valley Chamber of Commerce, the Salinas City Center Improvement Association (SCCIA), the Central Coast Builders Association (CCBA), and the Monterey County Association of Realtors to identify representatives of those groups and recommendations for individuals in the disciplines above. Permit Center staff will also identify other frequent code users to ensure a well-rounded composition of the TAC.

Stakeholder Meetings

Some users or stakeholders may not have the time or desire to participate in the ZCU at the TAC level but still want to discuss constraints or opportunities, or check-in at key draft milestones.

These may include small business and property owners that have had challenging experiences with the Zoning Code, or professionals or organizations that have specific questions or items to discuss. City staff and consultant team members will conduct a mix of small-group or one-on-one interviews to ensure their feedback is heard and incorporated in the ZCU. Staff will ensure that residential and commercial property owners and small business owners, who are less frequent users, but may have experienced challenges working through planning entitlement and permitting processes, are invited to engage and contribute to recommended Zoning Code changes based on their experience.

Next Steps

PlaceWorks will meet with the Planning Commission in December to discuss the Planning Commission's vision for the ZCU and changes in state housing law driving required updates in Phase One. City staff will work to create a Technical Advisory Committee as described above to launch in early 2026 and prepare for a large public kick-off workshop.

CEQA CONSIDERATION:

Not a Project. The City of Salinas has determined that this administrative report is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378). Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

CALIFORNIA GOVERNMENT CODE §84308 APPLIES:

No.

STRATEGIC PLAN INITIATIVE:

By streamlining development procedures and implementing General Plan recommendations, the Zoning Code Update, and its corresponding engagement efforts, will further the following 2025-2028 Salinas Strategic Plan strategies:

Economic Development

2. Support and engage both new and established businesses to drive economic growth and job creation.

3. Revitalize residential and commercial areas through targeted initiatives, private investment and community partnerships.

4. Strategically explore and expand economic development opportunities throughout the City

Housing

1. Continue to pursue transit-oriented housing development opportunities.

3. Facilitate the addition of workforce, low-income, farm worker housing, and ADU development while minimizing impacts to neighborhoods.

4. Streamline the entitlement and permitting of residential developments by implementing efficient workflows and ensuring timely reviews and approvals.

City Services

4. Provide high quality customer service.
6. Engage residents and improve communication to the community.

DEPARTMENTAL COORDINATION:

The Community Development Department (CDD) is leading this effort with close coordination with other departments. CDD established an internal committee in May 2025 to support the ZCU comprised of staff from CDD, Public Works, Library and Community Services, Police, Fire, and Legal departments.

FISCAL AND SUSTAINABILITY IMPACT:

There is no cost associated with this administrative report. Funding for the Zoning Code Update comes from the General Plan fund, which is funded through General Plan/Zoning maintenance fees collected on all building permits.

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

ATTACHMENTS:

1. Draft ZCU Public Engagement Plan
2. ZCU Engagement Overview

Salinas Zoning Code Update

Public Engagement Plan

INTRODUCTION

Community involvement will be a key component of the Zoning Code Update. The public engagement approach for this project must be appropriate for Salinas and designed to ensure the final products align with the vision of the community.

This document serves as a roadmap for engaging with key stakeholders and the public during the comprehensive Zoning Code Update process. The Outreach Approach section identifies the objectives of project engagement, and a description of each engagement method is provided as part of the Engagement Toolbox section.

Finally, this Public Engagement Plan can be adjusted together over the course of the Zoning Code update to ensure that the engagement and project goals and objectives are met.

OUTREACH APPROACH

OBJECTIVES

The engagement process should maximize input from a diverse set of community members, including, but not limited to, residents, workers, property owners, development and building professionals, architects and designers, businesses and business groups, institutions and agencies, and community-based organizations. Zoning Code Update engagement will be:

- Transparent – by creating public awareness of the project, regular updates and direction vetting through the Planning Commission and City Council and clearly articulating the basis and context of proposed changes; and
- Inclusive – by offering multiple avenues for participation throughout the project and increasing the accessibility of engagement activities; and
- Collaborative – by giving the community and the stakeholders most impacted by the Zoning Code meaningful opportunities to shape the new Zoning Code and ensuring their input is reflected in the final product.

Effective engagement is necessary for achieving Zoning Code Update objectives, including:

- Creating a clearer, more objective and more user-friendly Zoning Code
- Implementing the adopted Housing Element
- Achieving compliance with new State laws
- Aligning the Zoning Code with the Visión Salinas 2040 General Plan

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ENGAGEMENT TOOLBOX

The engagement effort for the Zoning Code Update is anticipated to include the following activities. Materials for each type of event will include accessible graphic-rich formats to clearly convey the topics in the Zoning Code to the general public.

PLANNING COMMISSION AND CITY COUNCIL

The City of Salinas Planning Commission will be the primary advisory committee for the Zoning Code Update and forum for reaching consensus on recommendations to City Council. Staff will meet regularly with the Planning Commission for review and direction of draft content and education on new State laws and best practices. The Planning Commission must make formal recommendations to City Council on amendments before City Council consideration.

Staff will provide City Council with updates at least quarterly, with additional reporting and study sessions as amendments near public hearings. City Council will provide project and engagement direction and has final adoption authority.

POP-UPS

City staff will conduct pop-ups throughout the Zoning Code Update to build project awareness and get feedback on specific items. Pop-ups could occur at local branch libraries, community centers, or the following event types:

- Special events: Ciclovía, holiday events, National Night Out, California Rodeo, etc.
- Farmers' Markets
- Faith-based events
- Parent Teacher Association (PTA) meetings
- Youth sports events

COMMUNITY MEETINGS

Large in-person and virtual community meetings will be held at key points in the planning process. The community meetings may be held as open houses and/or workshops to introduce the project and receive community feedback, including on the Public Review Draft Zoning Code and Map Amendments.

STAKEHOLDER MEETINGS

Stakeholder engagement will consist of small-group meetings or a mix of one-on-one interviews to discuss existing constraints and potential opportunities. The invited stakeholders will represent expertise in the community from those who frequently use the zoning code. The list of stakeholders is expected to include, but is not limited to, architects and designers, developers, property owners, business owners and organizations, building trade and construction and real estate professionals, community-based organizations, and relevant agencies. Staff will ensure that residential and commercial property owners, who are less frequent users, but may have experienced challenges working through planning entitlement

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and permitting processes, are invited to engage and contribute to recommended Zoning Code changes based on their experience.

TECHNICAL ADVISORY COMMITTEE

Frequent users of the Zoning Code who want to be more involved may be invited to a Technical Advisory Committee (TAC) with recurring meetings throughout the process. This will be a subset of the stakeholders described above with the time and dedication to drill down on the details of the Zoning Code Update with City staff over frequent working sessions. The exact frequency of TAC meetings may vary depending on project phase, but it is expected to meet at least quarterly, with monthly or even bi-monthly meetings depending on materials to review. This group will be an informal, non-Brown Act group that meets during business hours and provides recommendations for consideration by the Planning Commission.

GETTING THE WORD OUT

The City will employ a variety of methods to inform the community and project stakeholders about upcoming engagement opportunities and the overall project, including:

- City website
- Public notices
- Press releases
- Local TV and radio interviews
- Salinas NOW podcast
- Email blasts
- Letters and postcards
- Social media (City Facebook and Instagram)
- Business canvassing
- Presentations at community organizations
- Surveys

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Zoning Code Update Engagement Overview

Group:	City Council	Planning Commission	Stakeholders	Technical Advisory Committee	General Public
Description and Role:	Elected body with final approval authority over all amendments. Provides direction to staff on project and engagement.	Appointed by City Council. Must make official recommendations on amendments prior to Council action. Will publicly review amendments in-depth.	Including, but not limited to, architects and contractors, developers and related professionals, community-based organizations, property owners, business owners and groups, and relevant agencies.	A subset of stakeholders frequently using the Zoning Code with the time to meet regularly and drill down on details. Provides informal recommendations to Planning Commission.	General residents, workers, and other members of the Salinas community will have frequent opportunities to provide input throughout the process.
Engagement Tools:	▪ Quarterly updates. ▪ Study sessions. ▪ Public hearings.	▪ Frequent (quarterly to monthly) working sessions at regular meetings. ▪ Public hearings	▪ 1-on-1 interviews and small group meetings. ▪ Presentations to groups. ▪ Notices	▪ Frequent (quarterly to monthly) working meetings.	▪ Community meetings and workshops. ▪ Pop-Ups. ▪ Surveys. ▪ Presentations to groups. ▪ Public hearings.

Zoning Code Update Draft Engagement Plan

Salinas City Council – December 2, 2025

Jonathan Moore – Senior Planner

Zoning Code Update Phases

- Phase 1: Fall 2025 – Winter/Spring 2026
  - Housing law compliance - outlined in Housing Element
    - Objective design and approval standards
    - ADUs and SB-9
  - Other priority items – driveways, cannabis
- Phase 2: Fall 2025 – Fall 2026
  - Consistency with General Plan Update once adopted
    - Amending current code to implement new land uses
- Phase 3: Fall 2025 – Fall 2027
  - Prepare new Zoning Code that is streamlined, user-friendly, and more objective

VISIÓN SALINAS 2040

Zoning Code Update Draft Engagement Plan

- Objectives
  - Transparent
  - Inclusive
  - Collaborative
- Toolbox
  - Planning Commission Meetings
  - Community Meetings/Workshops
  - Stakeholders/Technical Advisors
  - Pop-ups
  - Noticing
  - Communication

SALINAS

Zoning Code Update Engagement Overview

Group:	City Council	Planning Commission	Stakeholders	Technical Advisory Committee	General Public
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VISIÓN SALINAS 2040

Engagement Next Steps

- Visioning and Phase 1 launch with Planning Commission - 11/19/25
- Formation of a Technical Advisory Committee – early 2026
- First community workshop – early 2026

SALINAS

Questions/Discussion

File #: ID#25-318, Version: 1

Report on Residential Rental Registration and Rent Stabilization Program

No action required. Receive an administrative report on the Residential Rental Registration and Rent Stabilization Program.

CITY OF SALINAS
COUNCIL STAFF REPORT

DATE: **DECEMBER 2, 2025**

DEPARTMENT: **COMMUNITY DEVELOPMENT**

FROM: **LISA BRINTON, DIRECTOR**

THROUGH: **ORLANDO REYES, ASSISTANT DIRECTOR**

BY: **VINCENT MONTGOMERY, PLANNING MANAGER**
AQUONTIS GARLINGTON, ADMINISTRATIVE AIDE
LAURA GAMA, ADMINISTRATIVE ANALYST

TITLE: **REPORT ON RESIDENTIAL RENTAL REGISTRATION AND RENT STABILIZATION PROGRAM**

RECOMMENDED MOTION:

No action required. Receive an administrative report on the Residential Rental Registration and Rent Stabilization Program.

EXECUTIVE SUMMARY:

This report provides an update on the Residential Rental Registration and Rent Stabilization Program (Program) for calendar year 2025 including a summary of current and projected revenues and expenditures and fund balance. A methodology for refunding the Program remaining balance is outlined, and ongoing stakeholder engagement activities are described.

DISCUSSION:

Program Revenue
Program fees collected were based on the following approved fee schedule:

- A $170 per unit Rent Stabilization Program Fee (Salinas Municipal Code section 17-02.13)
- A $45 per unit Residential Rental Registration Fee (Salinas Municipal Code 17-01.04)

Program fee amounts were established to fully recover the City's costs for administering the Program over a 12-month period. Between January 1 and September 30, 2025, the City collected $1.7 million in Program fees for 12,759 registered units. The number of registered units represents an estimated 45% Program participation rate compared to the total estimated rental units citywide (Data Source: Tolemi). Additionally, there are 228 registrations that have been started, but still require payment to be considered fully registered. The projected Program revenue for October 1, through December 31, 2025, is $6,450. Total estimated Program revenue is $1,715,347. See Table 1 for a breakdown of actual and projected Program revenue.

Table 1 – Program Revenue | January 1 to December 31, 2025					
Actual Revenue: January 1 to September 30, 2025					
Program	**Fee Amount**	**Units Registered**	**Fees Paid**	**Late Fees***	**Total**
Rental Registration	$45	3,945	$177,525	$6,284	$183,809
Rent Stabilization	$170	8,814	$1,498,380	$28,776	$1,527,156
Adjustments & Refunds					($2,068)
Total Actual Revenue		**12,759**	**$1,675,905**	**$35,060**	**$1,708,897**
Projected Revenue: October to December 31, 2025					
Rental Registration	$45	20	$900	$450	$1,350
Rent Stabilization	$170	20	$3,400	$1,700	$5,100
Total Projected Revenue		**40**	**$4,300**	**$2,150**	**$6,450**
Total 2025 Program Revenue		**12,799**	**$1,680,205**	**$37,210**	**$1,715,347**

**Late fees in accordance with Ordinance #2663, Resolution #23169, and Resolution #23170.*

Program Expenditures & Revenue Summary

The 2025 Program expenditures & Revenue Summary, including actual and projected, are shown in Table 2. Actual expenditures from January 1 to September 30, 2025, totaled $466,158 and include $122,321 of salaries and benefits offset by grant funds. Projected expenditures through year end, including the repayment of the General Fund loan in the amount of $205,203, total $459,795. Total estimated 2025 Program expenditures are $803,632. The 2025 Program remaining balance is derived by subtracting total Program expenditures from total Program revenues. The estimated remaining balance for the 2025 Program year is $911,715.

Table 2 – Program Expenditures & Revenue Summary January 1, 2025 – December 31, 2025			
	Actuals January 1 to September 30, 2025	Projected October 1 to December 31, 2025	Total
Estimated Program Expenditures	$466,158	$254,592	$720,750
Loan Repayment to General Fund	$0	$205,203	$205,203
Grant Funding	($122,321)	$0	($122,321)
Estimated Program Expenditures	**$343,837**	**$459,795**	**$803,632**
Estimated Program Revenue			$1,715,347
Estimated Remaining Balance			**$911,715**

The final remaining balance will be calculated in early 2026 based on actual 2025 Program revenues and expenditures and will be proportionally returned to all paid registrants. Staff will return to City Council in early 2026 with a final 2025 Program remaining balance and methodology and timing for refunding the excess revenue.

Program Status and Ongoing Implementation Efforts
Despite public confusion stemming from repeal and referendum efforts, the Program remains active and will continue pending the outcome of the November 2026 General Election. During this period, staff has worked closely with Tolemi, the City Attorney's Office, and community partners to resolve implementation challenges particularly around ordinance interpretation and navigation of the registration platform. Staff is also redesigning the City's Program webpage to improve the accessibility of targeted content for both landlords and tenants. A draft of proposed changes has been shared with stakeholders to evaluate content clarity and ease of use.

Community Engagement and Outreach
Staff continue to collaborate with key community partners, including Eden Council for Hope and Opportunity (ECHO), Building Healthy Communities (BHC), Center for Community Advocacy (CCA), California Rural Legal Assistance, Inc. (CRLA), and the Monterey County Association of Realtors (MCAR), to advance public education and outreach efforts. Concurrently, staff is working with Tolemi to improve the digital application experience for both tenants and landlords, while also developing infrastructure to support Program outcome tracking and inquiry response time.

On October 2, 2025, staff facilitated a tenant and landlord rights-and-responsibilities workshop in partnership with Councilmember Sandoval (District 5), focusing on Assembly Bill (AB) 1482 and the City's four rental-related ordinances. Staff also conducted a workshop for District 4, co-hosted with Councilmember De La Rosa, on October 30, 2025. Staff continues to collaborate with community organizations to plan more workshops to clarify ordinance interpretation and provide practical guidance on common scenarios, such as rental registration and petition submission. In parallel, staff is reaching out property owners and managers to evaluate their resource needs including landlord-focused workshops on the Tolemi platform, landlord rights, and education on the petition processes.

CEQA CONSIDERATION:

Not a Project. This administrative report does not constitute a project under the California Environmental Quality Act (CEQA), per CEQA Guidelines Section 15378.

CALIFORNIA GOVERNMENT CODE §84308 APPLIES:

No.

STRATEGIC PLAN INITIATIVE:

The Residential Rental Registration and Rent Stabilization Program does not directly align with objectives under the City Council's 2025-2028 Strategic Plan Goal of Housing. Examination of a Rent Stabilization Program was an identified objective under the 2022-2025 Goal of promoting Housing/Affordable Housing.

DEPARTMENTAL COORDINATION:

The Residential Rental Registration and Rent Stabilization program is administered by the City's Community Development Department in coordination with the City Attorney and Finance Department. These three departments worked collaboratively to prepare this report.

FISCAL AND SUSTAINABILITY IMPACT:

There is no direct impact to the General Fund. The 2025 Program Fees collected exceeded Program expenses and were sufficient to repay the General Fund loan of $205,203. The final remaining balance will be calculated in early 2026 based on actual 2025 Program revenues and expenditures and will be proportionally returned to all paid registrants. Staff will return to City Council in early 2026 with a final 2025 Program remaining balance and methodology for refunding the excess revenue. The 2026 Program fees will need to be adjusted to align with Program expenditures. A proposed 2026 Program Revenue and Expenditure Budget as well as a recommended adjustment to the fees will be presented for City Council consideration and action on December 9, 2025.

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

ATTACHMENTS:

PowerPoint Presentation

SALINAS

RICH IN LAND | RICH IN VALUES

Administrative Report on Rental Registration and Rent Stabilization Program

December 2, 2025

City Council

Presented by:

Lisa Brinton, Director

Program Revenue
January 1 to December 31, 2025

Actual Revenue: January 1 to September 30, 2025					
Program	Fee Amount	Units Registered	Fees Paid	Late Fees*	Total
Rental Registration	$45	3,945	$177,525	$6,284	$183,809
Rent Stabilization	$170	8,814	$1,498,380	$28,776	$1,527,156
Adjustments & Refunds					$(2,068)
Total Actual Revenue		12,759	$1,675,905	$35,060	$1,708,897
Projected Revenue: October to December 31, 2025					
Rental Registration	$45	20	$900	$450	$1,350
Rent Stabilization	$170	20	$3,400	$1,700	$5,100
Total Projected Revenue		40	$4,300	$2,150	$6,450
Total 2025 Program Revenue		12,799	$1,680,205	$37,210	$1,715,347

*Late fees in accordance with Ordinance #2663, Resolution #23169, and Resolution #23170.

Program Expenditures
January 1, 2025 – December 31, 2025

	Actuals	Projected	Total
	January 1 to September 30, 2025	October 1 to December 31, 2025	2025 Program Expenditures
Estimated Program Expenditures	$466,158	$254,592	$720,750
Loan Repayment to General Fund	$0	$205,203	$205,203
Grant Funds	($122,321)	$0	($122,321)
Net Estimated Program Expenditures	$343,837	459,795	$803,632

Remaining Balance

	Actuals	Projected	Total Projected
	Jan. 2025 - Sept. 2025	Oct. 2025 - Dec. 2025	Calendar Year 2025
Program Revenue	$1,708,897	$6,450	$1,715,347
Expenditures	$ (343,837)	$ (459,795)	$(803,632)
Balance	$1,365,060	$(453,345)	$911,715

Remaining Balance Refund

To be calculated in early 2026 based on actual 2025 Program revenues and expenditures

Will be proportionally returned to all paid registrants based on the percentage of revenue that exceeds actual expenditures.

Staff will return to the City Council in early 2026 with a final 2025 Program remaining balance and methodology for refunding the excess.

Community Engagement and Outreach

Collaboration with Community Partners

- Eden Council for Hope and Opportunity (ECHO)
- Building Healthy Communities (BHC), Center for Community Advocacy (CCA)
- California Rural Legal Assistance, Inc. (CRLA)
- Monterey County Association of Realtors (MCAR)

Education and Outreach Activities

- District Meetings on Ordinances (October)
- Future workshops on tenant rights and the petition process
- Landlord workshops on Tolemi platform, landlord rights and the petition process
- Redesigned webpage – clear and easy to find information

CEQA Consideration

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

Strategic Plan Initiative

- Promoting Affordable Housing

Fiscal and Sustainability Impact

- 2026 Program fees will need to be adjusted to align with Program expenditures. Staff will return to the City Council in December 2025 with a proposed 2026 Program Budget and recommended 2026 Program fee structure for City Council consideration and action.

Recommended Motion

No action required. Receive an administrative report on the Residential Rental Registration and Rent Stabilization Program.

Questions?

File #: ID#25-451, Version: 1

Establishment of a Pilot Rental Assistance Program

Approve a Resolution establishing the Pilot Rental Assistance Program (RAP); and appropriating $750,000 of Family Homeless Challenge (FHC) Grant funds for rental assistance; and authorizing the City Manager, or designee, to negotiate and execute a subrecipient agreement with Monterey County Office Education (MCOE) to provide rental assistance for families with school age children enrolled in school at risk of homelessness for an amount not to exceed $250,000 of the $750,000 FHG grant funds; and authorizing the City Manager, or designee, to promulgate RAP Program Guidelines, and negotiate and execute all applicable forms, agreements, and subsequent amendments as needed to implement the RAP.

CITY OF SALINAS
COUNCIL STAFF REPORT

DATE: **DECEMBER 2, 2025**

DEPARTMENT: **COMMUNITY DEVELOPMENT**

FROM: **LISA BRINTON, DIRECTOR**

THROUGH: **ORLANDO REYES, ASSISTANT DIRECTOR**

BY: **VINCENT MONTGOMERY, PLANNING MANAGER**
KAYSHLA LOPEZ, HOMELESS SERVICES MANAGER
AQUONTIS GARLINGTON, ADMINISTRATIVE AIDE
LAURA GAMA, ADMINISTRATIVE ANALYST

TITLE: **ESTABLISHMENT OF A PILOT RENTAL ASSISTANCE PROGRAM**

RECOMMENDED MOTION:

A motion to approve a Resolution:

1. Establishing the Pilot Rental Assistance Program (RAP);

2. Appropriating $750,000 of Family Homeless Challenge (FHC) Grant funds for rental assistance;

3. Authorizing the City Manager, or designee, to negotiate and execute a subrecipient agreement with Monterey County Office Education (MCOE) to provide rental assistance for families with school age children enrolled in school at risk of homelessness for an amount not to exceed $250,000 of the $750,000 FHG grant funds; and

4. Authorizing the City Manager, or designee, to promulgate RAP Program Guidelines, and negotiate and execute all applicable forms, agreements, and subsequent amendments as needed to implement the RAP.

EXECUTIVE SUMMARY:

This report outlines a proposed Pilot Rental Assistance Program (RAP) to prevent eviction and promote housing stability. RAP will provide direct financial assistance along with coordinated referrals for tenant-landlord support and legal and financial counseling services through

community partners to City of Salinas residents at risk of eviction. For Fiscal Year 2025-26 the RAP has a total budget allocation of $1,000,000, this includes $500,000 of General Fund dollars appropriated in the FY 2025-26 Operational Budget and $500,000 from the Family Homeless Challenge (FHC) grant. In addition, it is recommended that the City enter into an agreement with Monterey County Office Education (MCOE) to provide rental assistance for families with school age children enrolled in school that are at risk of homelessness for an amount not to exceed $250,000. This agreement would also be funded by the FHC grant.

BACKGROUND:

At the May 13, 2025, City Council Meeting, staff presented an overview of established local government rental assistance programs, a summary of the City's past rental assistance activities, and an outline of rental assistance program components, such as target population, eligibility, type of assistance and delivery method for Council consideration and direction. Based on Council action and feedback provided, staff developed draft RAP Guidelines provided as Exhibit A to this staff report. The RAP is modeled after the past rental assistance efforts utilizing the Prohousing Incentive Program (PIP) and Emergency Rental Assistance Program (ERAP) funding launched through the Salinas Outreach and Response Team (SORT) December 2024-Febraury 2025.

Purpose and Key Components

RAP's purpose is to help households remain in stable housing, prevent displacement, and reduce the risk of homelessness by providing short term rental assistance and wrap around services to City of Salinas residents at risk of eviction. All rental assistance payments will be made directly to landlords to ensure timely support and proper use of funds. In addition to direct rental assistance, RAP refers households to community resources that promote long-term stability, addressing both immediate financial needs and underlying factors that may contribute to housing insecurity. Key program components include the following.

- **Eviction Prevention Focus:** Prioritizes households at immediate risk of displacement.
- **Equitable Access:** Ensures fair access through multilingual, accessible application support and partnerships with trusted community organizations.
- **Direct Payments:** Assistance paid directly to landlords to ensure timely rent coverage and prevent eviction filings.
- **Wraparound Services:** Referral network established for legal aid, mediation, financial education and supportive services to promote long term stability.
- **Landlord Coordination:** Requires landlord agreement to pause eviction actions and accept payment on behalf of tenant.
- **Transparent Process:** Regular applicant status updates, documented communication, and a formal appeal process to ensure fairness.
- **Data & Reporting:** Tracks program activity, equity of distribution, and outcomes to inform further funding decisions and program improvements.

Target Population and Eligibility Criteria

Table 1 below outlines RAP Eligibility Criteria and Program Framework. The RAP will serve Salinas residents who are up to 3-months in arrears in paying their rent and are facing eviction. One time assistance will be capped at $9,000. Applications will be reviewed on a first come first served basis until RAP funds are exhausted. If funding capacity changes, the City may shift to a lottery-based or priority-based system consistent with equity goals and funding requirements.

Table 1: Eligibility Criteria and Program Framework	
Target Population	City of Salinas residents facing eviction
Eligibility Criteria	First time recipient of homeless prevention from the City of Salinas, A valid 12-month lease, 3-day notice to pay or quit, 120% or less AMI, no more than 3 months behind in rent, and cannot be receiving subsidized support through another program.
Type of Assistance	Eviction Prevention
Assistance Amount	No more than 3 months of rent, up to $9,000.
Duration of Assistance	One time assistance
Application Intake Window	First Come First Serve

The RAP is supported by two funding sources: City General Fund and Family Homeless Challenge Grant (FHC). See Fiscal and Sustainability Impact section for more details regarding Program funding. Households may be assisted with either funding source depending on eligibility and available resources. To be eligible for FHC funds, applicants must be a family with minor children. Households approved for assistance under the FHC Grant must be enrolled in the Homeless Management Information System (HMIS), in accordance with California Department of Housing and Community Development (HCD) requirements. HMIS enrollment will be completed by the Salinas Outreach and Response Team (SORT) as part of the intake and eligibility process for FHC funded cases.

Program Staffing

Housing Division staff will support RAP implementation. The Salinas Outreach and Response Team (SORT) will serve as the primary point of contact for individuals and families seeking rental assistance or related housing support. SORT will conduct application intake, review and approval. The Housing Management team will be responsible for approving and processing financial assistance requests. Rental Registration and Rent Stabilization Program (RR/RSO) staff will promote the RAP through the RR/RSO program and will confirm rental units are registered

through the RR/RSO program. Utilizing existing staff with subject-matter expertise, case management capacity, and customer support infrastructure enables the program to immediately launch.

Application and Selection Process

RAP applications will be processed on a first-come, first-served basis until funds are exhausted, consistent with grant requirements. If funding capacity or equity requirements change, the City may transition to a lottery or priority-based system.

Initial intake will occur through the Homeless Services Information Line, operated by the Salinas Outreach and Response Team (SORT), which will complete a basic eligibility screening and assist applicants with submitting required documentation. Housing staff will conduct an initial completeness review, notify applicants of missing items within five business days, and allow seven days for resubmission. Staff will then verify residency, tenancy, income, arrears, and eviction risk, and, with written consent, coordinate with landlords or third parties to confirm information.

Program participation requires landlords to complete onboarding documentation, accept direct City payment, suspend eviction proceedings during the assistance period, and sign a participation agreement acknowledging program rules. Approved applicants and landlords will receive written notice within seven days of application completion, including an estimated 2–4 week payment issuance timeline.

Supportive Services

In addition to financial assistance, the City is committed to long-term housing stability for the community. To that end, staff plan to collaborate with local organizations to deliver comprehensive wraparound supportive services for tenants. These will include referrals to legal counseling, mediation, tenant-landlord education, financial literacy training, job-search assistance, childcare support, and help with utility costs. All referrals will be intended to help tenants regain stability and prevent future loss of housing.

MCOE

The Monterey County Office of Education operates the Connections Program that provides emergency financial assistance for families with school-aged children enrolled in school that are at risk of homelessness. Due to funding cuts, MCOE is seeking additional funding sources to continue their Connections Program for Salinas Residents through the FY 2025-26. It is recommended that the City enter into an agreement with Monterey County Office Education (MCOE) for amount not to exceed $250,000 to continue to operate the Connections Program. This agreement would also be funded by the FHC grant. MCOE's use of FHC funding will follow the City's RAP Guidelines which are also in compliance with FHC graft funding requirements.

Program Monitoring and Reporting

In July 2026, staff will present an administrative report summarizing the RAP outcomes. This report will highlight key performance metrics, including the number of households assisted, total funds disbursed, average processing times, and the Program's impact on eviction and homelessness prevention rates. It will also include data on equitable resource distribution, client satisfaction, and system drop-off rates.

CEQA CONSIDERATION:

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

CALIFORNIA GOVERNMENT CODE §84308 APPLIES:

No.

STRATEGIC PLAN INITIATIVE:

The proposed RAP furthers the 2025-2028 City Council Strategic Plan Housing strategy of promoting health and safety of unsheltered residents through supportive services and eviction prevention.

DEPARTMENTAL COORDINATION:

This agenda item was prepared by the Community Development Department in coordination with the City Attorney and Finance Department.

FISCAL AND SUSTAINABILITY IMPACT:

There will be no additional fiscal impact to the General Fund. Personnel costs for the SORT team are funded within the FY 2025-26 SORT program budget, which is grant funded. Housing division staff salaries are funded under the FY 2025-26 Operating Budget and various grant funds. Council also approved $500,000 for rental assistance in the FY 2025-26 Budget. It is recommended that $750,000 of Family Homeless Challenge (FHC) grant funds be appropriated to the RAP to increase program capacity and leverage city dollars. It is also recommended that the City enter into an agreement with Monterey County Office Education (MCOE) to provide rental assistance for families with school age children for an amount not to exceed $250,000, also funded by the FHC grant.

For the remainder of Fiscal Year 2025-26, the RAP has a total budget allocation of $1,000,000 for rental assistance. With an average monthly rent of $3,000 the Program offers up to a maximum of

$9,000 in rental assistance per household. Based on these figures, it is projected to support approximately 111 households.

Pilot Rental Assistance Program Budget	
Family Homeless Challenge Grant	$750,000
General Fund	$500,000
Allocated Funding	**$1,250,000**
Subrecipient Monterey County Office of Education	($250,000)
Funds For Rental Assistance	**$1,000,000**

It is important to note that FHC funds are set to expire June 30, 2026. Program continuity beyond this initial period will require identification of ongoing funding sources. Potential future funding could include continued General Fund support, and/or other state and federal homelessness and housing stability funding programs.

Fund	**General Ledger Number (Operating/CIP)**	**General Ledger Account Name**	**Remaining Budget Appropriation**	**Amount Requested**
1000	80.8005-69.1650	Financial Assistance Rental Assistance	$500,000	$500,000
2956	30.3240-Various	FHC Various	$750,000	$750,000

ATTACHMENTS:

Resolution
Exhibit A - Draft Program Guidelines
PowerPoint Presentation

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

A RESOLUTION AUTHORIZING THE ESTABLISHMENT OF A PILOT RENTAL ASSISTANCE PROGRAM AND AUTHORIZING THE APPROPRIATION OF $750,000 OF FAMILY HOMELESS CHALLENGE (FHC) GRANT FUNDS FOR RENTAL ASSISTANCE AND AUTHORIZING A SUBRECIPIENT AGREEMENT WITH MONTEREY COUNTY OFFICE OF EDUCATION (MCOE) WITH A FUNDING AMOUNT OF $250,000 TO PROVIDE RENTAL ASSISTANCE

WHEREAS, the City of Salinas recognizes that housing stability is essential to the health, safety and well-being of its residents, and

WHEREAS, increasing housing costs, eviction filings, and seasonal economic impacts have resulted in heightened risk of housing displacement for Salinas Residents; and

WHEREAS, on May 13, 2025, the City Council received a presentation outlining rental assistance program models, eligibility structures, delivery methods, and funding considerations for local homelessness prevention efforts; and

WHEREAS, based on City Council feedback and direction, staff developed the City of Salinas, Pilot Rental Assistance Program, an initiative designed to prevent eviction by providing short-term financial assistance, referral services, and landlord-tenant support; and

WHEREAS, the FY 2025–26 Operating Budget appropriates $500,000 in General Fund allocations designated for rental assistance; and

WHEREAS, the City intends to allocate $750,000 in Family Homelessness Challenge (FHC) grant funds from the California Department of Housing and Community Development to support eviction prevention and family homelessness reduction strategies; and

WHEREAS, FHC funds must be expended by June 30, 2026, and must be used in accordance with applicable state grant requirements, and

WHEREAS, Housing Division staff will support RAP implementation with Salinas Outreach and Response Team (SORT) being the primary point of contact; and

WHEREAS, the RAP will offer up to three (3) months of rental assistance, up to a maximum of $9,000 per household, with payments issued directly to landlords to safeguard tenancy and prevent evictions; and

WHEREAS, the City intends to collaborate with the Monterey County Office of Education (MCOE) to serve families with school-aged children enrolled in school that are at risk of homelessness; and

WHEREAS, the City intends to award $250,000 of the $750,000 in FHC funds to support MCOE to sustain their rental assistance program specifically targeting families with children enrolled in local schools; and

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

NOW, THEREFORE, BE IT RESOLVED that the Salinas City Council hereby approves the establishment of the Pilot Rental Assistance Program (RAP); and

NOW, THEREFORE, BE IT FURTHERE RESOLVED that the Salinas City Council hereby appropriates $750,000 of Family Homeless Challenge (FHC) Grant funds for rental assistance, and

NOW, THEREFORE, BE IT RESOLVED that the Salinas City Council hereby authorizes the City Manager, or designee, to negotiate and execute a subrecipient agreement with the Monterey County Office of Education (MCOE) to provide rental assistance for families with school-age children enrolled in school at risk of homelessness, in an amount not to exceed $250,000 from the $750,000 FHC grant funds.

BE IT FURTHER RESOLVED that the Salinas City Council hereby authorizes the City Manager, or designee, to promulgate RAP Program Guidelines, all applicable forms, agreements, and subsequent amendments as needed to implement the RAP.

PASSED AND APPROVED this 2nd day of December 2025, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

_____
Dennis Donohue, Mayor

ATTEST:

_____
Patricia M. Barajas, City Clerk

CITY OF SALINAS

DRAFT PILOT RENTAL ASSISTANCE PROGRAM (RAP) GUIDELINES

DRAFT

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Purpose

The Pilot Rental Assistance Program (RAP) provides short-term financial relief and supportive services to the residents of the City of Salinas (City) who are facing eviction due to non-payment of rent. The program's goal is to help households remain in stable housing, prevent displacement, and reduce the risk of homelessness. All rental assistance payments will be made directly to landlords to ensure timely support and proper use of funds. In addition to direct rental assistance, RAP refers households to community resources that promote long-term stability, addressing both immediate financial needs and underlying factors that may contribute to housing insecurity.

Eligibility Criteria

Table 1 below outlines RAP Eligibility Criteria. Appendix 1 provides HUD FY 2025 Monterey County Area Median Income Limits which will be used to determine income eligibility.

Table 1: Eligibility Criteria	
Target Population	City of Salinas residents facing eviction
Eligibility Criteria	First time recipient of homeless prevention from the City of Salinas, A valid 12-month lease, 3-day notice to pay or quit, 120% or less AMI, no more than 3 months behind in rent, and cannot be receiving subsidized support through another program.
Type of Assistance	Eviction Prevention
Assistance Amount	No more than 3 months of rent, up to $9,000.
Duration of Assistance	One time assistance
Application Intake Window	First Come First Serve *Subject to change

How to apply

Application Review and Selection Process:

Eligible applications will be processed on a first-come, first-served basis until funding resources are exhausted in alignment with grant requirements and funding timelines. If funding capacity changes, the City may shift to a lottery-based or priority-based system consistent with equity goals and grant requirements. Participation from property owners is necessary to ensure tenants remain stably housed by agreeing to participate in the Pilot Rental Assistance Program.

Intake

The Homeless Services Information Telephone Line, managed by the Salinas Outreach and Response Team (SORT), will serve as the primary point of contact for individuals and families seeking rental assistance or related housing support.

1. SORT will receive calls from the public and advise that the public will have the option to complete the application via email or schedule an in-person appointment to deliver the required documents.
2. The initial in-take screening is intended to determine basic eligibility. Exhibit A – Pilot Rental Assistance Program Application Form will be completed during this screening. The prescreen includes:
    a. Full name and contact information
    b. Verification of City of Salinas Residency
    c. Confirmation of issuance of an eviction notice or 3-Day Notice to Pay or Quit
    d. Confirmation of a valid lease agreement
    e. Review of Summary of Rent Arrears
    f. Calculation of General Household income
    g. Homeless Management Information System (HMIS) In-take – Exhibit E - XXXX
3. Initial Completeness Review
    a. City staff will conduct an initial review to ensure all required documents are submitted.
    b. Applicants will be notified within 5 business days if additional information is needed and given 7 days to provide missing documentation.
    c. If participants need additional time, they may request it.
4. Eligibility Verification
    a. Staff will verify identity, tenancy, income, rental arrears, and eviction risk.
    b. With the applicants written consent, staff will contact landlords or third-party agencies to confirm information or resolve discrepancies.

Landlord Participation Requirements

Staff will contact landlords to notify them that their tenant has been preapproved for financial assistance to address their eviction notice. They will be notified the option to participate or decline. In order to participate the landlord must suspend all eviction proceedings once assistance is being processed and during any months covered by the rental assistance.

1. Should the landlord elect to participate, staff will email them the Landlord Participation Agreement Form – Exhibit XXX to complete, accompanied by:
    a. Complete a W-9 for the City onboarding requirements
2. Staff will verify form completion and submit the Landlord Agreement & Payment form for processing.

Notification

1. Approved applicants and landlords will receive written notice of approval within 7 days of the completed application.
2. The notice will include the estimated payment timeline, generally 2-4 weeks, depending on internal processing timelines, holidays and finance department batching schedules.
3. Denied applicants may request a secondary review within 10 business days of the denial notice.

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Termination, Appeals, and Conflict of Interest Policies

Termination

Rental assistance may be denied or terminated under the following circumstances:

1. **Landlord Participation**
    a. The landlord refuses to accept rental assistance payments from the City; or
    b. The landlord refuses to pause eviction proceedings during the assistance period.
2. **Duplicate Assistance**
    a. The household is already receiving rental assistance from another program (e.g., Housing Choice Voucher/Section 8 or any other form of rental subsidy).
    b. The Household has already received rental assistance from the City of Salinas
3. **Documentation Requirements**
    a. The applicant fails to submit required eligibility documentation after reasonable outreach and opportunity to cure.
4. **Duplicate Household Benefit**
    a. Another member of the same household has already received City rental assistance within the designated program period.

Notice of Denial or Termination

If assistance is denied or terminated, written notification will be issued via email and mailed via First Class Mail to ensure both the tenant and landlord are informed.

Future Eligibility

Termination or denial under this policy does not permanently disqualify a household. Applicants may reapply in future funding cycles if eligibility criteria can be demonstrated.

Prior to denial or termination, the City will make a good-faith effort to obtain required documentation and resolve outstanding issues. This includes providing reasonable time for response, helping to complete paperwork, and attempting multiple methods of contact. No eligible household shall be denied due to administrative or documentation barriers when alternative verification is possible.

Appeal Process

The RAP maintains a clear and accessible appeal process to ensure fairness and transparency. Applicants will be informed of their right to file an appeal at intake, with materials available in English and Spanish and in all accessible formats upon request.

The City encourages applicants to first attempt informal resolution with program staff. If the matter is not resolved informally, the applicant may submit a formal appeal. The City utilizes Administrative Hearing Officers for appeals to ensure a fair and impartial review process consistent with the Salinas Municipal Cose and the City's responsibility to manage public resources efficiently.

Administrative Hearing Officers serve as independent, neutral decision-makers, responsible for reviewing petitions, conducting hearings, evaluating evidence, and issuing written decisions based on factual findings and applicable regulations. To support responsible stewardship of public funds, the City pays a

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flat rate of $300 per administrative hearing, which includes all work necessary for case preparation, hearing management, and written findings.

1. **Informal Resolution:**
    a. Staff will make reasonable efforts to resolve concerns promptly.
    b. All discussions will be documented, including dates, staff involved, and outcomes.
2. **Formal Appeal Submission:**
    a. Appeal may be submitted via email or mail.
    b. Appeal must be submitted within 30 days of the dispute
    c. Program Staff will acknowledge receipt and log the Appeal.
3. **Review and Written Decision: The Planning Manager** will:
    a. Review the appeal and supporting documentation
    b. Ensure confidentiality and impartiality
    c. Issue a written decision within 14 days
4. **Appeal / Hearing:** If the applicant remains dissatisfied:
    a. They may request a formal hearing
    b. Applicants may present evidence, bring a representative, and request accommodations
    c. A final written decision will be issued after the hearing
5. **Documentation & Program Improvement**
    a. All Appeals will be tracked in a centralized log
    b. Data will be reviewed periodically to identify patterns and improve program operations
6. **Staff Training:** Program staff will receive regular training to ensure the appeal process is conducted with fairness, consistency, professionalism, and empathy.

Support Service Referrals

RAP is not limited to financial assistance. It also connects households to support services aimed at fostering long-term housing stability. These services include referrals to legal aid and mediation, financial literacy, job readiness and employment support, tenant rights education, daycare referrals, and utility assistance programs through partners like the Low-Income Home Energy Assistance Program (LIHEAP), PG&E, Edison, and Southern California Gas Company. Staff will ensure notes are added to the applicants' workflows for tracking and will follow up with the applicant and / or service provider to ensure they have connected and assess progress. The following referrals will be offered:

Legal Aid and Mediation

Legal assistance and mediation services help tenants resolve disputes with landlords, avoid evictions, and understand their legal rights. https://crla.org/ and https:/www.echofairhousing.org/

Financial Literacy

Financial literacy programs empower households to manage budgets, reduce debt, and plan for long-term financial health.

Job Readiness and Resume Support

Employment support services connect participants with job training, resume building, and job placement resources.

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Tenant Education (Rights & Responsibilities)

Tenant education empowers renters by informing them of their legal rights and responsibilities, helping prevent eviction and housing instability.

Daycare Referrals

Access to affordable childcare is essential for working parents striving for housing stability.

Utility Assistance Referrals

High utility costs can contribute to housing insecurity.

Conflict of Interest

The Pilot Rental Assistance Program will have a Conflict-of-Interest Policy intended to ensure the integrity, transparency, and fairness of the program. It establishes clear guidelines to prevent actual or perceived conflicts of interests among staff involved in the administration of the program.

Definition

A conflict of interest occurs when an individual's personal, financial, or other interests could compromise or appear to compromise their ability to make impartial decisions in the best interest of the program.

Prohibited Activities

- Processing or approving applications from family members, close friends, or business associates.
- Using confidential or insider information to give any applicant an unfair advantage.
- Participating in the decision-making process for applications involving properties owned or managed by the staff member, contractor, or their relatives.
- Allowing vendors or service providers to influence application decisions for their own financial gain.
- Permitting elected officials, board members, or stakeholders to steer funds toward specific individuals, landlords, or properties.

Disclosure Requirements

All staff involved in the administration of the program must complete and sign a Conflict-of-Interest Disclosure Form upon hiring or contracting, and annually thereafter. Any potential conflicts that arise during the program must be disclosed immediately to the Housing Planning Manager.

Handling Conflicts

Upon disclosure of a potential conflict of interest, staff will review the information and determine appropriate actions, which may include recusal from decision-making, reassignment of duties, or removal from certain program functions. An internal log of disclosed conflicts and resolutions will be maintained.

Public Perception

Even in cases where no legal conflict exists, staff are encouraged to avoid situations that could create the appearance of impropriety. When in doubt, recusal is the preferred course of action.

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Reporting

Collection of Information

SORT members will only request the minimum information necessary to determine eligibility and administer rental assistance effectively. When referrals or coordination with partner agencies are required, clients must sign an Authorization to Share/Release Information form to ensure their data is handled lawfully and ethically.

Physical Records

- Files will be stored in a restricted City SharePoint site to prevent unauthorized access.
- Per Federal Guidelines under 2CFR 200.334, retain records for the required period (typically 3 years after case closure or assistance ends).
- Files must be clearly labeled using confidential identifiers (e.g., case ID or initials) rather than full names, especially in shared spaces.
- Applicants funded through the FHC grant will be enrolled in the Homeless Management information System (HMIS).

Auditing & Compliance

- Conduct annual reviews to ensure compliance with confidentiality and recordkeeping policies.
- Update procedures as laws, funding guidelines, or best practices change.
- Keep all tenant and landlord documentation on file and organized for audit purposes.

Electronic Files

Client files and signatures or policy documents are collected and maintained electronically, required documentation must be made available to City of Salinas in paper form when requested.

Public Transparency

The City of Salinas will present a summary administrative report once all program funds have been expended, upon City manager direction. This report will highlight key performance metrics, including the number of households assisted, total funds disbursed, average processing times, and the program's impact on eviction and homelessness prevention rates. It will also include data on equitable resource distribution, client satisfaction, and system drop-off rates.

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Appendices & Exhibits

The following appendices and exhibits are attached this document:

- Appendix 1 – HUD FY 2025 Monterey County Area Median Income Limits
- Appendix 2 – HUD FY 2025 Fair Market Rents
- Exhibit A – Pilot Rental Assistance Program Application Form
- Exhibit B – Pilot Rental Assistance Program Appeal Form
- Exhibit C – Pilot Rental Assistance Program – Conflict of Interest Policy Agreement Form
- Exhibit D – Conflict of Interest Disclosure Form

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Appendix 1 – HUD FY 2025 Monterey County Area Median Income Limits

2025 | Monterey County Area Median Income: $104,500								
Numbers of Persons in Household	1	2	3	4	5	6	7	8
Acutely Low Income: 0-15%	11000	12550	14150	15700	16950	18200	19450	20700
Extremely Low Income: 15-30%	30400	34750	39100	43400	46900	50350	53850	57300
Very Low Income: 30-50%	50600	57850	65100	72300	78100	83850	89650	95450
Low Income: 50-80%	81000	92600	104150	115700	12500	134250	143500	152750
Median Income:	73150	83600	94050	104500	112850	121200	129600	137950
Moderate Income: 80-120%	87800	100300	112850	125400	135450	145450	155500	165550

Source: [2025 State Income Limits]

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Appendix 2 - HUD FY 2025 Fair Market Rents

Final FY 2025 FMRs By Unit Bedrooms

Year	Efficiency/Studio	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
FY 2025 FMR	$ 2,414	$ 2,479	$ 2,982	$ 4,025	$ 4,383
FY 2024 FMR	$ 2,340	$ 2,367	$ 2,879	$ 3,990	$ 4,400

Source: FY 2025 Fair Market Rent Documentation System — Calculation for Salinas, CA MSA

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Exhibit A – Pilot Rental Assistance Program Application Form

Applicant Information

Full Name: _____

Date of Birth (MM/DD/YYYY): _____

Address: _____

City: _____ State: ____ Zip: _____

Phone Number: _____

Email Address: _____

Household Information

Number of Household Members: _____

Names and Ages of All Household Members:

_____

Number of Children Enrolled in School: _____

Assigned School District: _____

Housing Information

Landlord/Property Manager Name: _____

Landlord/Property Manager Phone: _____

Monthly Rent Amount: _____

Rental Address (if different from above): _____

Assistance Request

Type of Assistance Requested (check all that apply):

[ ] Rental Arrears

Total Amount Requested: _____

Reason for Assistance (attach additional pages if needed):

_____

Required Documentation

Please attach copies of the following (if applicable):

- Valid government-issued identification
- Current lease agreement
- Proof of hardship (e.g., unpaid rent ledger, rental statement, layoff notice, medical bills)
- Proof of Income for all household members (Last 30-90 days)
- Demonstrate History of Making Rent Payments

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- Notice to Pay or Quit or other evidence of eviction risk
- CHSP verification applicant is enrolled in HMIS, for applicants funded with FHC

Certification

I certify that the information provided is true and complete to the best of my knowledge.

Signature: _____ Date: _____

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Exhibit B – Pilot Rental Assistance Program - Appeal Form

Applicant Information

Full Name: _____

Address: _____

City: _____ State: ____ Zip: _____

Phone Number: _____

Email Address: _____

Appeal Details

Date of Incident/Decision: _____

Describe the nature of your Appeal (attach additional pages if needed):

_____

Informal Resolution Attempt

Did you attempt to resolve this issue with staff before filing this Appeal? [ ] Yes [ ] No

If yes, please describe the outcome:

_____

Resolution Sought

Please describe the resolution or action you are seeking:

_____

Certification

I certify that the information provided is true and accurate to the best of my knowledge.

Signature: _____ Date: _____

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Exhibit C – Pilot Rental Assistance Program - Conflict of Interest Policy Agreement Form

This Conflict of Interest Policy is intended to ensure the integrity, transparency, and fairness of the Pilot Rental Assistance Program. It establishes clear guidelines to prevent actual or perceived conflicts of interest among staff, contractors, partners, and decision-makers involved in the administration of the program.

Definitions

A conflict of interest occurs when an individual's personal, financial, or other interests could compromise or appear to compromise their ability to make impartial decisions in the best interest of the program.

Prohibited Activities

- Processing or approving applications from family members, close friends, or business associates.
- Using confidential or insider information to give any applicant an unfair advantage.
- Participating in the decision-making process for applications involving properties owned or managed by the staff member, contractor, or their relatives.
- Allowing vendors or service providers to influence application decisions for their own financial gain.
- Permitting elected officials, board members, or stakeholders to steer funds toward specific individuals, landlords, or properties.

Disclosure Requirements

All staff, contractors, and decision-makers must complete and sign a Conflict-of-Interest Disclosure Form upon hiring or contracting, and annually thereafter. Any potential conflicts that arise during the program must be disclosed immediately to the Planning Manager.

Handling Conflicts

Upon disclosure of a potential conflict of interest, the Management Analyst will review the information and determine appropriate actions, which may include recusal from decision-making, reassignment of duties, or removal from certain program functions. An internal log of disclosed conflicts and resolutions will be maintained.

Public Perception

Even in cases where no legal conflict exists, staff and decision-makers are encouraged to avoid situations that could create the appearance of impropriety. When in doubt, recusal is the preferred course of action.

Acknowledgment

I have read, understood, and agree to abide by the Pilot Rental Assistance Program Conflict of Interest Policy.

Signature: _____ Date: _____

Printed Name: _____

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Exhibit D - Conflict of Interest Disclosure Form

This form is to be completed by all employees, contractors, and affiliates involved in the Pilot Rental Assistance Program. The purpose of this disclosure is to ensure transparency, uphold public trust, and identify any potential conflicts of interest that may influence, or appear to influence, your duties or decisions.

Personal Information

Name: _____

Position/Title: _____

Department/Organization: _____

Date: _____

Conflict of Interest Questions

Please answer the following questions. If you answer 'Yes' to any, provide details in the space provided or attach additional pages if necessary.

☐ Yes ☐ No Do you, a family member, or close associate have any ownership, investment, or other financial interest in a landlord, property management company, or contractor involved in the Pilot Rental Assistance Program?
Details: _____
_____
_____

☐ Yes ☐ No Have you, a family member, or close associate received any gifts, favors, payments, services, or other benefits from any landlord, tenant, or contractor related to the Pilot Rental Assistance Program within the past 12 months?
Details: _____
_____
_____

☐ Yes ☐ No Do you, a family member, or close associate have any personal or business relationship that could influence your decisions or actions related to the Pilot Rental Assistance Program?
Details: _____
_____
_____

☐ Yes ☐ No Are you currently, or have you been in the past 12 months, employed by or provided services to any landlord, property management company, contractor, or tenant participating in the Pilot Rental Assistance Program?
Details: _____
_____
_____

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☐ Yes ☐ No Is there any other situation not listed above that might be perceived as a conflict of interest?

Details: _____

_____

_____

Certification

I certify that the above information is true and complete to the best of my knowledge. I understand that failure to disclose a conflict of interest may result in disciplinary action, termination of employment or contract, and/or other legal consequences. I agree to promptly update this disclosure if my circumstances change.

Signature: _____ Date: _____

Printed Name: _____

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Establishment Of A Pilot Rental Assistance Program (RAP)

December 2, 2025

City Council

Community Development Department

Kayshla Lopez, Homeless Services Manager

Executive Summary

Establish the Pilot Rental Assistance Program (RAP) an eviction prevention program through the Salinas Outreach and Response Team.

Partner with Monterey County Office Education (MCOE) to provide rental assistance for families with school age children enrolled in school that are at risk of homelessness.

Pilot Rental Assistance Program (RAP)

RAP's purpose is to help households remain in stable housing, prevent displacement, and reduce the risk of homelessness by providing short term rental assistance and wrap around services to City of Salinas residents at risk of eviction.

The RAP is modeled after the past rental assistance efforts utilizing the Prohousing Incentive Program (PIP) and Emergency Rental Assistance Program (ERAP) funding launched through the Salinas Outreach and Response Team (SORT) December 2024-Febraury 2025.

Program Timeline: December 2025 to June 2026 or until program funds are exhausted

Program Overview

Eviction Prevention Focus: Prioritizes households at immediate risk of displacement.

Direct Payments: Assistance paid directly to landlords to ensure timely rent coverage and prevent eviction filings.

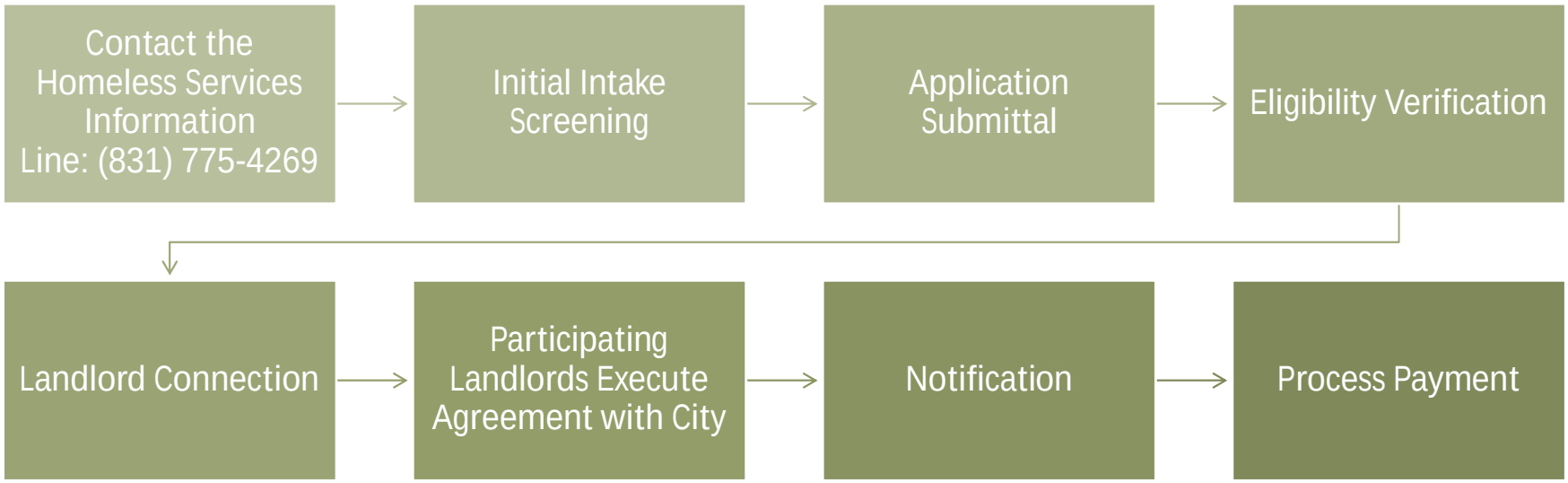
Wraparound Services: Referral network established for legal aid, mediation, financial education and supportive services to promote long term stability.

Landlord Coordination: Requires landlord agreement to pause eviction actions and accept payment on behalf of tenant.

Target Population and Eligibility Criteria

Table 1: Eligibility Criteria and Program Framework	
Target Population	City of Salinas residents facing eviction
Eligibility Criteria	First time recipient of homeless prevention from the City of Salinas, A valid 12-month lease, 3-day notice to pay or quit, 120% or less AMI, no more than 3 months behind in rent, and cannot be receiving subsidized support through another program.
Type of Assistance	Eviction Prevention
Assistance Amount	No more than 3 months of rent, up to $9,000.
Duration of Assistance	One time assistance
Application Intake Window	First Come First Serve

Application & Selection Process



MONTEREY COUNTY OFFICE of EDUCATION

Partnerships

The Monterey County Office of Education operates the Connections Program that provides emergency financial assistance for families with school-aged children enrolled in school that are at risk of homelessness.

It is recommended that the City enter into an agreement with Monterey County Office Education (MCOE) for amount not to exceed $250,000 to continue to operate the Connections Program.

MCOE's use of FHC funding will follow the City's RAP Guidelines which are also in compliance with FHC graft funding requirements.

Program Monitoring and Reporting

In July 2026 staff will present an administrative report summarizing the RAP Key Performance Metrics:

- number of households assisted
- total funds disbursed
- average processing times
- Program's impact on eviction and homelessness prevention rates.

Recommended Motion

A motion to approve a Resolution:

1. Establishing the Pilot Rental Assistance Program (RAP);
2. Appropriating $750,000 of Family Homeless Challenge (FHC) Grant funds for rental assistance;
3. Authorizing the City Manager, or designee, to negotiate and execute a subrecipient agreement with Monterey County Office Education (MCOE) to provide rental assistance for families with school age children enrolled in school at risk of homelessness for an amount not to exceed $250,000 of the $750,000 FHG grant funds; and
4. Authorizing the City Manager, or designee, to promulgate RAP Program Guidelines, and negotiate and execute all applicable forms, agreements, and subsequent amendments as needed to implement the RAP.

SALINAS

RICH IN LAND | RICH IN VALUES

Questions?

File #: ID#25-543, Version: 1

Minutes

Approve the minutes of November 18, 2025.

City of Salinas

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

Meeting Minutes - Unofficial

City Council

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

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

Tuesday, November 18, 2025 **3:00 PM** **SALINAS ROTUNDA**

PLEDGE OF ALLEGIANCE

ROLL CALL

Present: 7 - Councilmember Jose Barajas
Councilmember Tony Barrera
Councilmember Margaret D'Arrigo
Councilmember Gloria De La Rosa
Councilmember Aurelio Salazar
Councilmember Jose Andrew Sandoval
Mayor Dennis Donohue

CLOSED SESSION

The City Council recessed to closed session at 3:01 p.m. pursuant to:

ID#25-529

a. **Labor Negotiations** - California Government Code Section §54957.6 with its designated labor representatives Rene Mendez, City Manager; Christopher A. Callihan, City Attorney; Katherine Hogan, Assistant City Attorney; Selina Andrews, Finance Director; Marina Horta-Gallegos, Human Resources Director; Sylvia Enriquez, Human Resources Manager; and Che Johnson, Liebert Cassidy Whitmore, regarding labor relations with Service Employees International Union (SEIU), SEIU Supervisors, Salinas Municipal Employees Association/SEIU, Association of Management Personnel, Police Officers Association, Police Management Association, International Association of Firefighters, Fire Supervisors Association, Confidential Non-Management Employees, Confidential Management Employees, and Department Directors.

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

THE CITY COUNCIL RECONVENED IN THE ROTUNDA AT 5:02 P.M.

PUBLIC DISCLOSURE

Pursuant to California Government Code section 54957.1, there were no reportable action on closed session matters.

PROCLAMATION

The City Council proclaimed:

Small Business Saturday

GENERAL PUBLIC COMMENTS

Received public comment from members of the public in attendance and on Zoom.

CALIFORNIA GOVERNMENT CODE §84308 - LEVINE ACT

No disclosures reported.

ADMINISTRATIVE REPORTS

ID#25-521 **Salinas Youth Council Updates and Comments**

Received report from Youth Councilmembers Andres Martinez and Ariana Estrada.

No action. This Youth Council report provide an administrative update on the Youth Council activities and input on agendized items to the City Council.

ID#25-318 **Report on Residential Rental Registration and Rent Stabilization Program**

This item was continued to December 2, 2025.

PUBLIC HEARINGS

ID#25-480 **Substantial Amendments to the United States Department of Urban Development FY 2023-2024, 2024-2025, and 2025-2026 Annual Action Plans**

Received report from Lisa Brinton regarding the proposed Substantial Amendments to its FY 2023-2024, 2024-2025 & 2025–2026 AAPs to ensure compliance with HUD's expenditure timeliness requirements for the Community Development Block Grant (CDBG) program and to reallocate available HOME Investment Partnership Program (HOME) funds. Amendments include the reallocation of $1,060,000 in CDBG funds from the Chinatown Neighborhood Improvements Project to shovel-ready public improvement and affordable housing rehabilitation projects that can be completed within the current fiscal year. Additionally, $4,431,595 in HOME funds, including prior-year allocations and Community Housing Development organization (CHDO) Set-Aside funds, will be directed to affordable multi-family rental housing developments identified through the City's recent 2025 Multi-Family Housing Notice of Funding Availability. Report filed with the City Clerk as the official record.

The following members of the public commented on the report:
Larry Hirahara, Downtown Community Board

Upon motion by Councilmember De La Rosa, seconded by Councilmember Barajas, Resolution authorizing the submission of Substantial Amendments to HUD Fiscal Year (FY) 2023-2024, 2024-2025, and 2025-2026 Annual Action Plans (AAPs) to the United States Department of Housing and Urban Development (HUD); the allocation of a cumulative $5,872,412 in unspent HOME & CDBG funds from FY 2023-2024, 2024-2025 and 2025-2026 AAPs to various projects as described in the Summary of Substantial Amendments to HUD FY 2023-2024, 2024-2025, and 2025-2026 AAPs; and the City Manager, or designee, to incorporate any necessary modifications to the Substantial Amendments based on community feedback, and to execute any agreements and related documents for HUD-funded projects and activities as outlined in the Summary of Substantial Amendments to HUD FY 2023-2024, 2024-2025, and 2025-2026 AAPs was approved. The motion carried by the following vote:

Ayes: 7 - Councilmember Barajas, Councilmember Barrera, Councilmember D'Arrigo, Councilmember De La Rosa, Councilmember Salazar, Councilmember Sandoval and Mayor Donohue

Enactment No: RES 23357

ID#25-475 **Conditional Commitment of Fiscal Year 2025-2026 Multifamily Housing Funds**

Received report from Community Development Director Lisa Brinton regarding the Multifamily Housing Notice of Funding Availability (NOFA) released on June 24, 2025, announcing the availability of approximately $8 million in gap financing for affordable housing projects. On July 30, 2025, the City received five (5) proposals requesting a total of $17,981,000. After reviewing and ranking the proposals, a preliminary funding recommendation of $8,460,220 to fund four multifamily housing developments, including one City-led development was presented for Council consideration. Report filed with the City Clerk as the official record.

The following members of the public commented on the report:
Larry Hirahara
Alec, CHISPA Housing
Jeff, CHISPA
Unidentified audience member
Greg Hamer, resident
George Camacho
Aaron Bargeon, Milestone Housing
Matt Huerta, MBEP
Adam Pintrests, Monterey County Realtors Association
Eloise Shim
Ignacio Fregoso

Upon motion by Councilmember De La Rosa, seconded by Mayor Donohue, Resolution authorizing the preliminary award of $7,169,699 in Local Housing Trust Fund, HOME Partnership Investment Program, HOME - Community Housing Development Organization Set-Aside, Permanent Local Housing Allocation, and Community Development Block Grant funding to the following applicants under the Fiscal Year 2025-2026 Notice of Funding Availability; allocation of $1,290,521 in Local Housing Trust Fund to the Republic Cafe, located at 37 & 39 Soledad St., for the rehabilitation and stabilization; and the City Manager, or designee, to execute all applicable forms, conditional commitment letters, agreements, grant-related documents, and subsequent amendments as needed was approved. The motion carried by the following vote:

Ayes: 7 - Councilmember Barajas, Councilmember Barrera, Councilmember D'Arrigo, Councilmember De La Rosa, Councilmember Salazar, Councilmember Sandoval and Mayor Donohue

Enactment No: RES 23358

ID#25-532 **Land Disposition and Development Agreement Between the City of Salinas and Taylor Fresh Foods, Inc., Related to the City-Owned Parking Lots Located at Lincoln Avenue and West Gabilan Street (Parking Lot 8 and Parking Lot 12)**

Received report from Community Developlement Director Lisa Brinton regarding the City owns property located at Salinas Street, Lincoln Avenue and W. Gabilan Street, (commonly known as "Lot 8"); and at Lincoln Avenue and W. Gabilan Street, (commonly known as "Lot 12") ("Properties"). In October and November 2020, through the Surplus Lands Act, the City declared these Properties to be surplus land no longer necessary for municipal purposes and made these two parking lots generally available for purchase. With these Properties generally available for purchase, the Developer indicated a desire to acquire and develop the Properties. The City and the Developer are requesting that the City Council adopt an ordinance, provided as Attachment 1 to this report approving a Land Disposition and Development Agreement ("Development Agreement") (Exhibit A) prepared pursuant to Government Code section 65864. Under the Development Agreement the Developer will acquire from the City Parking Lots 8 and 12 and develop thereon a hotel/retail/commercial use (Lot 8) and a multi-family residential/retail/commercial/commercial use (Lot 12). Report filed with the City Clerk as the official record.

The following members of the public commented on the report:
Unidentified audience member
Joel Hernandez Laguna, Center for Communtiy Advocacy
Greg Hamer, Salinas City Improvement Association
Eloise Shim
Matt Huerta, Monterey Bay Economic Partnership
Jose Guerra

MOTION
Motion made by Mayor Donohue, second by Councilmember D'Arrigo to adopt an ordinance approving a Land Disposition and Development Agreement (DA 2025-001) between the City of Salinas ("City") and Taylor Fresh Foods, Inc. ("Developer") related to City parking lots 8 and 12.

SUBSTITUTE MOTION
Motion made by Councilmember Sandoval to adopt an ordinance approving the land Disposition and Development Agreement (DA 2025-001) between the City of Salinas ("City") and Taylor Fresh Foods, Inc. ("Developer") related to City parking lots 8 and 12; an require the developer to build affordable housing rental units. Motion died due to lack of second.

Upon motion by Mayor Donohue, seconded by Councilmember D'Arrigo, Ordinance o adopt an ordinance approving a Land Disposition and Development Agreement (DA 2025-001) between the City of Salinas ("City") and Taylor Fresh Foods, Inc. ("Developer") related to City parking lots 8 and 12 was introduced. The motion carried by the following vote:

Ayes: 6 - Councilmember Barajas, Councilmember Barrera, Councilmember D'Arrigo, Councilmember De La Rosa, Councilmember Salazar and Mayor Donohue

Noes: 1 - Councilmember Sandoval

CONSIDERATION

ID#25-504 **Resolution of Intention to Disestablish the Salinas United Business Association Business Improvement Area**

Councilmember Barajas announced recusal from this item due to conflict of interest as his employer Monterey County Business Council has an existing contract with Salinas United Business Association and left the meeting at 8:24 p.m.

Received report from Community Development Director Lisa Brinton regarding the Salinas United Business Association (SUBA) Board of Director's meeting held on September 29, 2025 where the Board voted to recommend that the City Council dissolve the SUBA Business Improvement Area (BIA) due to low collection rates rendering BIA operation financially infeasible. Under California Streets and Highway Code, (SHC) § 36550 et seq. the City Council may disestablish the BIA by adopting an ordinance after holding a public hearing on the disestablishment. The Council must adopt a Resolution of Intention (ROI) stating the reason for disestablishment, specifying the time and place of the public hearing, and including a proposal to dispose of any assets acquired with the revenues of the assessments levied within the BIA. Report filed with the City Clerk as the official record.

The following members of the public commented on the report:
Jose Guerra

Upon motion by Councilmember De La Rosa, seconded by Mayor Donohue, Resolution of Intention disestablish the Salinas United Business Association Business Improvement Area, and to schedule a public hearing to be held on December 9, 2025, at 4:00PM to consider the adoption of an ordinance disestablishing the SUBA Business Improvement Area and repealing the Salinas City Municipal Code Chapter 21B Article V was approved. The motion carried by the following vote:

Ayes: 6 - Councilmember Barrera, Councilmember D'Arrigo, Councilmember De La Rosa, Councilmember Salazar, Councilmember Sandoval and Mayor Donohue

Recused: 1 - Councilmember Barajas

Enactment No: ROI 661

ID#25-517 **Human Trafficking and Prostitution Response; Appropriation Request to Purchase and Install Lighting and Cameras at Identified Locations**

Received report from Community Development Director Lisa Brinton regarding the concerns of the residents of Las Casas de Madera and the surrounding neighborhood regarding prostitution occurring in the area and the impact it has on safety, and quality of life. In response, a cross-department coordination team made up of representatives from Police, Public Works, Community Development, Library & Community Services, and the City Attorney's office was established to identify a multi-pronged strategy to address neighborhood concerns. Identified strategies including installation of cameras and additional lighting, permit and parking restrictions, and evaluation of the correlation

between food truck and human trafficking and prostitution activities were presented to the City Council on May 27, 2025, and to neighborhood residents at a community meeting on September 16, 2025. This report outlined community feedback received on the identified strategies and staff recommendations for implementation. Report filed with the City Clerk as the official record.

The following members of the public commented on the report:
Jose Guerra
Michelle Pimentel

Upon motion by Councilmember De La Rosa, seconded by Councilmember Sandoval, Resolution authorizing an appropriation in the amount of $620,000 of Community Development Block Grant Funds to purchase and install lighting and cameras at identified locations in the Alisal neighborhood bounded by Roosevelt Street, Kings Street, and North Madeira Avenue between East Alisal and East Market Streets was approved. The motion carried by the following vote:

Ayes: 7 - Councilmember Barajas, Councilmember Barrera, Councilmember D'Arrigo, Councilmember De La Rosa, Councilmember Salazar, Councilmember Sandoval and Mayor Donohue

Enactment No: RES 23363

CONSENT AGENDA

ID#25-474 **Acceptance of the Accessibility Improvements for the Closter Park Recreation Center, CIP No. 9451**

Upon motion by Councilmember Barrera, seconded by Councilmember De La Rosa, Resolution accepting the Accessibility Improvements for the Closter Park Recreation Center, CIP No. 9451, for maintenance and responsibility was approved. The motion carried by the following vote:

Ayes: 7 - Councilmember Barajas, Councilmember Barrera, Councilmember D'Arrigo, Councilmember De La Rosa, Councilmember Salazar, Councilmember Sandoval and Mayor Donohue

Enactment No: RES 23360

ID#25-477 **Memorandum of Understanding between the County of Monterey, Coalition of Homeless Service Providers and the City of Salinas to Support an Encampment Resolution Funding Round 5 (ERF-5R) Application for Development of a Low Barrier Navigation Center (El Rey Motel), and Budget Appropriation**

Upon motion by Councilmember Barrera, seconded by Councilmember De La Rosa, Resolution authorizing the Mayor to execute a four-year Memorandum of Understanding (MOU) among the City of Salinas, County of Monterey and Coalition of Homeless Services Providers (CHSP) for the purpose of collaborating on the California Department of Housing and Community Development (HCD) Encampment Resolution Funding Round 5 (ERF-5R) application and development and implementation of a low-barrier navigation center for individuals experiencing homelessness at 443 W. Market Street, commonly known as "El Rey Motel"; authorizing the City Manager to execute agreements identified in the MOU and future amendments to the MOU, where amendments do not

significantly alter the purposes; and authorizing the appropriation of up to Two Million Five Hundred Thousand ($2,500,000) in ERF-5R grant revenue and corresponding expenditures in the Community Development Department budget contingent upon award of funding by the State of California was approved. The motion carried by the following vote:

Ayes: 7 - Councilmember Barajas, Councilmember Barrera, Councilmember D'Arrigo, Councilmember De La Rosa, Councilmember Salazar, Councilmember Sandoval and Mayor Donohue

Enactment No: RES 23361

ID#25-490 **Letter of Support for CHISPA's Application for Disaster Recovery Funding (CDBG-DR)**

Upon motion by Councilmember Barrera, seconded by Councilmember De La Rosa, Resolution authorizing the Mayor to execute a letter of support for Community Housing Improvement Systems and Planning Association, Inc. (CHISPA) to apply for the California Housing and Community Development Department (HCD) - Community Development Block Grant Disaster Recovery (CDBG-DR) funding was approved. The motion carried by the following vote:

Ayes: 7 - Councilmember Barajas, Councilmember Barrera, Councilmember D'Arrigo, Councilmember De La Rosa, Councilmember Salazar, Councilmember Sandoval and Mayor Donohue

Enactment No: RES 23362

ID#25-501 **Additional Microsoft Office 365 Government Licensing**

Upon motion by Councilmember Barrera, seconded by Councilmember De La Rosa, Resolution authorizing the City Manager and Purchasing Agent to increase the total compensation for Dell, LP. to purchase additional Microsoft Office 365 Government software licenses by $50,000.00 for a total amount not to exceed $339,476.60 from September 1, 2025 through August 31, 2026 was approved. The motion carried by the following vote:

Ayes: 7 - Councilmember Barajas, Councilmember Barrera, Councilmember D'Arrigo, Councilmember De La Rosa, Councilmember Salazar, Councilmember Sandoval and Mayor Donohue

Enactment No: RES 23363

COUNCILMEMBERS' REPORTS, APPOINTMENTS AND FUTURE AGENDA ITEMS

ADJOURNMENT

Meeting adjourned at 9:45 p.m.

File #: ID#25-519, Version: 1

Fifth and Sixth Renewal with Avolve Software, Inc. for ProjectDox ePLAN

Approve a Resolution authorizing the City Manager to execute fifth and sixth renewals with Avolve Software, Inc. for the ProjectDox ePlan software subscription and increase the amount by $162,101 for a total not to exceed $569,468.

CITY OF SALINAS
COUNCIL STAFF REPORT

DATE: **DECEMBER 2, 2025**

DEPARTMENT: **COMMUNITY DEVELOPMENT**

FROM: **LISA BRINTON, DIRECTOR**

BY: **ANGELINE ANZINI, CHIEF BUILDING OFFICIAL**
ODED ZALMANOVITCH, MANAGEMENT ANALYST

TITLE: **FIFTH AND SIXTH RENEWAL WITH AVOLVE SOFTWARE, INC. FOR PROJECTDOX EPLAN**

RECOMMENDED MOTION:

A motion to approve a Resolution authorizing the City Manager to execute fifth and sixth renewals with Avolve Software, Inc. for the ProjectDox ePlan software subscription and increase the amount by $162,101 for a total not to exceed $569,468.

EXECUTIVE SUMMARY:

On June 22, 2021, the City of Salinas entered into a Services Agreement with Avolve Software Inc., the developer of OAS and ProjectDox software (Resolution No. 22140 (N.C.S.). OAS and ProjectDox are utilized to provide residents, design professionals, and developers the ability to submit their permit applications for review and approval electronically. Electronic plan review provides greater efficiency by streamlining processes and creating a digital one-stop review of building permit applications. The renewal cost for Year Five is $52,974, and covers services from December 12, 2025, to June 30, 2026, and the renewal cost for Year Six is $109,126 and covers services from July 1, 2026, to June 30, 2027, for a revised not-to-exceed contract amount of $162,101 for these renewal periods. The total contract not-to-exceed amount since June 22, 2021, would be increased to $569,468.

BACKGROUND:

Under State Assembly Bill 2234, a public agency must require permits to be applied for, completed, and stored through a process on its internet website. Jurisdictions with a 2020 census population greater than 75,000 were to comply no later than January 1, 2024. To fulfill this mandate, on June 22, 2021, the City entered into a Services Agreement with Avolve Software Inc., the developer of OAS and ProjectDox software.

For calendar years 2023, 2024 and 2025, Council approved Resolution Nos. 22569 (N.C.S.), 22844 (N.C.S.) and 23179 (N.C.S.) authorizing the annual Services Agreement renewal with Avolve for Years Two, Three and Four, for a not to exceed compensation amount of $101,160 per year. The Community Development Department has decided to align the Avolve Software Inc. renewal subscription with the contract schedule of our other permit services software, TRAKiT by CentralSquare, to improve efficiency and streamline subscription tracking. This alignment will simplify budget planning and ensure consistent oversight of all permit-related software subscriptions. Coordinating renewal schedules will also reduce administrative workload and minimize the risk of missed or overlapping renewals.

Avolve OAS/Project Dox Benefits
Avolve's OAS system enables design professionals and architects to upload electronic plans for review. Once uploaded, City staff track, review and process plan checks electronically via ProjectDox, and facilitates management of permit application and review processes. In addition to reviewing plans, ProjectDox serves as a digital repository for approved plans to be maintained and used by City staff in the future. Avolve software is integrated with our current permitting software, TRAKiT.

Project Dox allows applicants to submit their application when it is convenient for them. The software performs automated tasks and gives the applicant immediate feedback about missing information on forms, address validation, contractor license validation, the ability to pay fees and more. This eliminates the need to deliver applications and materials at the counter, simplifies file sharing, and cuts down staff time for data entry. The software also complements the Permit Center's one-stop-shop concept to create a virtual multi-departmental permitting center.

The software guides the applicant through each step of their participation in the review process with videos, in addition to written instruction. ProjectDox allows for better tracking across review cycles by providing reviewer mark-up tools, prioritizing task assignments, automating version tracking, and processing data analytics. In addition, digital signatures can be maintained in the system during virtual meetings where plans are redlined for approval.

CEQA CONSIDERATION:

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

CALIFORNIA GOVERNMENT CODE §84308 APPLIES:

No.

STRATEGIC PLAN INITIATIVE:

Renewal of Avolve Software's OAS and ProjectDox furthers the City Council's 2025-2028 Strategic Plan Economic Development objective of streamlining the entitlement and permitting of residential developments by implementing efficient workflows and ensuring timely reviews by maintaining an efficient, paperless permitting and plan review system that supports economic development and housing through faster project approvals. The platform also enhances infrastructure coordination and improves city service delivery by streamlining workflows and increasing transparency. Continued use of the software ensures compliance with public safety standards and supports a more accessible, responsive process that benefits youth, seniors, and the entire community.

DEPARTMENTAL COORDINATION:

The Community Development, Public Works, and Fire Departments utilize ProjectDox for building permit plan review. Information Technology Division supports ProjectDox and Trakit database integration.

FISCAL AND SUSTAINABILITY IMPACT:

The funding source for the 2021 Service Agreement and subsequent renewals is Capital Improvement Program 9093, Permit Systems and Technology Upgrade, which is funded by a 5% technology fee collected with building permit fees. Yearly renewals are included in the preparation of the annual CIP 9093 budget. The table below demonstrates that there are sufficient funds to cover renewals for Years Five and Six.

Fund	General Ledger Number (Operating/CIP)	General Ledger Account Name	Remaining Budget Appropriation	Amount Requested
6900	30.9093-66.5800	Computer Software	$259,683	$162,101

ATTACHMENTS:

1. Resolution Authorizing Years Five and Six ePlan Renewal
2. Executed Avolve Service Agreement
3. Year Five Consultant Quote and Statement of Work (October 28, 2025)
4. Year Six Consultant Quote and Statement of Work (October 31, 2025)

RESOLUTION NO. (N.C.S.)

A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE YEAR FIVE AND YEAR SIX PROJECTDOX EPLAN RENEWAL WITH AVOLVE SOFTWARE, INC. FOR AN AMOUNT NOT TO EXCEED $162,101

WHEREAS, on June 22, 2021, the City of Salinas entered into a Services Agreement with Avolve Software Inc., the developer of OAS and ProjectDox software (Resolution No. 22140 (N.C.S.)) to manage the development and implementation of electronic application and plan review software; and

WHEREAS, under State Assembly Bill 2234, a public agency must require permits to be applied for, completed, and stored through a process on its internet website no later than January 1, 2024; and

WHEREAS, electronic plan review provides greater efficiency by streamlining processes and creating a digital one-stop review of building permit applications; and

WHEREAS, the Services Agreement included nine milestones for each phase of program development and launch, and subsequent years of renewal for services; and

WHEREAS, for calendar years 2023, 2024 and 2025, Council approved Resolution Nos. 22569 (N.C.S.), 22844 (N.C.S.) and 23179 (N.C.S.) authorizing the annual Services Agreement renewal with Avolve for Years Two, Three and Four, for a not to exceed compensation amount of $101,160 per year; and

WHEREAS, the City desires to execute a Year Five and Year Six ProjectDox ePlan Renewal Agreement with Avolve Software, Inc. to continue services; and

WHEREAS, the Community Development Department has decided to align the Avolve Software Inc. renewal subscription with the contract schedule of our other permit services software, TRAKiT by CentralSquare, to improve efficiency, streamline subscription tracking, simplify budget planning and ensure consistent oversight of all permit-related software subscriptions to reduce administrative workload and minimize the risk of missed or overlapping renewals; and

WHEREAS, the renewal cost for Year Five is $52,974, and covers services from December 12, 2025, to June 30, 2026, and the renewal cost for Year Six is $109,126 and covers services from July 1, 2026, to June 30, 2027, for a revised not-to-exceed contract amount of $162,101 for these renewal periods.; and.

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

NOW, THEREFORE, BE IT RESOLVED, the Salinas City Council authorizes the City Manager to execute fifth and sixth renewals with Avolve Software, Inc. for the ProjectDox ePlan software subscription and increase the amount by $162,101 for a total not to exceed $569,468.
; and

BE IT FURTHER RESOLVED, the funding source for this renewal is the City's 2025-

26 Capital Improvement Program 9093; Permit Systems & Technology Upgrade; and

BE IT FURTHER RESOLVED that the City Manager or designee is authorized to take whatever additional action may be necessary to effectuate the intent of this resolution.

PASSED AND APPROVED this 2nd day of December 2025, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

_____
Dennis Donohue, Mayor

ATTEST:

_____
Patricia Barajas, City Clerk

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AVOLVE SOFTWARE CORPORATION
Software as a Services Agreement

This agreement ("Agreement") is made this June 22, 2021 ("Effective Date") by and between Avolve Software Corporation, a Delaware corporation with offices at 4835 E. Cactus Road, Suite 420, Scottsdale, Arizona 85254, United States of America, ("Avolve" or "Services Provider") and City of Salinas ("Customer").

WHEREAS Avolve offers remotely hosted subscription, software-as-a-service access (on hardware owned or operated on behalf of Avolve by a third party hosting service provider such as Microsoft Corporation) to Avolve's software (collectively, such hosted electronic plan review and project information management, collaboration and review system, including all software applications, application program interfaces, modules, databases, hardware, infrastructure, documentation and system administration, management and monitoring activities that Avolve provides for the software shall be referred to herein as the "Avolve SAAS Solution");

WHEREAS Avolve provides professional services ("Professional Services") to assist customers with among other things, implementation of the Avolve SAAS Solution and training;

WHEREAS the Customer desires to purchase use rights for the Avolve SAAS Solution and related Professional Services (the "Initial Purchase") from Avolve and, pay for such purchases either directly or pursuant to an agreement between the Customer and a third party financing source reasonably acceptable to Avolve (the "Financing Company"); and

WHEREAS Avolve and Customer now desire to provide the terms and conditions under which Avolve will provide the Initial Purchase to Customer, as well provide the terms and conditions for the Customer to purchase other Professional Services from Avolve, with or without the assistance of Financing Company or another paying agent;

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and promises set forth herein, Avolve and Customer agree as follows.

SECTION A. – AVOLVE SAAS SOLUTION

1. Avolve SAAS Solution.

   a. Use Rights. Subject to Customer's compliance with all the terms and conditions of this Agreement, Avolve grants to Customer a non-exclusive, non-transferable, non-sublicensable right during the subscription term ("Subscription Term") identified in the Implementation SOW (attached hereto as Exhibit 2) to permit Users to use the Avolve SAAS Solution identified in the Implementation SOW for Customer's internal business operations, solely for the specific Business Unit(s) as further set forth in the Implementation SOW. Should Customer desire to reorganize any such Business Unit, it shall provide Avolve written notice as soon as possible following the determination of reorganization, so that Avolve may review the planned reorganization to determine if it is consistent with the Business Unit limitation in this use rights grant and, if not, what additional fees will be required due to Customer's reorganization to include additional Business Units. As used in this Agreement, "User" means authorized Customer employees and third parties that require access to the Avolve SAAS Solution in connection with the Customer's internal business operations, such as the Customer's administrators, contractors, reviewers, and applicants. There may be different types/levels of Users for the Avolve SAAS Solution, such as administrator Users, if so identified in the Implementation SOW.

   b. Storage. The Avolve SAAS Solution will include for the initial Subscription Term the amount of storage set forth in the Implementation SOW. Customer acknowledges that should Customer exceed the included storage limits after Avolve has sent notice to Customer in accordance with Avolve's then-current standard storage limits and data backup practices (available upon request), additional charges will be incurred by Customer. Avolve shall invoice Customer for any such additional incurred charges, and Customer shall pay such invoices, in accordance with Section C of this Agreement. Avolve may, in

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its sole discretion, modify the amount of standard storage included at no additional charge with the Avolve SAAS Solution, with such modification to become effective upon the effective date of any renewal term provided that Avolve provides Customer written notice of such modification at least ninety days in advance of the expiration of the then-current Subscription Term.

c. Restrictions on Use. Customer will not, and will ensure that its Users do not: (i) except as expressly stated herein, copy, reproduce, distribute, republish, download, display, host or transmit in any form or by any means, including but not limited to electronic, mechanical, photocopying, recording, or other means, any part of Avolve SAAS Solution or any other Avolve materials; (ii) use the Avolve SAAS Solution or any other Avolve materials to provide services to third parties (e.g., business process outsourcing, service bureau applications or third party training); (ii) assign, sublicense, sell, lease, loan, resell, sublicense or otherwise distribute or transfer or convey the Avolve SAAS Solution or any other Avolve materials, or pledge as security or otherwise encumber Customer's rights under this Agreement; (iii) make any use of or perform any acts with respect to the Avolve SAAS Solution or any other Avolve materials other than as expressly permitted in accordance with the terms of this Agreement; or (iv) use the Avolve SAAS Solution components other than those specifically identified in the Implementation SOW and then only as part of Avolve SAAS Solution as a whole, even if it is also technically possible for Customer to access other Avolve SAAS Solution components; or (v) modify, further develop or create any derivative works of, disassemble, decompile, reverse engineer or otherwise attempt to obtain or perceive the source code from which any part of Avolve SAAS Solution is compiled or interpreted, or access or use Avolve SAAS Solution in order to build a similar or competitive product or service; (vi) allow use of the Avolve SAAS Solution or any other Avolve materials by anyone other than authorized Users; (vii) publish any results of benchmark tests run on Avolve SAAS Solution; (viii) unless otherwise expressly authorized in writing by Avolve, use the Avolve SAAS Solution in connection with any software product or tools, or any other software as a service not provided by Avolve; and (ix) input, upload, transmit or otherwise provide to or through Avolve SAAS Solution or any systems used by Avolve anything that is unlawful, injurious, or contains, transmits or activates any harmful code. Customer acknowledges that nothing herein will be construed to grant Customer any right to obtain or use the source code from which Avolve SAAS Solution is delivered. Customer shall not tamper with or attempt to disable any security device or protection used by Avolve SAAS Solution or any other Avolve materials, nor shall Customer damage, destroy, disrupt or otherwise impede or harm in any manner the Avolve SAAS Solution or any systems used by Avolve. Customer agrees to take all commercially reasonable steps to ensure that Users abide by the terms of this Agreement and expressly agrees to indemnify Avolve, its officers, employees, agents and subcontractors from and against all claims, liabilities, losses, damages and costs (including reasonable attorney fees) suffered by Avolve arising from a breach by the User of the conditions of this Agreement.

d. High-Risk Activities. The Avolve SAAS Solution is not fault-tolerant and is not designed, manufactured, or intended for use or resale as online control equipment in hazardous environments requiring fail-safe performance, such as in the operation of nuclear facilities, aircraft navigation or communication systems, air traffic control, direct life support machines or weapons systems, in which the failure of the Avolve SAAS Solution or derived binaries could lead directly to death, personal injury, or severe physical or environmental damage. The Avolve SAAS Solution is also not designed or intended for use with Federal Tax Information (FTI) as defined in the Internal Revenue Service Publication 1075 (IRS 1075) or criminal justice information ("CJI"), such as fingerprint records and criminal histories. Customer shall not use the Avolve SAAS Solution for any of these high-risk activities, including without limitation transmitting, storing or otherwise processing any FTI or CJI with the Avolve SAAS Solution.

e. Project Administrator. Customer agrees, if not already designed in the Implementation SOW, to promptly designate in writing one person to be the Customer's point person responsible for all communications with Avolve (the Customer's "Project Administrator"). The Project Administrator is responsible for project administration duties as documented in the Avolve systems guides, statements

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of work, and documentation (collectively, the "Documentation"), as provided for time to time by Avolve to Customer.

f. Customer Connection. During the Term, the Customer is responsible for obtaining and maintaining connection to the Avolve SAAS Solution, including the Internet connection. Avolve shall not be responsible for any inadequacy or lack of functionality of Customer's connection to the Avolve SAAS Solution or the inability of the Customer's computer, telecommunications provider, or other equipment and capabilities to access or use the Avolve SAAS Solution.

g. Third Party Service Providers and Components. Notwithstanding anything to the contrary in this Agreement or any other documents between Avolve and Customer, Customer acknowledges and agrees as follows.

1. The Avolve SAAS Solution and its component parts are protected by copyright and other propriety rights of Avolve and one or more third party software vendors (including Oracle and Open Text Corporation ("OTC") (all such third party vendors, including without limitation Oracle and OTC, shall be referred to herein as "third party vendors" or "third party software vendors"). Customer may be held directly responsible by such third party vendors for acts relating to the Avolve SAAS Solution component parts that are not authorized by this Agreement. Customer's use of such third party software is limited to only in conjunction with Avolve SAAS Solution and Customer acknowledges that it is not allowed to modify such third party software or use it independent from Avolve SAAS Solution. TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE CUSTOMER WAIVES, AND WILL CAUSE ITS USERS TO WAIVE, ALL CLAIMS AND CAUSES OF ACTION AGAINST SUCH THIRD PARTY SOFTWARE VENDORS THAT ARISE UNDER THIS AGREEMENT.

2. If Customer purchases from Avolve hosting of the Avolve SAAS Solution on the Microsoft® Windows Azure™ platform, the terms and conditions for such cloud services as such may be updated by Microsoft Corporation from time to time, are found online on at https://www.microsoft.com/licensing/docs/customeragreement. Customer should review the documents available on this website carefully to be sure that Customer reviews the appropriate customer agreement. If Customer has purchased Microsoft Cloud for US Government, review the customer agreement for Microsoft Cloud for US Government. If Customer is purchasing commercial access, the customer agreement for commercial access for the United States applies. Upon Customer's request, Avolve will provide Customer with assistance on finding and/or a copy of the appropriate Microsoft customer agreement. Customer acknowledges and agrees THAT (A) THE HOSTED SERVICES WILL BE PERFORMED SOLELY AND EXCLUSIVELY SUBJECT TO THE APPLICABLE MICROSOFT CORPORATION'S CUSTOMER AGREEMENT (the "Microsoft Customer Agreement) , (B) THAT AVOLVE DOES NOT GUARANTY MICROSOFT CORPORATION'S OBLIGATIONS PURSUANT TO THE MICROSOFT CUSTOMER AGREEMENT, AND (C) NOR CAN AVOLVE GRANT ANY WARRANTIES OR ADDITIONAL TERMS TO THE CUSTOMER AS TO THE HOSTED SERVICES UNDER THIS AGREEMENT. THE HOSTED SERVICES ARE SOLELY GOVERNED BY THE MICROSOFT CUSTOMER AGREEMENT, TO WHICH AVOVLE IS NOT A PARTY. Microsoft Corporation makes certain service level commitments to its customers, which are available online in the Microsoft Corporation's SLAs at https://azure.microsoft.com/en-us/support/legal/sla/summary/. If Customer desires to make a claim under the Microsoft Corporation SLAs, Customer shall submit the claim through Avolve. Avolve will escalate the claim to Microsoft Corporation for review. If Microsoft Corporation determines that a credit is due, Avolve will credit

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Customer the amount Microsoft Corporation has paid to Avolve for the SLA credit promptly after receiving the credit from Microsoft Corporation.

h. Compatibility Updates. Avolve will make commercially reasonable efforts to update the Avolve SAAS Solution, if and as required, to cause it to operate under new versions or releases of current operating systems and internet browsers, within fifteen (15) months of general availability.

i. Passwords, Access. Customer may designate and add Users and shall provide and assign unique passwords and user names to each authorized User pursuant to Avolve's then-current protocols. At Avolve's discretion, Users may be added either by Avolve or directly by Customer. Customer shall ensure that multiple Users do not share a password or user name. Customer further acknowledges and agrees that it is prohibited from sharing passwords and/or user names with unauthorized users. Customer will be responsible for the confidentiality and use of its Users passwords and user names. Avolve will act as though any electronic communications it receives under such passwords, user names, and/or account numbers have been sent by Customer. Customer agrees to immediately notify Avolve if it becomes aware of any loss or theft or unauthorized use of any of passwords, user names, and/or account numbers. Customer agrees not to access Avolve Cloud by any means other than through the interfaces that are provided by Avolve.

j. Transmission Of Data. Customer understands that the technical processing and transmission of Customer Data is necessary to use of the Avolve SAAS Solution, and consent to Avolve's interception and storage of Customer Data. Customer understands that its Users or Avolve may be transmitting Customer Data over the Internet, and over various networks, only part of which may be owned by Avolve. Avolve is not responsible for any portions of Customer Data that are lost, altered, intercepted or stored without authorization during the transmission of Customer Data across networks not owned by Avolve.

k. Customer Responsibilities. Customer will (a) be responsible for Users' compliance with this Agreement, (b) be responsible for the accuracy, quality and legality of Customer Data and the means by which it acquired Customer Data, (c) be responsible for cooperating and assisting Avolve as reasonably requested by Avolve to facilitate performance of its obligations and exercising of its rights under this Agreement, (d) use the Avolve SAAS Solution and any other materials provided by Avolve only in accordance with the Documentation and applicable laws and government regulations, including complying with all applicable legal requirements regarding privacy and data protection so as to not violate the intellectual property, privacy or any other rights of any third parties, and (e) use commercially reasonable efforts to prevent any security breach, including any unauthorized access to or use of the Avolve SAAS Solution. Should Customer become aware of any actual or threated security breach, Customer shall promptly notify Avolve and take all reasonable and lawful measures within its control that are necessary to stop the activity or threatened activity and to mitigate its effects (including, where applicable, by discontinuing and preventing any unauthorized access to the Avolve SAAS Solution). Customer shall provide sufficient notice to, and obtain sufficient consent from, its Users and any other party providing personal data to Avolve and its suppliers (including the Microsoft Corporation) to permit the processing of data by Avolve and its supplier, and their respective affiliates, subsidiaries, and service providers solely to the extent such processing of data is expressly allowed for under this Agreement, including for the purpose of disclosing it to law enforcement or other governmental authorities as directed by Avolve solely to the extent Avolve is required to do so by law, or otherwise mutually agreed to in writing by the parties.

l. Data Backup. The Avolve SAAS Solution is programmed to perform data backups of Customer Data stored within the Avolve SAAS Solution in accordance with Avolve's then-current standard storage limits and data backup practices (available upon request). Additional data backups may be purchased for an additional fee from Avolve and such additional data backup services shall be documented in an SOW pursuant to Section B of this Agreement. In the event of any loss, destruction, damage or

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corruption of Customer Data caused by Avolve or the Avolve SAAS Solution, Avolve, as its sole obligation and liability and as Customer's sole remedy, will use commercially reasonable efforts to restore Customer Data from Avolve's most current backup of Customer Data.

m. Ownership. Customer acknowledges and agrees that Avolve owns all right, title, and interest in and to all intellectual property rights (including all derivatives or improvements thereof) in the Avolve SAAS Solution and any suggestions, enhancements requests, feedback, recommendations or other information provided by Customer or any of its Users related to the Avolve SAAS Solution. Customer's use rights to the Avolve SAAS Solution and the related materials supplied by Avolve pursuant to this Agreement are strictly limited to the right to use the proprietary rights in accordance with the terms of this Agreement. No right of ownership, expressed or implied, is granted under this Agreement.

2. Security. The security, privacy and data protection commitments set forth in this Agreement only apply to products and services provided by Avolve directly to Customer and do not include any products or services resold by Avolve hereunder, including any hosting services provided by Microsoft Corporation pursuant to the Customer's Microsoft Customer Agreement.

a. Security Program. Avolve has implemented and maintains an information security program that incorporates administrative, technical, and physical safeguards designed to protect the security, confidentiality, and integrity of the Customer Data provided by Customer and its Users to Avolve in accordance with this Agreement.

b. Annual Audit. Avolve will use commercially reasonable efforts to conduct an annual security audit of Avolve using an independent third party selected by Avolve. Upon the Customer's written request, a copy of the final report from any such audit shall be promptly provided the Customer. The Customer agrees that any such reports or other information provided to Customer concerning any audit shall be the Confidential Information of Avolve.

c. Security Breach. Avolve will notify Customer promptly and in no event later than one (1) business day following Avolve's discovery of a Data Security Breach (defined below) and shall (i) undertake a reasonable investigation of the reasons for and the circumstances surrounding such Data Security Breach and (ii) reasonably cooperate with Customer in connection with such investigation, including by providing Customer with an initial summary of the results of Avolve's investigation as soon as possible, but in all cases within two (2) business days after the date Avolve discovered or reasonably suspected a Data Security Breach, and then regular updates on the investigation as it progresses; (iii) not make any public announcements relating to such Data Security Breach without Customer's prior written approval, which shall not be unreasonably withheld; (iv) use commercially reasonable efforts to take all necessary and appropriate corrective action reasonably possible on Avolve's part designed to prevent a recurrence of such Data Security Breach; (v) collect and preserve evidence concerning the discovery, cause, vulnerability, remedial actions and impact related to such Data Security Breach, which shall meet reasonable expectations of forensic admissibility; and (vi) at Avolve's cost and only if required by law when the Data Security Breach is due directly and solely due to Avolve's breach of this Agreement, provide notice to individuals or entities whose Confidential Information was or may have been affected in a manner and format specified by Customer. In the event of any Data Security Breach is caused by Avolve, Customer shall have, in addition to all other rights and remedies available under this Agreement, law and equity, the right to terminate the Agreement upon thirty (30) days prior written notice. For purposes of this Agreement, the term "Data Security Breach" shall mean any of the following occurring in connection with Customer Data in connection with Customer's and its Users' authorized use of the Avolve SAAS Solution: (a) the loss or misuse of Customer Data; and (b) disclosure to, or acquisition, access or use by, any person not authorized to receive Customer Data, other than in circumstances in which the disclosure, acquisition, access or use is made in good faith and within the course and scope of the employment with Avolve or other professional relationship with Avolve and does not result in any further unauthorized disclosure, acquisition, access or use of Customer Data.

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d. Signatures. The parties shall use electronic signatures for all agreements unless otherwise prohibited by law. Prior to any public disclosure of any document containing a signature, the signature shall be redacted by the disclosing party in a manner which renders it illegible and unable to be copied.

3. Suspension Right. Avolve reserves the right to include disabling devices in the service and software provided under this Agreement and to use such disabling devices to suspend access and/or use when any payment is overdue or when Avolve believes that Users are using the Avolve SAAS Solution and/or any other materials or services provided by Avolve hereunder not in accordance with the Documentation, this Agreement and/or applicable laws and government regulations. In addition, if Customer is using Microsoft Corporation for hosting services, Microsoft Corporation may terminate or suspend Customer's hosting services in accordance with the Customer's Microsoft Customer Agreement and, should this happen, Customer will not be able to access the Avolve SAAS Solution. Customer agrees that Avolve shall not be liable to Customer, Users or to any third party for any suspension or inability to access the Avolve SAAS Solution pursuant to this Section A(3). If suspended for failure to pay, upon payment in full of all amounts overdue (including any interest owed), Customer may request the reactivation of its account. Avolve shall reactivate promptly after receiving in advance all applicable reactivation fees, provided that Avolve has not already terminated this Agreement.

4. Ownership and Disposition of Customer Owned Data, Hosting Location. "Customer Data" refers to the data provided by the Customer that resides in the Customer's Avolve SAAS Solution environment, including any plan review, project drawings and associated project documents. Customer shall own all Customer Data that may reside within Contractor's hosting environment, to include Disaster recovery site, equipment and media. Contractor is granted no rights hereunder to use the Customer Data except to the extent necessary to fulfill its obligations to Customer under this Agreement. Unless approved in writing by Customer, Avolve shall host the Avolve SAAS Solution provided to Customer hereunder from a data center located within the United States. Upon termination or expiration of Customer's right to use the Avolve SAAS Solution for any reason other than Customer's uncured material breach, for the first thirty (30) calendar days following termination or expiration, Customer may request in writing that Avolve provide an copy of Customer's then-current Customer Data and, for no additional cost, Avolve shall provide a copy in a mutually agreed upon format on media supplied by the Customer. If the parties are unable to mutually agree upon the format or the media supplied by Customer is not acceptable to Avolve, Avolve will use commercially reasonable efforts to still provide a copy of the Customer Data but Avolve may charge a reasonable professional services fee for increased costs incurred. After this time period has expired, Avolve has no further obligation to retain the Customer Data and shall use commercially reasonable efforts to promptly delete all Customer Data from the Avolve SAAS Solution.

5. Verification. Avolve shall be permitted to audit (at least once annually and in accordance with Avolve standard procedures, which may include on-site and/or remote audit) the usage of the Avolve SAAS Solution and any other materials provided by Avolve to Customer. Customer shall cooperate reasonably in the conduct of such audits. In the event an audit reveals that (i) Customer underpaid fees to Avolve and/or (ii) that Customer has used in excess of the use rights granted herein, Customer shall pay such underpaid fees for such excess usage. Reasonable costs of Avolve's audit shall be paid by Customer if the audit results indicate usage in excess of the authorized quantities or levels. Avolve reserves all rights at law and equity with respect to both Customer's underpayment of fees and usage in excess of the authorized quantities or levels.

SECTION B. – PROFESSIONAL SERVICES AND SOWS

1. Statements of Work. From time-to-time during the Term of this Agreement, the parties may enter into statements-of-work (each being an "SOW") for Avolve SAAS Solution use rights (including additional storage) and/or Professional Services on terms mutually agreed in writing between the parties in the SOW, including, without limitation, scope of services, expected deliverables, milestone dates, acceptance procedures and criteria, fees and other such matters. No SOW shall be binding until executed by both parties. Each SOW will be incorporated into and subject to this Agreement. In the case of any conflict between the SOW and this Agreement, this Agreement shall control unless the SOW specifically states otherwise.

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SECTION C. – GENERAL TERMS AND CONDITIONS

1. **Fees.**

   a. Implementation SOW and Additional Storage Fees. The Implementation SOW includes the Avolve SAAS Solution subscription fees, as well as the training and implementation professional services; which, unless set forth otherwise in the Implementation SOW, shall be invoiced by Avolve in full, in advance on the Effective Date. Additional storage fees shall be as set forth in the then-current standard storage limits and data backup practices document, a copy of which is available from Avolve upon request. Additional storage fees will be invoiced in accordance with the then-current standard storage limits and data backup practices document.

   b. Other SOWs. Any SOWs that Avolve and the Customer may execute from time to time during the Term of this Agreement shall include within them the applicable fees, including whether the Avolve SAAS Solution subscription fees and/or Professional Services fees are being paid by Customer through Financing Company, by Customer through another paying agent, or by Customer directly to Avolve. Unless otherwise specified in the SOW, Professional Services fees will be invoiced as the Professional Services are delivered and Avolve SAAS Solution subscription fees will be invoiced yearly, in advance, in full at the time the SOW is executed.

   c. General Terms. Unless set forth otherwise in an SOW, payment on all invoiced amounts shall be due thirty (30) days from receipt of invoice, with past due amounts accruing interest at the rate of the lesser of either 18% per annum or the maximum amount as allowed by law.

   Avolve will invoice for the Avolve SAAS Solution subscription fees yearly, in advance, with the first invoice being issued on the Effective Date of this Agreement. The Customer agrees to pay all invoiced subscription fees net thirty (30) days from receipt of invoice, with past due amounts accruing interest at the rate of the lesser of either 18% per annum or the maximum amount as allowed by law. All fees are due in advance, irrevocable and non-refundable (except as expressly set forth otherwise in this Agreement). Customer agrees to provide Avolve with complete and accurate billing and contact information.

2. Taxes. Fees and other charges described in this Agreement do not include federal, state or local sales, foreign withholding, use, property, excise, service, or similar transaction taxes ("Tax(es)") now or hereafter levied, all of which shall be for Customer's account. Any applicable direct pay permits or valid tax-exempt certificates must be provided to Avolve prior to the execution of this Agreement. If Avolve is required to pay Taxes, Customer shall reimburse Avolve for such amounts.

3. Term. Except if terminated earlier in accordance with this Section C(3), this Agreement shall commence on the Effective Date and shall continue for the longer of either (a) the expiration of the Subscription Term for the Avolve SAAS Solution or (b) the completion of all Professional Services under all SOWs. Except as otherwise provided in any SOW, UPON THE EXPIRATION OF THE INITIAL TERM, THE SUBSCRIPTION TERM SHALL AUTOMATICALLY RENEW FOR SUCCESSIVE RENEWAL TERMS EACH EQUAL TO TWELVE (12) MONTHS, AT AVOLVE'S THEN CURRENT FEES FOR CUSTOMER'S THEN CURRENT USAGE, UNLESS EITHER PARTY PROVIDES NOTICE OF NON-RENEWAL AS SET FORTH IN THIS SECTION C(3). Avolve will provide notice of non-renewal or a notice of the fees due for each Renewal Term at least sixty (60) days prior to the commencement of the Renewal Term. If a notice of fees is provided, it will be in the form of an invoice. Customer acknowledges that it is its responsibility to provide a current email address to Avolve and to monitor such address for such notices. Customer may elect not to renew a Subscription Term by providing notice to Avolve at least thirty (30) days prior to the commencement of the Renewal Term.

4. Termination. In addition to any termination rights that may be set forth in a specific SOW, either party may terminate this Agreement immediately upon written notice in the event that the other party materially breaches this Agreement and thereafter has failed to cure such material breach (or commenced diligent efforts to cure

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such breach that are reasonably acceptable to the terminating party) within thirty (30) days after receiving written notice thereof. Without prejudice to either party's rights to terminate set forth in the prior sentence, if Customer has purchased from Avolve hosting of the Avolve SAAS Solution on the Microsoft® Windows Azure™ platform, and Microsoft Corporation terminates the Customer's Microsoft Customer Agreement during a Subscription Term, Avolve and Customer shall act in good faith to determine a mutually acceptable replacement provider promptly upon receiving notice of Microsoft Corporation's intent to terminate the Customer's Microsoft Customer Agreement.

5. Force Majeure. Any delay or nonperformance of any provision of this Agreement (other than for the payment of amounts due hereunder) caused by conditions beyond the reasonable control of the performing party shall not constitute a breach of this Agreement, and the time for performance of such provision, if any, shall be deemed to be extended for a period equal to the duration of the conditions preventing performance.

6. Confidentiality. Each party shall use commercially reasonable efforts to hold confidential information ("Confidential Information") of the other in confidence. All Confidential Information (including but not limited to data) shall (i) remain the sole property of the disclosing party and (ii) be used by the receiving party only as authorized herein. Information will not be considered to be Confidential Information if (i) available to the public other than by a breach of this agreement; (ii) rightfully received from a third party not in breach of any obligation of confidentiality, (iii) independently developed by or for a party without access to Confidential Information of the other; (iv) lawfully known to the receiving party at the time of disclosure, (v) produced in compliance with applicable law, securities reporting requirement or a government or court order, provided the other party is given notice and an opportunity to intervene; or (vi) it does not constitute a trade secret and more than three (3) years have elapsed from the date of disclosure. If Avolve receives a request for Customer Data (either directly or as redirected to Avolve by the Microsoft Corporation), then Avolve shall redirect the law enforcement agency to request that data directly from Customer. If compelled to disclose Customer Data to law enforcement, then Avolve shall promptly notify Customer and provide a copy of the demand, unless legally prohibited from doing so. To the extent required by law, Customer shall notify individual Users that their data may be processed for the purpose of disclosing it to law enforcement of other governmental authorities as directed by Avolve, and shall obtain the User's consent to the same.

7. Indemnification; Limitation of Liability.

   a. Indemnification. If a third party makes a claim against the Customer that any Customer's use of the Avolve SAAS Solution in accordance with the terms of this Agreement infringes such third party's intellectual property rights, Avolve, at its sole cost and expense, will defend Customer against the claim and indemnify Customer from the damages, losses, liabilities, costs and expenses awarded by the court to the third party claiming infringement or the settlement agreed to by Avolve, provided that Customer: (i) notifies Avolve promptly in writing of the claim; (ii) gives Avolve sole control of the defense and any settlement negotiations; and (iii) Avolve shall be solely responsible for the defense of such claim but Avolve's obligation to defend shall be contingent upon Customer providing all reasonable requested assistance in such defense. If Avolve believes or it is determined that the Avolve SAAS Solution has violated a third party's intellectual property rights, Avolve may choose to either modify the Avolve SAAS Solution to be non-infringing or obtain a license to allow for continued use, or if these alternatives are not commercially reasonable, Avolve may terminate Customer's use rights and refund any unused, prepaid fees Customer may have paid to Avolve. Avolve will not indemnify the Customer to the extent that the alleged infringement arises from (1) the combination, operation, or use of the Avolve SAAS Solution with products, services, information, materials, technologies, business methods or processes not furnished by Avolve; (2) modifications to the Avolve SAAS Solution, which modifications are not made by Avolve; (3) failure to use updates to the Avolve SAAS Solution provided by Avolve; or (4) use of Avolve SAAS Solution except in accordance with any applicable Documentation or specifications. This section provides THE SOLE, EXCLUSIVE, AND ENTIRE LIABILITY OF AVOLVE AND ITS LICENSORS TO

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CUSTOMER, AND IS CUSTOMER's SOLE REMEDY, WITH RESPECT TO THE INFRINGEMENT OR MISAPPROPRIATION OF INTELLECTUAL PROPERTY RIGHTS.

Limitation of Liability. In no event will Avolve be liable for special, indirect, incidental, consequential, or exemplary damages, including, without limitation, any damages resulting from loss of use, loss of data, interruption of business activities, or failure to realize savings arising out of or in connection with this agreement, including without limitation use of the Avolve SAAS Solution and the provision of the Professional Services. Except for direct damages and expenses associated with Avolve's obligation to indemnify Customer pursuant to Section C (7) (a), Avolve's aggregate, cumulative liability for damages and expenses arising out of this Agreement, whether based on a theory of contract or tort, including negligence and strict liability, will be limited to two times the amount of fees received by Avolve under this Agreement (which fees may have been received by Avolve from Financing Company or directly from Customer). Such fees reflect and are set in reliance upon this limitation of liability. The limited remedies set forth in this Agreement shall apply notwithstanding the failure of their essential purpose.

b. Insurance. Avolve shall procure and maintain for the duration of this Agreement insurance meeting the requirements specified in Exhibit 2 hereto.

8. Support; Warranties.

a. Support. During the Customer's Subscription Term, at no additional cost to the Customer, Avolve shall provide the Avolve SAAS Solution in accordance with Avolve's Service Level Agreement (attached hereto as Exhibit 1).

b. Warranties. Customer warrants and covenants that it owns or otherwise has and will have the necessary rights and consents in and relating to the Customer Data so that, as received by Avolve and processed in accordance with this Agreement, they do not and will not infringe, misappropriate or otherwise violate any intellectual property rights, or any privacy or other rights of any third party or violate any applicable laws or and government regulations, including but not limited to all foreign, United States federal and United States state recording laws. If Customer is purchasing from Avolve resold rights to Microsoft Cloud for US Government, Customer further warrants that it is one of the following: (i) a bureau, office, agency, department or other entity of the United States Government; (ii) any agency of a state or local government in the United States; (iii) any United States county, borough, commonwealth, city, municipality, town, township, special purpose district, or other similar type of governmental instrumentality established by the laws of Customer's state and located within Customer's state jurisdiction and geographic boundaries; or (iv) a federally-recognized tribal entity performing tribal governmental functions and eligible for funding and services from the US Department of Interior by virtue of its status as an Indian tribe.

c. Disclaimer. Avolve AND ITS SUPPLIERS AND LICENSORS DISCLAIM ALL OTHER WARRANTIES STATUTORY, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF TITLE, NON-INFRINGEMENT, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. NO WARRANTY IS GIVEN AS TO ACCURACY, ERROR-FREE OR UNINTERRUPTED SERVICE. CUSTOMER ASSUMES ALL RESPONSIBILITY FOR DETERMINING WHETHER THE SERVICES, ANY AVOLVE MATERIALS, THE AVOLVE SAAS SOLUTION OR THE INFORMATION GENERATED THEREBY IS ACCURATE OR SUFFICIENT FOR ITS PURPOSES. EACH PARTY DISCLAIMS ALL LIABILITY AND INDEMNIFICATION OBLIGATIONS FOR ANY HARM OR DAMAGES CAUSED BY ANY THIRD-PARTY HOSTING PROVIDERS. Avolve makes no warranties or conditions as to any services or products distributed under a third-party name, copyright, trademark or trade name that may be offered with or incorporated with the Avolve SAAS Solution or Professional Services provided by Avolve hereunder (such as the Microsoft hosting services). To the maximum extent permitted by law, Avolve will have no liability in connection with the third-party services or products.

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9. Notices: Any notices being given by this Agreement shall be in writing and shall be effective if delivered personally, sent by prepaid courier service, sent by prepaid mail, or sent by facsimile or electronic communication (confirmed on the same or following day by prepaid mail). All correspondence shall be addressed to the parties as follows:

If to Avolve:
Mr. Jay Mayne
CFO
Avolve Software Corporation
4835 E. Cactus Rd., Suite 420
Scottsdale, AZ 85254

If to Customer:
Megan Hunter
Community Development Director
City of Salinas
65 W. Alisal Street
Salinas, CA 93901

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

10. Governing Law. This Agreement will be governed by and construed in accordance with the laws of Customer's state of domicile.

11. Entire Agreement. This Agreement, together with any SOWs, constitutes the entire agreement and understanding between the parties and supersedes any prior agreements, representation, or understandings, whether oral or written, relating to the services provided hereunder.

12. Severability. Should any court of competent jurisdiction declare any term of this Agreement void or unenforceable, such declaration shall have no effect on the remaining terms hereof.

13. Assignment. These services and any other information or rights provided by Avolve, may not be sold, leased, assigned, sublicensed or otherwise transferred in whole or in part. Customer may not assign this Agreement or the benefits there from in whole or in part without the prior written consent of Avolve, which consent shall not be unreasonably withheld. Any assignment made in conflict with this provision shall be voidable at the option of Avolve.

14. Independent Contractor. Avolve is an independent contractor and not an employee of the Customer. Any personnel performing services under this Agreement on behalf of Avolve shall at all times be under Avolve's exclusive direction and control. Avolve shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of services under this Agreement and as required by law. Avolve shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, and worker's compensation insurance.

15. Amendment. This Agreement may only be modified by written amendment signed by authorized representatives of both parties.

16. Hierarchy. The following order of precedence shall be applied in the event of conflict or inconsistency between provisions of the components of this Agreement: (i) this Agreement and (ii) the applicable Avolve Support SLA or SOW. Notwithstanding the foregoing, if any part of the Avolve Support SLA or SOW expressly states that it shall control over the Agreement, it shall so control.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the dates set forth below.

Avolve Software Corporation

By: DocuSigned by: Jay Mayne 0C271D44187F419...

Name: Jay Mayne

Title: CFO

Date: 6/29/2021 | 12:51 PM PDT

CITY OF SALINAS

By: DocuSigned by: Kimbley Craig E554E94F4CE64C8...

Name: Kimbley Craig

Title: Mayor

Date: 6/29/2021 | 5:46 PM PDT

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EXHIBIT 1 – SERVICES SERVICE LEVEL AGREEMENT (SLA)
SUPPORT PROCESS AND SERVICE LEVEL AGREEMENT

Avolve's current support process and service level commitments ("Support") are defined below.

Support Portal. Avolve provides Support through its Support Portal (https://support.avolvesoftware.com). All issues can be logged using the portal or through an on-call support number. Customer personnel receive Support Portal login credentials promptly following purchase of rights to use the Avolve SAAS Solution. After a login is received, the Customer may enter, track, update, and report on trouble ticket, as well as communicate with Avolve helpdesk staff via phone, email, web meeting, and/or ticket notes. Help, FAQs, Documentation, and a Knowledge-base are also available at the Avolve support portal.

Support Hours. 8 AM – 5 PM MST.

Planned Downtime. Avolve or its third-party agent may render the Avolve SAAS Solution unavailable in order to perform upgrades, updated, patches, enhancements and routine maintenance activities, so long as the Avolve SAAS Solution is only unavailable to Customer and its Customer Users outside of the hours of 8 AM through 5 PM Mountain Standard Time on business days during the Subscription Term. Avolve shall provide no less than five (5) days advance notice to Customer of any planned downtime. Customer acknowledges that in the case of emergencies, Avolve or its third-party agents may render the Avolve SAAS Solution unavailable in order to address the emergency. In such situations, if reasonably feasible, Avolve will provide notice to Customer in advance of rending the Avolve SAAS Solution unavailable or, if not reasonably feasible, notice to Customer promptly following the rendering of the Avolve SAAS Solution unavailable. Customer understands and agrees that Avolve shall not be liable for any such interruption in access to the Avolve SAAS Solution for downtime occurring pursuant to this paragraph (collectively, referred to herein as "Planned Downtime").

On-Site Emergency Support. Customer may request on-site emergency operational support services as a separate and distinct billable service. In such cases and at its discretion, Avolve will dispatch appropriate technical staff to deliver on-site technical services.

Problem Determination and Resolution. Avolve resources are allocated to resolve reported problems based on the severity level as described in the following table. Avolve uses commercially reasonable efforts to provide a prompt acknowledgement, acceptable resolution, workaround, or a plan for the provision of a resolution or acceptable workaround in the timeframe set forth below:

Severity Level	Definition	Response Time	Resolution Commitment
System Down	An error that causes a catastrophic failure substantially impacting Customer's business.	1 Hour	The Level 1 Support Engineer will try to resolve the issue within 15 – 30 minutes. If it requires further investigation and longer resolution time, it is escalated to the Level 2 or 3 Support Engineer ***during business or non-business hours***. Status updates will be provided periodically, but no less than 4 hour intervals, on System Down tickets **24x7** until resolution. Infrastructure issues are often resolved quickly by service or system restart. Any potential system alerts will be promptly

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Severity Level	Definition	Response Time	Resolution Commitment
			addressed in an effort to avoid issues from occurring.
High	An error that causes Avolve product to fail without significant business impact. Causes a substantial reduction in performance.	24 Hours	The Level 1 Support Engineer will try to resolve the issue within 15 – 30 minutes. If it requires further investigation and longer resolution time, it is escalated to the Level 2 or 3 Support Engineer during business hours*. Status updates will be provided periodically on High Priority tickets during business hours* until resolution. If a work-around is provided, the original High Priority ticket will be closed and a new ticket will be created to track the progress for a permanent solution to the issue. Infrastructure issues are often resolved quickly by service or system restart. Any potential system alerts will be promptly addressed in an effort to avoid issues from occurring.
Medium	An error that causes only minor impact on use of the product.	72 Hours	Avolve and Customer will commit resources during normal business hours* for problem resolution.
Low	A service request for a new feature, additional documentation, or an explanation of product functionality.	5 Days	Avolve and Customer will commit resources during normal business hours* for problem resolution. Enhancement requests will be logged and sent to Avolve Development for review and possible incorporation into Avolve products.

*Normal Business Hours: 8:00 a.m. through 5:00 p.m., Monday through Friday (excluding standard holidays), Mountain Standard Time.

- Response Time. Once a problem has been reported, the Customer receives an acknowledgement by email, phone or the through the support portal. Avolve will begin the process of problem determination and resolution at this point. The time the ticket is submitted and the response time will be logged to ensure SLA is met.

- Status Updates. During the problem determination and resolution process, Customer may receive regular communications, via email, phone or the support portal, as to the status of the problem determination and resolution. All communications should be logged in Avolve's support system including date, time, and contact name. This helps Avolve and the customer determine the status and duration of the issue reported.

- Resolution. In response to the problem reported, Customer will receive, as appropriate, one of the following resolutions: an existing correction, a new correction, a viable workaround, or a plan on how the problem will be addressed.

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- Severity Re-classification. If Customer determines that the severity of a previously reported issue should be re-classified or escalated, it should contact Avolve Support with request.

Unsupported Issues. Avolve does not cover under Support, and the SLA does not include, the following conditions (collectively, the "Unsupported Issues").

- Any Avolve SAAS Solution use not covered by an active support contract and/or not in compliance with a valid agreement with Avolve. Authorized users of the Avolve SAAS Solution are entitled to Support as part of their use fee.
- Any Avolve SAAS Solution that is altered or modified other than as approved in writing by Avolve.
- Software installed on any computer hardware/software configurations not supported by Avolve.
- Problems caused by misuse or misapplication of the Avolve SAAS Solution, including any anomalies and/or failures in test or production operating environments that impact the Avolve SAAS Solution and are determined to have their cause due to unwarranted Customer decisions, actions, system configuration/ modification, policies and/or procedures.
- Problems caused by Customer's custom application code authorized to be developed using Avolve APIs as set forth in the documentation accompanying such API and the Customer's Agreement.
- Problems caused by updates or upgrades of 3rd party applications that are integrated with Avolve products and/or services.
- Services required to implement any updates, upgrades or releases on Customer's network, as well as all other operational support issues, are not included with Avolve Support. Such additional services may be purchased for an additional fee.
- All Training programs, regardless of software version updates and/or upgrades.
- Operational Support including but not limited to: (a) Windows configuration issues; (b) SQL Database maintenance and or tuning; (c) VMWare tuning or configuration; (d) Firewall configuration; (e) Network performance; (f) End-User browser support; (g) User-modified and new workflows or eForms.
- Any other reasons set forth in the Customer's Agreement, including without limitation any down-time due to Microsoft Corporation.

Avolve, in its sole discretion, shall determine whether any of the foregoing exclusions are applicable to Customer. Any services provided for exclusions shall be paid by Customer at Avolve's then-current rates, as well as all travel and other expenses incurred by Avolve in providing such services.

Customer's Obligations for Operational Support. To facilitate clear and consistent communication and timely issue resolution, Customer shall designate up to two contact persons for technical support processes. These individuals are responsible for initiating support requests, communicating with Avolve technical support personnel, and monitoring the support process with Avolve. Timely Customer response to Avolve requests for information during issue resolution is a necessary pre-requisite to Avolve's providing Support. Avolve also requires remote access to the Customer system for the purpose of problem determination and analysis. Where reasonably necessary to provide Support, Customer shall provide Avolve's technical support personnel reasonable, remote access capabilities into Customer's systems. Upon Avolve's request, Customer will also provide reasonable supporting data to aid in the identification and resolution of the issue.

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Service Level Commitment

Per Avolve's SaaS agreement, Avolve will use commercially reasonable efforts to make the Avolve SAAS Solution available. The Annual Uptime Percentage has 2 components: The infrastructure uptime, which is dependent on Microsoft's SLA; Avolve software, which is 99%, excluding Planned Downtime. In the event that Avolve does not meet this uptime commitment, Customer will be eligible to receive a service credit for 1% of the monthly fee for each one (1) hour of downtime during Customer's normal business hours, up to 50% of Customer's Pro-Rated Monthly Subscription Fee.

Definitions

- "Annual Uptime Percentage" is calculated by subtracting from 100% the percentage of 10-minute periods during a calendar month in which the Avolve SAAS Solutions was Unavailable to Customer.
- "Availability" means the ability to log into the Avolve SAAS Solution.
- "Claim" means a claim for a service credit Customer submits by opening a support case with Avolve, on the basis that the hosted Avolve SaaS Product infrastructure has been Unavailable to Customer during a service month.
- "Pro-Rated Monthly Subscription Fee" is calculated by dividing the Customer's applicable annual Avolve SAAS Solution subscription fee by twelve.
- "Unavailability" means the inability to log into the Avolve SAAS Solution.

Service Credit Requests

To receive a service credit, Customer must notify Avolve and submit a Claim within thirty (30) days from the incident that would be the basis for the claim. To be eligible, the Claim must include (a) the dates, times, description and duration of each incident experienced; and (b) the Customer's event logs or any other system telemetry that document the errors and corroborate the claimed Unavailability (any confidential or sensitive information should be removed). Failure to provide a timely Claim, which includes all the required information, will disqualify the Claim and Customer from receiving a service credit. If Avolve validates the Claim, then Avolve will promptly issue the service credit.

Service Credit Provisions

Service credits are Customer's sole and exclusive remedy for any failure of Avolve to provide the Avolve SAAS Solution in accordance with the terms of the Agreement. Service credits shall be a credit toward future services only and do not entitle Customer to any refund or other payment from Avolve. Service credits may not be transferred, applied to another account, exchanged for, or converted to monetary amounts.

The maximum service credits awarded with respect to Claims the Customer submits in any calendar month shall not, under any circumstance, exceed in the aggregate 50% of the Customer's Pro-Rated Monthly Subscription Fee for such month. Avolve will use all information reasonably available to it to validate Claims and make a good faith judgment on whether a service credit should be applied to the Claim.

SLA Exclusions

This SLA does not apply to any Availability or Unavailability of the Avolve SAAS Solution:

- During Planned Downtime;
- Caused by Unsupported Issues;

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- Caused by factors outside of Avolve's control, including any force majeure event or interruption or impediment to Internet access or related problems;
- That result from Customer's equipment, software or other technology and/or third party equipment, software or other technology, including any third party hosting providers;
- That resulted from Planned Maintenance or associated to beta, evaluation, non-production systems, and trial services accounts;
- That result from any actions or inactions from Customer or any third party, including employees, Users, agents, contractors, or vendors, or anyone gaining access to the hosted Avolve SaaS Product infrastructure by means of Customer's (and its Users') passwords or equipment;
- Arising from Avolve's suspension and termination of Customer's right to use the hosted infrastructure in accordance with the Agreement; and
- That result from Avolve application software implementation errors caused by configuration, customization, installation, or human errors.
- Avolve, in its sole discretion, shall determine whether any of the foregoing exclusions are applicable to Customer. Avolve may, but is not obligated to, issue a Service Credit in Avolve's sole discretion where Customer's use of the Avolve SAAS Solution may be Unavailable due to factors other than expressly provided here in this SLA.

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EXHIBIT A: CHANGE REQUEST FORM

Avolve Software Change Request Form

City of Somewhere

GENERAL INFORMATION							
Change Request # (CR)							
Project/City/County							
Requestor Name							
Description of Change	*[Enter a detailed description of the change being requested]*						
Date Submitted							
Priority		Low		Medium		High		Required
Reason for Change Request	*[Enter a detailed description of why the change is being requested]*						
Project Artifacts Impacted	*[List other artifacts affected by this change]*						
Assumptions/Risks	*[Document assumptions or comments regarding the requested change]*						
Comments/Considerations	*[Enter additional comments]*						
Attachments/References							

ESTIMATES		
Total Estimated Development Hours	*[#hrs]*	*[Enter the hour impact of the requested change]*
Total Estimated Development Duration	*[#dys]*	*[Enter the duration impact of the requested change]*
Schedule Impact	*[WBS]*	*[Detail the impact this change may have on schedules]*
Cost Impact	*[Cost]*	*[Detail the impact this change may have on cost]*
Comments/Recommendations		
PM Approval Signature		
Date Signed		
IDS Approval Signature		
Date Signed		

CITY OF SOMEWHERE AUTHORIZATION	
Customer Approval Signature	
Date Signed	

Avolve Software 01/01/2015 Page 1 of 1

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EXHIBIT B: ORDER FORM

To be provided separately

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Exhibit 2- Insurance Requirements

Insurance Requirements

Avolve shall procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damage to property which may arise from or in connection with the performance of the work hereunder and the results of that work by the Avolve, his agents, representatives, employees, or subcontractors. With respect to General Liability and Professional Liability, coverage should be maintained for a minimum of five (5) years after Agreement completion.

MINIMUM SCOPE AND LIMIT OF INSURANCE

Coverage shall be at least as broad as:

(A) **Commercial General Liability** ("CGL"): Insurance Services Office Form ("ISO") 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 **$1,000,000** 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.

(B) **Automobile Liability:** ISO Form CA 0001 covering any auto, or if Avolve has no owned autos, hired and non-owned, with limits no less than **$1,000,000** per accident for bodily injury and property damage.

(C) **Workers' Compensation** insurance as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with a limit of no less than **$1,000,000** per accident for bodily injury or disease.

(D) **Professional Liability** (also known as Errors and Omissions) insurance appropriate to the work being performed, with limits no less than **$1,000,000** per occurrence or claim, **$2,000,000** aggregate per policy period of one year.

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

OTHER INSURANCE PROVISIONS

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

Additional Insured Status

The City of Salinas, 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 Avolve 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 Avolve's insurance (at least as broad as ISO Form CG 20 10, CG 11 85, or **both** CG 20 10, CG 20 26, CG 20 33, or CG 20 38; **and** CG 20 37 forms if later revisions used).

Primary Coverage

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

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Notice of Cancellation

Each insurance policy required above shall provide that coverage shall not be canceled, except with notice to the City or, if the policy does not include such a notification requirement, Avolve shall promptly notify City upon Avolve becoming aware of the policy being terminated.

Waiver of Subrogation

Avolve hereby grants to City a waiver of any right to subrogation which any insurer of said Avolve may acquire against the City by virtue of the payment of any loss under such insurance. Avolve 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 City has received a waiver of subrogation endorsement from the insurer.

The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of the City of Salinas for all work performed by Avolve, its employees, agents, and subcontractors.

Self-Insured Retentions

Self-insured retentions must be declared by Avolve to and approved by the City. At the option of the City, Avolve shall provide coverage to reduce or eliminate such self-insured retentions as respects the City, its officers, officials, employees, and volunteers; or Avolve shall provide evidence satisfactory to the City guaranteeing payment of losses and related investigations, claim administrations, and defense expenses. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or City.

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 City.

Claims Made Policies

If any of the required policies provide coverage on a claims-made basis:

1. The Retroactive Date must be shown and must be before the date of this Agreement or the beginning of Agreement work.
2. Insurance must be maintained and evidence of insurance must be provided ***for at least five (5) years after completion of the Agreement of work.***
3. If coverage is canceled or non-renewed, and not ***replaced with another claims-made policy form with a Retroactive Dat***e prior to the Agreement effective date, Avolve must purchase "extended reporting" coverage for a minimum of ***five (5)*** years after completion of Agreement work.
4. A copy of the claims reporting requirements must be submitted to the City for review.

Verification of Coverage

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

Subcontractors

Avolve shall require and verify that all sub-consultants and/or subcontractors maintain insurance meeting all the requirements stated herein, and Avolve shall ensure that Entity is an additional insured on insurance required from such sub-consultants and/or subcontractors.

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Maintenance of Insurance

Maintenance of insurance by Avolve as specified shall in no way be interpreted as relieving Avolve of its indemnification obligations or any responsibility whatsoever and Avolve may carry, at its own expense, such additional insurance as it deems necessary.

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City of Salinas, CA

ProjectDox® ePlan Solution Proposal

May 25, 2021

Prepared by your Avolve Software Representative

Bruce Crawford
Director NorCal Northwest Sales
4835 East Cactus Road
Suite 420
Scottsdale, AZ 85254
www.avolvesoftware.com

Telephone: 415-272-9435
Email: bcrawford@avolvesoftware.com

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May 25, 2021

City of Salinas, CA
65 West Alisal Street
Salinas, CA 93901

ATT: Angeline Sickler

We are pleased to propose Avolve ProjectDox, the industry's leading Electronic Plan Review software. We started with a single mission in mind — automate the manual, paper-intensive, and frequently inefficient building plan review process. Today, over 150 of North America's city, county, and state governments use ProjectDox to transform their plan review processes. Avolve is the largest, independent software vendor dedicated exclusively to electronic plan review. We appreciate the opportunity to share our expertise related to the business and technology challenges expressed and reviewed in our discussions to date.

The proposed SaaS solution, deployed in Microsoft Azure, includes 2 environments (Production/Test) and Unlimited Avolve Best In Class Workflows (Building, Planning & Zoning, Land Development, Capital Improvement Projects, Public Works Projects, Parks & Planning and Public Safety Planning). Avolve assumes all responsibility for application management and any integrations (TRAKiT).

Providing the most trusted and proven electronic plan review solution in the marketplace, we feel strongly Avolve is the best partner for your important initiative.

Regards,

Bruce Crawford
Director NorCal Northwest Sales

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Quote Delivered To

Angeline Sickler 65 West Alisal Street Salinas, CA 93901	Senior Plan Check Engineer angelines@ci.salinas.ca.us Date of Quote: 5/25/2021	City of Salinas, CA (831) 758-7366 Quote Valid Until: 6/30/2021

ProjectDox and OAS ePlan Solution Pricing Agreement

SAAS

Product Name	Product Code	Description	Qty	Unit Price		Total Price
Production Environment Light-Level Capacity OAS & ProjectDox SaaS License	SAAS-P.L	Software as a Service (SaaS) for OAS & ProjectDox on a Production Environment. Designed for organizations who have approximately 50 concurrent users and 3,000 permits per year. Software included for SaaS Production: • ProjectDox Software Subscription • Unlimited Workflow license • OAS Software Subscription • Includes unlimited Application Forms license • Includes SSA for six base forms preconfigured Services included for SaaS Production: • Set up and installation of OAS & ProjectDox • Managed services • Annual OAS & ProjectDox upgrades Production Environment Safeguard: Avolve security policy limits access to the Production environment. External users including the customer's IT will not be allowed direct access to the Production servers and database. Any development or testing can be performed on the Test environment.	12.00	$7,000.00		$84,000.00
Test Environment Light-Level Capacity OAS & ProjectDox SaaS License	SAAS-T.L	Software as a Service (SaaS) for ProjectDox on a Test Environment. Designed for organizations who plan to use the system for development and/or testing with approximately 5 concurrent users and approximately 500 permits per year. Software included for Production: • ProjectDox Software Subscription • Unlimited Workflow license Services included for SaaS Production: • Set up and installation of ProjectDox • Managed services • Annual ProjectDox upgrades	12.00	$980.00		$11,760.00

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		Test Environment Safeguard: Avolve security policy limits access to the Test environment. External users including the customer's IT can be provided limited VPN access to the Test servers and database such as creation and testing of custom reports. VPN access will be made available upon request at additional cost.				
TES-Video License Subscription	TES-VLS	TES-Video License Subscription (annual cost)	1.00	$5,400.00		$5,400.00
					Discount based on finalizing the agreement by 6/30/21	-$8,940.00
					SaaS Sub-Total:	$92,220.00

TRAINING

Product Name	Product Code	Description	Qty	Unit Price		Total Price
ProjectDox Bundled Training Services	PKG-PDOX.TRN	Package Includes: 2 Introduction to ProjectDox 1 Workflow and Markup Training for Reviewers 1 Workflow and Project Administration for Coordinators 1 System Administration Training 1 Community Training Package is limited to 12 Unique Users	1.00	$13,050.00		$13,050.00
Workflow Business Process and Markup Training for Plan Reviewers	TES-BICMARK1	This course is designed to provide a streamlined session for plan reviewers to provide basic system navigation and access to key tools and features to complete the review of the plans and documents. Skills learned will include basic navigation, basic viewing tools including measurements, overlay compare, and how to create and edit a changemark, as well as how users will be notified, accept, and complete a plan review task. The two classes are added to accommodate an additional 24 reviewers for a total of 36 people trained. This course is limited to a max of 12 persons per session/course.	2.00	$2,500.00		$5,000.00
Introduction to ProjectDox	TES-INTRO	The Training and Educational Services course includes a flexible mixture of lecture and hands-on lab time to familiarize the user with the basic features of ProjectDox. This 3 hour instructor lead course will review how to access a project, view a file, use the search feature and communication tools to efficiently use and communicate using the ProjectDox application. This course is limited to a max of 12 persons per session/course.	1.00	$1,125.00		$1,125.00

		The class is added to accommodate an additional 12 employees for a total of 36 people trained.				
					Discount based on finalizing the agreement by 6/30/21	-$2,876
					Training Sub-Total:	$16,299

PROFESSIONAL SERVICES

Product Name	Product Code	Description	Qty	Unit Price		Total Price
Best-in-Class Level 1 ProjectFlow PLUS Services	PS-BIC.L1PLUS	BIC Plus Setup Services Level 1 for Workflows: Building	1.00	$30,600.00		$30,600.00
Onboarding Advanced PF Integration	PS-PF.AINT.ONBRD	Initial Services for Onboarding Advanced ProjectFlow Integration includes the below; additional quote may be required if scope changes during Analysis: • Project Creation - Configuration of the Avolve Project Creator Service to create a project in ProjectDox based on defined values from the permitting system. These include: - Permit/Project Number - Description - Applicant/Submitter First Name - Applicant/Submitter Last Name - Applicant/Submitter Email - Project/Case Type - Display of Permit/Application Information - Configuration of General Permit/Applicant/Contractor application data fields for display within ProjectDox via a web page/formlet. - Project/Permit Status Update - ProjectDox will notify the permitting system that the plan review workflow is complete when all reviews are approved	1.00	$19,800.00		$19,800.00
OAS Setup & Training Services	PS-OAS.SUT	Setup Services: - System Setup - Database Table Population - mapping control id's to export records - Admin Training - not to exceed 5 hrs	1.00	$4,275.00		$4,275.00
OAS Custom Setup Services	PS-OAS.CSU	Deploy ePlan application, assist with design and deployment to production – not to exceed 18 hrs	1.00	$4,050.00		$4,050.00
OAS SSA Template Setup	PS-OAS.SSA	Deploy SSA templates/permit letters, assist design and deploy to production – not to exceed 16hrs	1.00	$3,600.00		$3,600.00
OAS eForm Paper to eForm Services	PS-OAS.P2eF	Existing paper to electronic form design in OAS with < 75 fields and intelligent conditional entry/display	1.00	$1,350.00		$1,350.00
OAS Basic eForm Services	PS-OAS.BeS	< 75 fields – w/ intelligent conditional entry/display	1.00	$3,600.00		$3,600.00
OAS Advance eForm Services	PS-OAS.AeS	>75 fields to 150 fields –intelligent conditional entry/display	1.00	$5,400.00		$5,400.00
OAS eForm Base Validation	PS-OAS.BV	Professional Services for eForm Base Validation Integration	1.00	$3,600.00		$3,600.00

OAS eForm Advanced Validation	PS-OAS.AV	Professional Services for eForm Advanced Validation Integration	1.00	$5,400.00		$5,400.00
OAS Payment Processor	PS-OAS.PP	Integration Dev services & Engineering (Authorize.net) 40hrs	1.00	$9,000.00		$9,000.00
OAS Advanced Integration	PS-OAS.AINT	Acquisition of application data and a push of required data to the target permitting system API to allow for creation of the permit and triggering of the Project Creation process into ProjectDox. Design requires API's to be customer permitting/target system. Direct database calls from OAS to the target system are not supported.	1.00	$6,300.00		$6,300.00
Assurance Services	PS-AS	45 Hours of Assurance Services - Invoiced monthly as used $225/hour.	1.00	$10,125.00		$10,125.00
					Discount based on finalizing the agreement by 6/30/21	-$10,710
					Professional Services Sub-Total:	$96,390

Unless otherwise stated, pricing does not include any applicable taxes that may be applied at invoicing. Travel and Expenses are not included in this total and will be invoiced as incurred. First year SaaS and 20% of Services shall be invoiced upon execution of Agreement. Payment for the total amount is due net thirty (30) days from the date of Initial Invoice. Payment via EFT. See notes for details. This best approach package to implementation relies on partnership with the jurisdiction to achieve desired go-live and paperless goals. To that end a not to exceed 516 hours have been allocated to services and training on this project. In the event scope expands or delays account for incremental hours to be required, a Change Request(s) will be issued for the incremental costs associated with delay or expansion. Year 2 SaaS = $101,160 Year 3 SaaS = $101,160	Grand Total:	$204,909

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Notes:

EFT Remittance:
Avolve Software / Compass Bank
Routing #: 122105744
Account #: 2519753300

NAME:_____

TITLE:_____

SIGNATURE: _____

DATE:_____

By signing this Order Form customer acknowledge and agrees to, if purchasing (a) licenses and/or support and maintenance, Avolve's Software License and Support Agreement General Terms and Conditions and Avolve's Maintenance and Support Level Agreement; (b) professional services, Avolve's Professional Services Agreement; and (c) training services, the Avolve University Training Terms and Conditions; and (d) hosting services, Avolve's Hosting Service Level Agreement. Customer acknowledges that it has been provided reasonable access to the applicable documents listed herein online at www.avolvesoftware.com and knowingly consents to the same. Resellers acknowledge that they will have end users formally acknowledge and be bound by all applicable Avolve Terms and Conditions as described above.

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ProjectDox

Electronic Document Management & Collaboration Solution

City of Salinas

Proposed Statement of Work

May 25, 2021

SALINAS

4835 East Cactus Road Suite 420, Scottsdale, Arizona 85252
Phone: 602.714.9774 www.avolvesoftware.com

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EXECUTIVE SUMMARY

This Statement of Work will focus on the Setup of a Production and Test Environment and the implementation of ProjectDox Best in Class workflows addressing the Customer's needs with One (1) Best in Class plan review process. The goal is to implement Online Application Submission (OAS), ProjectDox and an Advanced TRAKiT integration for ProjectDox utilizing web services, in a standardized, off the shelf manner. We will leverage Avolve best practices and built-in configuration and modifications features, to meet the most effective functionality required to achieve the highest business value for the customer (the "Project").

SCOPE OF WORK (MILESTONES)

Setup

Setup of a single environment for the applicable products is required prior to orientation and configuration onsite assessments being conducted. Project pre-planning, including draft project plan, communication plan etc. are associated to this stage of the project. Additional environments to be implemented will be factored into the project plan and based on the sales order/agreement.

- The date of acceptance for this milestone is the SaaS Renewal Date

Orientation and Configuration Requirements Session*

The Avolve PM will work with the City to perform an initial review of the application with the project team and gather configuration requirements to complete the design of the OAS application forms and Best in Class Building workflow process. The output of these sessions will be compiled into a requirements document referred to as the Configuration Requirements Document (CRD). This will include using standard templates and design to expedite the project while providing the best business value to the customer. Any design requirements identified during this phase outside of the design of the BIC workflow process and/or requiring development will be scoped and presented in a separate Statement of Work. Assurance services afforded the project may be leveraged for work identified as outside the scope of the project.

- Configuration Requirements Document

- Advanced Integration permitting system touchpoint discussion for TRAKiT includes:
  - Project Creation – Required application data is pushed from the permitting system to the ProjectDox application using the Avolve provided REST API and configuration of the ProjectDox Windows Service Process. Required fields for project creation:
    - Permit Number/Project Name (Key value)
    - Description
    - Applicant/Submitter First Name
    - Applicant/Submitter Last Name
    - Applicant/Submitter Email Address
    - Permit/Project Type
  - Application Data – Pull of data from the permitting system to display of up to 18 read-only permit application data fields within the plan review process.
  - Review Status – Push of data to provide the permitting system the following data related to the plan review:
    - Reviewer Name
    - Reviewer Department
    - Review Cycle
    - Review Status (Approved, Rejected)
    - Date Completed

- Final Approval Status – Push final status or log event of approved to permitting system API indicating to the permitting system that all reviews are approved in ProjectDox.

- Project Plan (task list/schedule/resource assignments) not to exceed budget

Configuration & Integration *

Configuration of applicable software products, forms and the workflows based on the configuration requirements document findings. This includes the development of the integration work defined in this Statement of Work and confirmed during requirements discussions. Integration designs require the City systems to have or develop web services to allow for integration communication to the target systems from ProjectDox and/or OAS.

- Configured Working products and modules as specified in the Purchase Agreement/ Sales Order
  - Configured Working OAS and ProjectDox Applications
  - Self-Service Application (SSA) Forms
    - Provides up to 16 hours of services to configure the site for use with the delivered SSA forms and letters, perform a review of the application forms design and features, make minor modifications, and deploy into production.
  - 1 OAS Paper to eForm Application Form
    - Existing paper to electronic form design in OAS with < 75 fields and intelligent conditional entry/display
  - 1 OAS Base Application Form
    - Forms design contains less than 75 fields
  - 1 OAS Advanced Application Form
    - Form design contains between 75-150 fields
    - 1 Payment Processor to Authorize.NET
      - Design the OAS application to interface with Customer's payment processor to allow for online payments through OAS.
    - 1 OAS Advanced Integration
      - Defined application data to be pushed to the target permitting system API to allow for creation of the permit and triggering of the Project Creation process into ProjectDox. Design requires API's to be available for customer permitting system. Direct database calls from OAS to the target system are not supported.
    - 1 OAS Base Validation
      - Contractor Validation
        - Base Validation allows for the validation for up to 2 data fields in the application form against the target system and confirmation of the data on the application form. (only validates) Design requires web services to be available for integration communication to the target system. Direct database calls from OAS to the target system are not supported.
    - 1 OAS Advanced Validation
      - Address/Parcel Validation
        - Advance Validation Widgets allow for multi field validation, data retrieval and display from the target system on the OAS application form. May include field concatenation and progressive/auto complete search (pulling back the data for display in the form). Some abilities are limited to API's being available from the customers target permitting system
    - Basic Fee Calculations
      - Allows for a fixed fee or simple calculation of a percentage of a field in the OAS application form to be displayed to the end user to communicate a cost.

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- 1 Best In Class Workflow (Building)
- Advanced Integration to TRAKiT

User Acceptance Training (UAT)

The UAT phase uses an agile methodology consisting of two sprints of ten days each for testing that include the delivery of the designed process, validation of the design by the Customer and resolution to design issues by Avolve before starting the next sprint. The Avolve team will provide user acceptance training and guidance to the Customer on methods to test the designed process and system to work towards acceptance. Customer will validate the system configuration, forms, emails, integration and document any identified issues in the RIT (Risks, Issues and Tasks) document provided by the Avolve project manager. Avolve will resolve any identified issues to allow the customer retest to gain acceptance.

UAT Training is conducted onsite allowing one day per process with the remainder of the UAT phase supported remotely. During this phase, the production environment will be setup. Upon acceptance of the design the Avolve team will coordinate the promotion of the code to the production environment.

- Completion of User Acceptance Testing (UAT)
- Implementation of the Production Environment
- Code Promotion from Test to Production

Training

Avolve education specialists will deliver the below courses to the Customers staff. The courses will train approximately 36 persons and will be delivered based on the project plan rollout. A maximum of 12 persons per course is enforced with exception of the Community Outreach (TES-OUT). This demonstration/lecture session is targeted for the design community and is intended to be conducted for larger audiences (25+) to educate and promote the new processes.

It is recommended that training sessions be organized with participants of similar technological abilities to allow for the most efficient delivery and retention of the materials. Additional training above and beyond the below may be added or additional training performed post go-live by leveraging the assurance services funds afforded the project.

- Delivery of classes for all products/modules as purchased

Quantity	Course Name	Est. Length
3	Introduction to ProjectDox	3 hrs.
3	Workflow and Markup for Plan Reviewers	6 hrs.
1	Workflow and Administration for Coordinators/Techs	8 hrs.
1	System Administration	4 hrs.
1	Community Outreach	1-2 hrs.

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Launch/Project Close Out

Deployment of the workflow processes and post go live support for a period of 5 business days. Customer will be transitioned to support post the 5-business day go live period.

Assurance Services

The assurance services fund may be leveraged at any time during or post project completion to cover additional integration requirements, newly identified out of scope requirements, training, and software not included in this statement or work. The funds intent is to be used post go-live/launch of a process to keep the project management team engaged to assist with change management and user adoption assistance. Assurance services hours are billed on an hourly basis at a rate of $225.00 an hour. The use of hours requires a change order or an assurance services agreement that defines the work and has signatures of agreement for use by the Customer.

ACCEPTANCE PROCESS

There will be Key Deliverables, as identified in the Project Activities/Deliverables Payment Schedule which will be subject to acceptance by the Customer ("Acceptance"). Upon completion of each Key Deliverable, Avolve will request from the Customer a written response within five (5) business days after receipt thereof. Notwithstanding the foregoing or anything to the contrary in the Purchase Agreement, all other Deliverables provided under this Statement of Work shall be deemed to have been accepted by the Customer upon delivery. If Customer does not approve, reasons for rejection must be clearly noted. Avolve will then work with the Customer to come to agreement on obtaining approval. The Customer shall be deemed to accept any such Key Deliverable which Customer does not accept or reject within such period. This acceptance will initiate the invoice of the of the applicable milestone.

AVOLVE PROJECT PLAN AND PROCESS

Promptly following execution of this Statement of Work, the parties shall meet to discuss the general project schedule, which will be generally organized around the standard Avolve project On-Boarding process. Within 2 weeks, the initial project plan will be created and sent to Customer. The Project Plan contains a schedule, a list of tasks in a schedule format, assignments of specific team members over specific times and communication status reporting processes. The Project Plan is a living document that will be reviewed throughout the term of this Agreement and may be adjusted as reasonably necessary, as agreed to from time to time by the parties.

PROJECT ASSUMPTIONS AND CAVEATS

1. This Project was scoped based upon purchase of ProjectDox Best In Class, understanding that the site will be hosted by the Avolve and configured per established Best-In-Class standards. This understanding forms the basis for Avolve's pricing and the Deliverables to be provided under this Statement of Work. Any deviation from these requirements will require a change order and may increase cost or estimated time of Project completion.

2. Avolve will have full access to all Project team members from the customer as needed to complete the successful implementation and roll out of ProjectDox. This access may require the team members of the customer to dedicate specific time to specific detailed tasks within the Project Plan. Team member tasks will be more clearly defined during the kickoff and planning sessions and documented in the Project Plan.

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3. Customer and its third parties and/or subcontractors will fulfill any hardware/software requirements, as identified to allow communication between Avolve Software and the Customer's permitting system in a timely fashion to keep the Project Plan on schedule.

4. Customer and its third parties and/or subcontractors will fulfill the hardware requirements, as outlined in the System Implementation Guides (standard end user document(s) that accompany each version of the Software) in a timely fashion to keep the Project Plan on schedule.

5. This best approach package to implementation relies on partnership with the jurisdiction to achieve desired go-live and paperless goals. To that end, a not to exceed 516 hours have been allocated to services and training on this project. In the event scope expands or delays account for incremental hours to be required, a Change Request(s) will be issued for the incremental costs associated with delay or expansion. Should the customer cause or contribute to the delay of any Deliverable, Avolve may elect to revise the Project Plan accordingly to compensate for the delay and invoice for any applicable milestone payments to that point of the project.

6. All parties will reasonably prioritize their efforts to meet the Project Plan schedule to achieve a rapid roll out model. It is understood by all parties that multiple tasks may be in process at one time and Avolve may have more than one Professional Services team member working on the project at one time.

7. Client will provide adequate Project management for their own resources, and/or third parties, to collaborate with Avolve's project manager. Client subject matter experts and applicable users will be accessible and available in a timely fashion and for adequate and reasonable durations. Avolve will make sure that scheduling of interviews and meetings are adequately in advance of these resource allocations.

8. Customizations/Extensions required may result in increased schedule and budget, but only if documented and approved within Assurance Services and/or a Change Request.

9. Avolve is planning to fully leverage ProjectDox as is, utilizing all built in configuration features to meet the business needs.

10. Any optional items chosen in the Purchase Agreement/Sales Order are not included here and would require a modification to this Statement of Work.

11. Customer understands that an ePlan Life Cycle implementation is a very significant digital transformation enterprise project that requires dedicated change management from the Customer's staff. This will be key for the success of the Customer.

12. Work will not begin until an executed copy of all paperwork is complete. Work will begin at the earliest date at which Avolve resources and Customer resources are available or as otherwise agreed to.

13. Avolve and Customer agree to cooperate in good faith to complete the Services and Deliverables in a timely and efficient manner.

14. Recording of Avolve provided training or UAT (user acceptance testing) sessions is not permitted.

15. All training classes unless otherwise noted are limited to 12 persons maximum per class.

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**Configuration options are as described by ProjectDox documentation and as evidenced by ProjectDox administration screens. Minor changes to Avolve ProjectDox Best Practices (Best in Class) workflows are changes to activate/deactivate and/or parametrize with variables, existing steps in the Best Practices workflows. Customization of additional products and modules are to be within the bounds and scope of the respective core product(s) and modifications are limited to those that are allowed by core product design.*

CHANGE CONTROL PROCESS

The "Change Control Process" is that process which shall govern changes to the scope of the Project during the life of the Project. The Change Control Process will apply to new components and to enhancements of existing components. The Change Control Process will commence at the start of the Project and will continue throughout the Project's duration. Additional procedures and responsibilities may be outlined by the Project Manager identified on the signature page to the Agreement and will be included in the Project Plan if mutually accepted.

Under the Change Control Process, a written "Change Request" (attached) will be the vehicle for communicating any desired changes to the Project. It will describe the proposed change; the reason for the change and the effect the change may have on the Project. The Project Manager of the requesting party will submit a written Change Request to the Project Manager for the other parties.

All parties must sign the approval portion of the Change Request to authorize the implementation of any change that affects the Project's scope, schedule, or price. Furthermore, any such changes that affect the scope of this SOW, schedule or price will require an amendment to the SOW and/or any other part of the Purchase Agreement.

PRICING, TRAVEL AND EXPENSE

Pricing and payment terms are as set forth in Purchase Agreement/Sales Order.

Travel and Expenses are estimated to be $12,000.00 and will be invoiced to customer as incurred.

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PROJECT ACTIVITIES / DELIVERABLES PAYMENT SCHEDULE

This is a preliminary deliverable and payment schedule that is subject to change based on discussions to occur post the kick-off of the project, provided that both the City and Avolve Software agree to the new terms in writing.

MS#	Deliverable	Description	Acceptance Criteria	Payment Amount
MSO	Contract Execution	First Year SaaS costs	Contract Signature	$92,220.00
MSO	Contract Execution	20% Services	Contract Signature	$17,455.00
MS1	Project Kickoff	Project kick off meeting complete and initial environment installed	• Project Kick Off Meeting Conducted • Project team can log into installed environment • Sign Off Acceptance	$8,727.75
MS2	Configuration Requirements Document (CRD)	Compiled configuration design requirements for Process 1	• Delivered CRD • Sign off Acceptance Document	$8,727.75
MS3	OAS Forms Design Complete	Completed OAS Forms Design	• Forms Complete • Sign off Acceptance Document	$13,092.00
MS4	OAS Integrations Complete	Completed Payment Processor and Permitting System Integration	• Sign off Acceptance Document	$8,727.75
MS5	Deliver functional OAS & ProjectDox application for Process 1	Deliver and review the design as defined in the CRD document.	• UAT scheduled for Process 1 • Sign off Acceptance Document	$21,819.00
MS6	User Acceptance Test Process 1	User Acceptance Testing for Process 1 Complete Delivered Second Environment Workflow Integration Complete (TRAKiT)	• User Acceptance Testing confirms requirement as agreed to in the CRD • Sign Off Acceptance Document	$4,363.90
MS7	Training	Conduct End User Training Conduct Administration Training	Sign Off Acceptance	$16,299.00
MS8	Launch/Go-Live	Process 1 process general availability launch	Process is launched	$4,363.90
MS9	Assurance Services		Per Signed Agreement/Change Order	$9,112.95
			Total Services	$112,689

For the avoidance of any doubt, all right, title and interest in and to the Deliverables (including without limitation the above Key Deliverables), as well as the intellectual property rights to such Deliverables, shall belong to Avolve, subject to the limited license granted to the Customer pursuant to the Licensing Agreement.

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STATEMENT OF WORK ACCEPTANCE

Once fully executed, this document will become the Statement of Work for the Project defined in this document. Avolve and Customer's signatures below authorizes Avolve to begin the services described above and indicates Customer's agreement to pay the invoices associated with these services delivered as described.

SOFTWARE ACCEPTANCE DATE AND MAINTENANCE

Avolve will invoice Customer for Software Maintenance following the Software Acceptance Date and Customer shall pay such invoiced amount pursuant to the terms of the Purchase Agreement/Sales Order. For all subsequent years of Software Maintenance purchased by Customer, invoicing and payments shall be as set forth in the Purchase Agreement/Sales Order.

AUTHORIZED SIGNATURES

Avolve Software Corporation

By: DocuSigned by: Jay Mayne 0C271D44187F419...

Name: Jay Mayne

Title: CFO

Date: 6/29/2021 | 12:51 PM PDT

City of Salinas, CA

By: DocuSigned by: Kimbley Craig E554E94F4CE64C8...

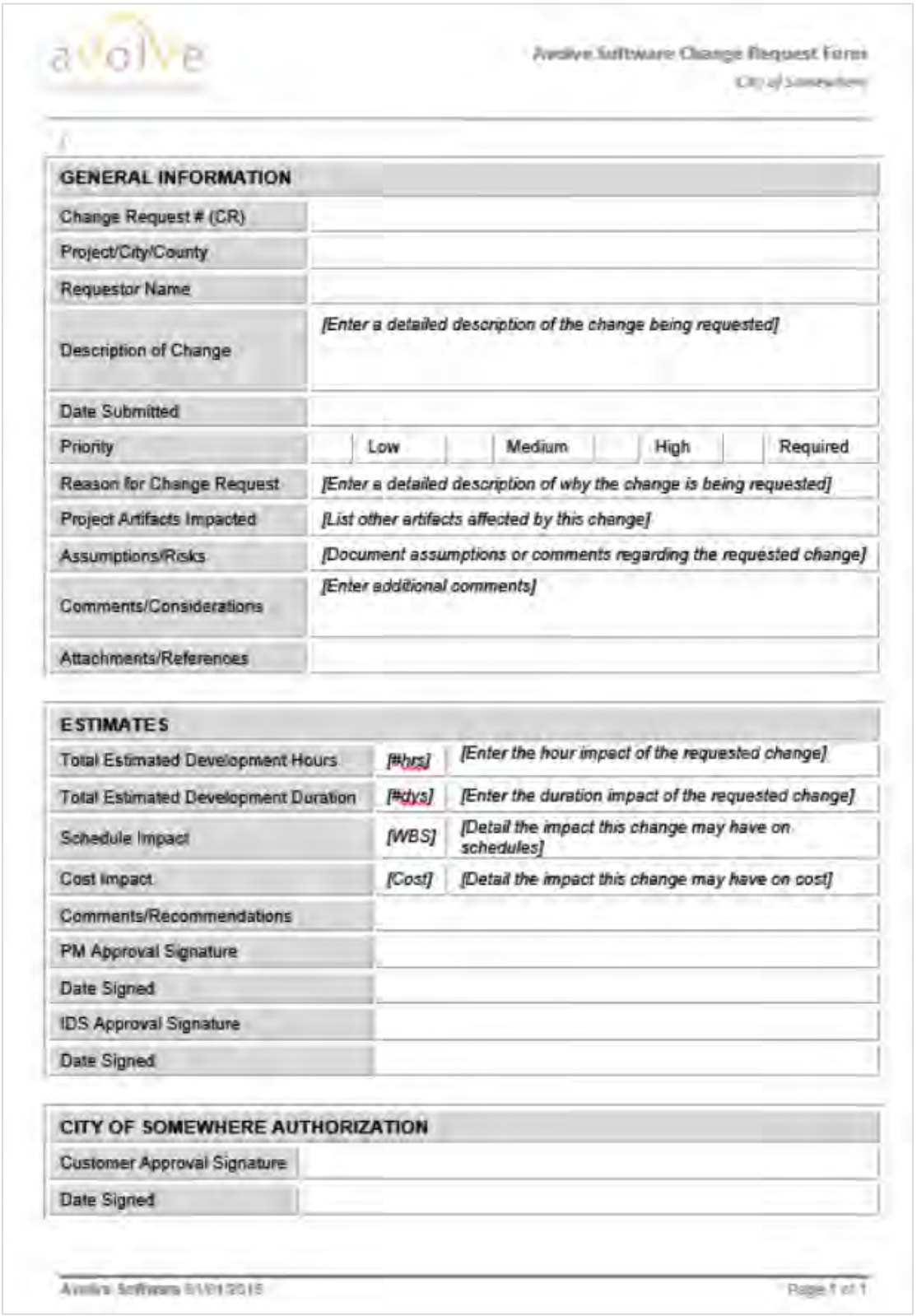
Name: Kimbley Craig

Title: Mayor

Date: 6/29/2021 | 5:46 PM PDT

DocuSign Envelope ID: A0521726-78BA-40A0-8561-A201AB3A4F49

EXHIBIT A: CHANGE REQUEST FORM



avolve

Avolve Software Change Request Form

City of Somewhere

GENERAL INFORMATION								
Change Request # (CR)								
Project/City/County								
Requestor Name								
Description of Change	*[Enter a detailed description of the change being requested]*							
Date Submitted								
Priority		Low		Medium		High		Required
Reason for Change Request	*[Enter a detailed description of why the change is being requested]*							
Project Artifacts Impacted	*[List other artifacts affected by this change]*							
Assumptions/Risks	*[Document assumptions or comments regarding the requested change]*							
Comments/Considerations	*[Enter additional comments]*							
Attachments/References								

ESTIMATES		
Total Estimated Development Hours	*[#hrs]*	*[Enter the hour impact of the requested change]*
Total Estimated Development Duration	*[#dys]*	*[Enter the duration impact of the requested change]*
Schedule Impact	*[WBS]*	*[Detail the impact this change may have on schedules]*
Cost Impact	*[Cost]*	*[Detail the impact this change may have on cost]*
Comments/Recommendations		
PM Approval Signature		
Date Signed		
IDS Approval Signature		
Date Signed		

CITY OF SOMEWHERE AUTHORIZATION	
Customer Approval Signature	
Date Signed	

Avolve Software 5/1/01 2015

Page 1 of 1

Salinas, CA

ProjectDox® ePlan Proposal

Prepared by your Avolve Software Representative

Parker Howell

21001 N Tatum Blvd, Ste 1630-503
Phoenix, AZ 85050
www.avolvesoftware.com

Telephone:
Email: phowell@avolvesoftware.com

Quote Delivered To:

Angeline Anzini	65 West Alisal Street	**Salinas, CA**
Chief Building Official	Salinas, California	**Dated: 10/28/2025**
angelines@ci.salinas.ca.us	93901	**Expiration Date:**

Term: 12/12/2025 - 6/30/2026

ePlan Life Cycle Solution Pricing

SaaS

Product Name	Product Code	Description	QTY	Unit Price	Total Price
Test Environment Light-Level Capacity OAS & ProjectDox SaaS License	SAAS-T.L	Software as a Service (SaaS) for ProjectDox on a Test Environment. Designed for organizations who plan to use the system for development and/or testing with approximately 5 concurrent users and approximately 500 permits per year. Software included for Production: • ProjectDox Software Subscription • Unlimited Workflow license Services included for SaaS Production: • Set up and installation of ProjectDox • Managed services • Annual ProjectDox upgrades Test Environment Safeguard: Avolve security policy limits access to the Test environment. External users including the customer's IT can be	6.00	$1,029.00	$6,174.00

		provided limited VPN access to the Test servers and database such as creation and testing of custom reports. VPN access will be made available upon request at additional cost.			
Production Environment Light-Level Capacity OAS & ProjectDox SaaS License	SAAS-P.L	Software as a Service (SaaS) for OAS & ProjectDox on a Production Environment. Designed for organizations who have approximately 50 concurrent users and 3,000 permits per year. Software included for SaaS Production: • ProjectDox Software Subscription • Unlimited Workflow license • OAS Software Subscription • Includes unlimited Application Forms license • Includes SSA for six base forms preconfigured Services included for SaaS Production: • Set up and installation of OAS & ProjectDox • Managed services • Annual OAS & ProjectDox upgrades Production Environment Safeguard: Avolve security policy limits access to the Production environment. External users including the customer's IT will not be allowed direct access to the Production servers and database. Any development or testing can be performed on the Test environment.	6.00	$7,350.00	$44,100.00

Subtotal SaaS : **$50,274.00**

Training

Product Name	Product Code	Description	QTY	Unit Price	Total Price
TES-Video License Subscription	TES-VLS.2	TES-Video License Subscription	0.50	$5,400.00	$2,700.00

Training Total: **$2,700.00**

100% of SaaS and Subscriptions shall be invoiced upon execution of Agreement. Services will be billed monthly on a Time and Material Basis. Payment for the remaining amount is due net thirty days (30) from invoice after work has occurred. Payment via EFT. Travel and Expenses are not included in this total and will be invoiced as incurred.	SaaS:	$50,274.00
	Training:	$2,700.00
	Total Year One Solution Cost:	**$52,974.00**

COMPANY SIGNATURE:

DATE:

CUSTOMER SIGNATURE:

DATE:

Salinas, CA

ProjectDox® ePlan Proposal

Prepared by your Avolve Software Representative

April Stewart

21001 N Tatum Blvd, Ste 1630-503
Phoenix, AZ 85050
www.avolvesoftware.com

Telephone:
Email: astewart@avolvesoftware.com

Quote Delivered To:

Angeline Anzini	65 West Alisal Street	**Salinas, CA**
Chief Building Official	Salinas, California	**Dated: 10/31/2025**
angelines@ci.salinas.ca.us	93901	**Expiration Date:**

Term: 7/1/2026 - 6/30/2027

ePlan Life Cycle Solution Pricing

SaaS

Product Name	Product Code	Description	QTY	Unit Price	Total Price
Test Environment Light-Level Capacity OAS & ProjectDox SaaS License	SAAS-T.L	Software as a Service (SaaS) for ProjectDox on a Test Environment. Designed for organizations who plan to use the system for development and/or testing with approximately 5 concurrent users and approximately 500 permits per year. Software included for Production: • ProjectDox Software Subscription • Unlimited Workflow license Services included for SaaS Production: • Set up and installation of ProjectDox • Managed services • Annual ProjectDox upgrades Test Environment Safeguard: Avolve security policy limits access to the Test environment. External users including the customer's IT can be	12.00	$1,059.87	$12,718.44

		provided limited VPN access to the Test servers and database such as creation and testing of custom reports. VPN access will be made available upon request at additional cost.			
Production Environment Light-Level Capacity OAS & ProjectDox SaaS License	SAAS-P.L	Software as a Service (SaaS) for OAS & ProjectDox on a Production Environment. Designed for organizations who have approximately 50 concurrent users and 3,000 permits per year. Software included for SaaS Production: • ProjectDox Software Subscription • Unlimited Workflow license • OAS Software Subscription • Includes unlimited Application Forms license • Includes SSA for six base forms preconfigured Services included for SaaS Production: • Set up and installation of OAS & ProjectDox • Managed services • Annual OAS & ProjectDox upgrades Production Environment Safeguard: Avolve security policy limits access to the Production environment. External users including the customer's IT will not be allowed direct access to the Production servers and database. Any development or testing can be performed on the Test environment.	12.00	$7,570.50	$90,846.00

Subtotal SaaS : **$103,564.44**

SaaS Services

Product Name	Product Code	Description	QTY	Unit Price	Total Price
TES-Video License Subscription	TES-VLS	TES-Video License Subscription	1.00	$5,562.00	$5,562.00

SaaS Services Total: **$5,562.00**

100% of SaaS and Subscriptions shall be invoiced upon execution of Agreement. Services will be billed monthly on a Time and Material Basis. Payment for the remaining amount is due net thirty days (30) from invoice after work has occurred. Payment via EFT. Travel and Expenses are not included in this total and will be invoiced as incurred.	SaaS:	$103,564.44
	SaaS Services:	$5,562.00
	Total Year One Solution Cost:	**$109,126.44**

COMPANY SIGNATURE:

DATE:

CUSTOMER SIGNATURE:

DATE:

File #: ID#25-532, Version: 1

Land Disposition and Development Agreement Between the City of Salinas and Taylor Fresh Foods, Inc., Related to the City-Owned Parking Lots Located at Lincoln Avenue and West Gabilan Street (Parking Lot 8 and Parking Lot 12)

Consider adopting an Ordinance approving a Land Disposition and Development Agreement between the City of Salinas and Taylor Fresh Foods, Inc., related to the City-owned parking lots located at Lincoln Avenue and West Gabilan Street (Parking Lot 8 APN 002-244-098-000 and Parking Lot 12 APNs 022-245-002-000, 022-245-003-000, 022-245-004-000, 022-245-005-000, 022-245-006-000, 022-245-007-000, and 022-245-008-000). Exempt from further environmental analysis pursuant to California Environmental Quality Act (CEQA) Guidelines Sections 15060(c), 15061(b)(3), and/or 15378.

CITY OF SALINAS
COUNCIL STAFF REPORT

DATE: **NOVEMBER 18, 2025**

DEPARTMENT: **ADMINISTRATION**
CITY ATTORNEY'S OFFICE
COMMUNITY DEVELOPMENT

FROM: **CHRISTOPHER A. CALLIHAN, CITY ATTORNEY**
LISA BRINTON, DIRECTOR

TITLE: **LAND DISPOSITION AND DEVELOPMENT AGREEMENT (DA 2025-001) RELATED TO CITY PARKING LOTS 8 AND 12**

RECOMMENDED MOTION:

A motion to adopt an ordinance approving a Land Disposition and Development Agreement (DA 2025-001) between the City of Salinas ("City") and Taylor Fresh Foods, Inc. ("Developer") related to City parking lots 8 and 12.

EXECUTIVE SUMMARY:

The City owns property located at Salinas Street, Lincoln Avenue and W. Gabilan Street, (commonly known as "Lot 8"); and at Lincoln Avenue and W. Gabilan Street, (commonly known as "Lot 12") ("Properties"). In October and November 2020, through the Surplus Lands Act, the City declared these Properties to be surplus land no longer necessary for municipal purposes and made these two parking lots generally available for purchase. With these Properties generally available for purchase, the Developer indicated a desire to acquire and develop the Properties. The City and the Developer are requesting that the City Council adopt an ordinance, provided as Attachment 1 to this report approving a Land Disposition and Development Agreement ("Development Agreement") (Exhibit A) prepared pursuant to Government Code section 65864. Under the Development Agreement the Developer will acquire from the City Parking Lots 8 and 12 and develop thereon a hotel/retail/commercial use (Lot 8) and a multi-family residential/retail/commercial/commercial use (Lot 12).

BACKGROUND:

Development Agreement Terms and Conditions

The Development Agreement is presented in its final form and will allow the Developer to acquire the Properties from the City and to proceed with development of the Properties as proposed in the

Development Agreement in accordance with existing policies, rules, and regulations, subject to the conditions of approval, thus vesting certain development rights in the Properties. This is a standard provision of Development Agreements and is one of the primary purposes for such agreements: to provide the Developer with certainty with respect to the applicability of City laws and regulations.

Land Use Entitlement Process. Both Properties have a land use designation of Mixed-Use (MX) and are zoned for Mixed-Use (MX). The Developer proposes constructing a multi-family residential/retail/commercial development use of approximately sixty-six (66) units on Lot 12 and a hotel/retail/commercial use on Lot 8. The proposed developments would be subject to administrative approval, the multi-family residential/retail/commercial office uses through an administrative Site Plan Review and the hotel use through an administrative Conditional Use Permit (CUP). As such, those items would not be brought forward to the Planning Commission or City Council unless, for example, the CUP is appealed.

Affordable Housing Plan. As the residential portion of the multi-family residential/retail/commercial use proposed to be developed on Parking Lot 12 exceeds ten (10) residential units, it is subject to the Inclusionary Housing Ordinance per Salinas Municipal Code Section 17-11. A Housing Plan will be required to demonstrate compliance with the Inclusionary Housing Ordinance and Guidelines.

Performance Schedule. The Development Agreement imposes certain obligations on both the City and the Developer, including obligations with respect to the commencement of construction on both Properties. While there is no precise timeline by which the Properties will be developed, the development proposed for Parking Lot 12 will occur first. Pursuant to the terms of the Development Agreement, the Developer shall apply for project approvals related to the Parking Lot 12 development within one year of the effective date of the Development Agreement and shall apply for project approvals related to the Parking Lot 8 development within five years of the effective date of the Development Agreement. Construction of the multi-family residential/retail/commercial use on Parking Lot 12 would commence within 1-5 years of receiving project approvals and construction of the hotel/retail/commercial use on Parking Lot 8 would commence within 3-8 years of receiving project approvals.

Progress Reports/Annual Review. Developer shall provide the City with regular and at least quarterly progress reports through the completion of construction and issuance of Certificate of Completion for the Project. The City shall annually monitor and review Developer's good faith compliance with the terms of this Agreement and the Project Approvals.

Purchase Price. The Purchase Price for each Property shall be determined through an appraisal process. Section 4.1 of the Development Agreement outlines the appraisal and negotiation process. Either Party can notify the other of the termination of the Development Agreement if a

Purchase Price cannot be reached. If the Developer agrees to proceed with the purchase after the Purchase Price is determined, the Purchase Price shall be paid in cash to the City by the Developer at the Close of Escrow.

Planning Commission Findings

Pursuant to Salinas Municipal Code section 37-60.790 the Planning Commission shall make a written recommendation to the City Council to approve, approve with conditions or modifications, or deny the proposed Development Agreement and shall make written findings pursuant to Salinas Municipal Code section 37-60.810 supporting the reason for the recommendation. On November 5, 2025, the Planning Commission held a public hearing to consider a recommendation to the City Council, and based on the testimony submitted, made the finding that the Development Agreement is consistent with the Salinas General Plan, any applicable specific plan, and any other applicable plans and policies adopted by the Salinas City Council. The Planning Commission Resolution is attached to this report as Exhibit C.

Noticing

On November 6, 2025, a Notice of Public Hearing was published in the Monterey County Weekly, a newspaper of general circulation. On November 6, 2025, a Notice of Public Hearing was mailed to all property owners located within 300-feet of the subject Properties and posted on both sites.

CEQA CONSIDERATION:

The City Council's adoption of the proposed Ordinance has been determined to be exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines sections 15060(c), 15061(b)(3), and/or 15378 as it does not constitute a "project," does not commit the City to a definite course of action, does not constitute discretionary approval of a specific project, and will not result in a direct or reasonably foreseeable indirect physical change in the environment, and in the alternative, is exempt from CEQA as it falls within the "common sense" exemption set forth in CEQA Guidelines Section 15061(b)(3), excluding projects where "it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment." On December 7, 2021, the City Council approved a resolution making certain findings and adopting a Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program and approving a General Plan Amendment (GPA 2021-02) to change the land use designation of the Properties to Mixed-Use (MX). On December 7, 2021, the City Council also adopted an ordinance to rezone the Properties to Mixed Use (MX).

CALIFORNIA GOVERNMENT CODE §84308 APPLIES:

Yes.

STRATEGIC PLAN INITIATIVE:

Approval of the Development Agreement for Lots 8 and 12 furthers the City Council's 2025-2028 Strategic Plan Economic Development objectives of revitalizing residential and commercial blighted areas through targeted initiatives, private investment and community partnerships and strategically exploring and expanding economic development opportunities throughout the City. Proposed development on Lots 8 and 12 will support the revitalization of the Downtown neighborhood and Gabilan Street, consistent with the Downtown Revitalization Plan approved by the City Council. The hotel/retail/commercial use will bring jobs and increase revenue generation. The multi-family residential/retail/commercial development furthers the Housing objective to facilitate the addition of workforce and low-income housing by bringing more housing into the Downtown and meeting the minimum affordable housing allocation requirement of the City's Inclusionary Housing Ordinance.

DEPARTMENTAL COORDINATION:

Administration, including the City Attorney's Office, took lead on preparing the Land Disposition and Development Agreement and this report in coordination with the Community Development Department.

FISCAL AND SUSTAINABILITY IMPACT:

The action of approving the Development Agreement has no impact to the City's General Fund. Should negotiations progress to the sale of the two lots, the City would receive one-time sale proceeds. It is further anticipated that the future proposed development would result in increased property and sales tax revenue.

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

ATTACHMENTS:

Ordinance
Exhibit A: Draft Land Disposition and Development Agreement
Exhibit B: Planning Commission Resolution

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

AN ORDINANCE APPROVING THE LAND DISPOSITION AND DEVELOPMENT AGREEMENT BETWEEN THE CITY OF SALINAS AND TAYLOR FRESH FOODS RELATED TO PARKING LOT 8 AND PARKING LOT 12

WHEREAS, the strengthen the public planning process, encourage private participation in comprehensive planning and reduce the economic risk of development, the Legislature of the State of California adopted Government Code Sections 65864-65869.5 (the "Development Agreement Statute"), authorizing municipalities to enter into development agreements in connection with the development of real property within their jurisdiction by qualified applicants with a requisite legal or equitable interest in the real property which is the subject of such development agreement; and

WHEREAS, the purpose of the Development Agreement Statute is to authorize municipalities, in their discretion, to establish certain development rights in real property for a period of years regardless of intervening changes in land use regulations; and

WHEREAS, the City owns property located at Salinas Street, Lincoln Avenue and W. Gabilan Street, a portion of Assessor's Parcel Number 002-244-098 (commonly known as "Lot 8"); and at Lincoln Avenue and W. Gabilan Street, Assessor's Parcel Numbers 022-245-002, 022-245-003, 022-245-004, 022-245-005, 022-245-006, 022-245-007, and 022-245-0038 (commonly known as "Lot 12"), (collectively the "Property"); and

WHEREAS, on October 27, 2020, the City Council approved Resolution No. 21987 declaring the Property surplus land pursuant to Government Code Sections 54220, *et seq.* (the "Surplus Lands Act"); and

WHEREAS, on November 3, 2020, the City issued a notice of availability of surplus properties, including the above referenced Property, in compliance with the Surplus Lands Act. The City received a letter of interest from an eligible entity for the Property; however, that entity later submitted a letter to the City withdrawing its interest in developing the Property. The City consequently proceeded to make the Property generally available for purchase; and

WHEREAS, with the Property generally available for purchase, Taylor Fresh Foods, Inc., (the "Developer") has indicated a desire to acquire the Property and the Developer intends to develop the Property with a hotel/retail/commercial use and a multi-family residential/retail us; and

WHEREAS, the City's Downtown Vibrancy Plan states "The area surrounding Salinas and Gabilan Street offers an excellent opportunity for development… This area could build on the momentum created with the construction of Taylor Farms' new corporate headquarters building." This area includes both Lot 8 and Lot 12; and

WHEREAS, the Downtown Vibrancy Plan identifies Lot 8 and Lot 12 as “redevelopment site[s]” within the downtown area, and contemplates “structured parking or mixed-use development” on both sites, with Lot 12 further identified as a possible market-rate housing development; and

WHEREAS, the Project will support the revitalization of the downtown neighborhood and Gabilan Street, consistent with the Downtown Revitalization Plan approved by the City Council. The hotel/retail/commercial use will bring jobs and increase revenue generation, and the multi-family residential/retail development will meet the minimum affordable housing allocation requirement of the City’s Inclusionary Housing Ordinance in effect as of the Effective Date; and

WHEREAS, in accordance with Municipal Code Section 12-16, the City Council finds that the property disposition and this ordinance support neighborhood revitalization and assist in the provision of low- and moderate-income housing, finding that public convenience, necessity or welfare and objectives of the City's neighborhood improvement program will benefit from such conveyance or sale and stating the terms and conditions thereof and the reasons therefor; and

WHEREAS, the City Council finds that the Project, as shown in the Land Disposition and Development Agreement, is consistent with the City’s General Plan (for which an Environmental Impact Report was certified by the City on August 6, 2002, by Resolution No.18015, and that pursuant to an environmental assessment prepared by Cotton/Bridges/Associates dated August 2002, there are not project-specific significant effects which peculiar to the Development or the Property which were not addressed in the EIR); and

WHEREAS, on December 7, 2025, the City Council approved GPA (2021-02) and Rezone (2021-2002) changing the Properties land use designation and zoning district from Public/Semi Public (P/SP) to Mixed-Use (MX); and

WHEREAS, after conducting a duly noticed public hearing in accordance with the Development Agreement statute, the Salinas Planning Commission by a vote of 3:2, on November 5, 2025, recommended the City Council adopt an ordinance approving the Land Disposition and Development Agreement; and

WHEREAS, on November 18, 2025, the City Council held a duly noticed public hearing on the Land Disposition and Development Agreement pursuant to the Development Agreement Statute.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF SALINAS, as follows:

Section 1. The above recitals are true and correct and are fully incorporated herein by this reference.

Section 2. The City Council finds that pursuant to Government Code Section 65867.5, the Land Disposition and Development Agreement is consistent with the City’s Zoning Code and the City’s General Plan:

A. The proposed Land Disposition and Development Agreement is consistent with the Salinas Zoning Code: Zoning Code Section 37-30.230(e)(2) provides that the purpose of the Mixed Use

(MX) District is to provide opportunities for mixed use, office, public and semi-public uses, and commercial uses that emphasize retail, entertainment, and service activities. In addition, Zoning Code section 37-40.290(a) provides that the Central City Overlay (CC) District is intended to encourage and accommodate the increased development intensity for mixed use, commercial, retail, and office uses within the Central City and to increase opportunities for infill housing and innovative retail while transforming and aesthetically improving transportation corridors into pedestrian-oriented civic boulevards with mixed use projects.

B. The proposed Land Disposition and Development Agreement is consistent with the Salinas General Plan: General Plan Policy LU-3.7 promotes the revitalization of existing commercial and industrial areas within the city including the Central City Project Area and Policy LU-3.8 encourages the production of housing that meets the needs of agricultural and other essential workers within the community. General Plan Policy CD-3.4 actively encourages mixed-use development in order to provide a greater spectrum of housing near businesses, alternative modes of transportation, and other activity areas (such as the downtown) and Policy CD-3.5 promotes mixed use (commercial, office, and residential together) in the Central City to the extent consistent with the area's architectural and historical character.

SECTION 3. The Land Disposition and Development Agreement substantially in the form attached hereto as Attachment 1 and incorporated herein by reference between the City of Salinas and Taylor Fresh Foods, Inc. is hereby approved. The City Council authorizes and directs the Mayor to execute the Land Disposition and Development Agreement, subject to any further modifications that the City Manager determines prior to execution and recording, in consultation with the City Attorney, are in the best interest of the City, do not materially decrease the benefits to or materially increase the obligations or liabilities of the City, and are in compliance with applicable laws.

SECTION 4. All actions taken by City officials in preparing and submitting the Land Disposition and Development Agreement to the Planning Commission and City Council for review and consideration are hereby ratified and confirmed and the City Council further authorizes the City Manager and other appropriate officers, agents, or employees of the City to take any and all steps as they or any of them may deem necessary or appropriate, in consultation with the City Attorney, in order to implement and to effectuate the matters set forth in the Land Disposition and Development Agreement.

SECTION 5. Pursuant to Government Code Section 65858.5, the City Clerk shall record with the County Recorder of the County of Monterey a copy of the Land Disposition and Development Agreement within ten (10) days after the Land Disposition and Development Agreement is fully executed.

SECTION 6. All ordinances and parts of ordinances and all resolutions and parts of resolutions in conflict herewith are hereby repealed as of the effective date of this ordinance.

SECTION 7. Publication. The City Clerk shall cause a summary of this ordinance to be published once in a newspaper published and circulated in Salinas within fifteen (15) days after adoption. (Salinas Charter Section 11.9)

SECTION 8. CEQA Compliance. The City Council's adoption of the proposed Ordinance has been determined to be exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines sections 15060(c), 15061(b)(3), and/or 15378 as it does not constitute a "project," does not commit the City to a definite course of action, does not constitute discretionary approval of a specific project, and will not result in a direct or reasonably foreseeable indirect physical change in the environment, and in the alternative, is exempt from CEQA as it falls within the "common sense" exemption set forth in CEQA Guidelines Section 15061(b)(3), excluding projects where "it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment." On December 7, 2021, the City Council approved a resolution making certain findings and adopting a Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program and approving a General Plan Amendment (GPA 2021-02) to change the land use designation of the properties to Mixed-Use (MX). On December 7, 2021, the City Council also adopted an ordinance to rezone the properties to Mixed Use (MX).

SECTION 9. Severability. If any section, subsection, sentence, clause, or phrase of this ordinance is for any reason held to be invalid or unconstitutional by a decision of any court of any competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance. The Salinas City Council hereby declares that it would have passed this ordinance and each and every section, subsection, clause, and phrase thereof not declared invalid or unconstitutional without regard to whether any portion of the ordinance would be subsequently declared invalid or unconstitutional.

SECTION 10. Effective Date. This ordinance will take effect thirty (30) days from and after its adoption.

PASSED AND ADOPTED this _____ day of _____, 2025, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

_____

Dennis Donohue, Mayor

APPROVED AS TO FORM:

_____

Christopher A. Callihan, City Attorney

ATTEST:

_____

Patricia M. Barajas, City Clerk

OFFICIAL BUSINESS
Document entitled to free recording
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AND WHEN RECORDED MAIL TO:

City of Salinas
200 Lincoln Ave
Salinas, CA 93901
Attn: City Clerk

(SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE)

Land Disposition and Development Agreement

Between

The City of Salinas

And

Taylor Fresh Foods, Inc

Dated as of _____, 2025

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LAND DISPOSITION AND DEVELOPMENT AGREEMENT

This Land Disposition and Development Agreement ("Agreement") is entered into as of _____, 2025 ("Effective Date"), by and between the City of Salinas, a California charter city and municipal corporation ("City") and Taylor Fresh Foods, Inc., a Delaware corporation ("Developer", together City and Developer are the "Parties"), with reference to the following facts, understandings and intentions of the Parties, and pursuant to the authority of Government Code section 65864 et. seq., relating to Development Agreements:

RECITALS

A. To provide a process so that, upon approval of a project, the applicant may proceed with the project in accordance with existing policies, rules, and regulations, subject to the conditions of approval, thus vesting certain development rights in the property, California Government Code section 65864, et seq. (the "Development Agreement Statute") and Salinas Municipal Code Article VI, Division 11 of Chapter 37, authorize the City and any person having a legal or equitable interest in real property to enter into a Development Agreement, establishing certain development rights in the Property.

B. These Recitals refer to and utilize certain capitalized terms which are defined in Article 1 of this Agreement. The Parties intend to refer to those definitions in connection with the use of capitalized terms in these Recitals.

C. The City owns property located at Salinas Street, Lincoln Avenue and W. Gabilan Street, a portion of Assessor's Parcel Number 002-244-098 (commonly known as "Lot 8"); and at Lincoln Avenue and W. Gabilan Street, Assessor's Parcel Numbers 002-245-002, 002-245-003, 002-245-004, 002-245-005, 002-245-006, 002-245-007, and 002-245-008 (commonly known as "Lot 12") (collectively the "Property"). The City will have legal descriptions of the Property prepared which legal descriptions will be attached to this Agreement as Exhibit A.

D. On October 27, 2020, the City Council approved Resolution No. 21987 declaring the Property surplus land pursuant to Government Code Sections 54220, *et seq.* (the "Surplus Lands Act").

E. On November 3, 2020, the City issued a notice of availability of surplus properties, including the above referenced Property, in compliance with the Surplus Lands Act. The City received a letter of interest from an eligible entity for the Property; however, that entity later submitted a letter to the City withdrawing its interest in developing the Property. The City consequently proceeded to make the Property generally available for purchase.

F. With the Property generally available for purchase, the Developer has indicated a desire to acquire the Property and the Developer intends to develop the Property with a hotel/retail/commercial use and a multi-family residential/retail use as generally described in Section 1.1(dd) and as generally shown on Exhibit E (the "Project").

G. The City's Downtown Vibrancy Plan states "The area surrounding Salinas and Gabilan

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Street offers an excellent opportunity for development… This area could build on the momentum created with the construction of Taylor Farms' new corporate headquarters building." This area includes both Lot 8 and Lot 12.

H. The Downtown Vibrancy Plan identifies Lot 8 and Lot 12 as "redevelopment site[s]" within the downtown area, and contemplates "structured parking or mixed-use development" on both sites, with Lot 12 further identified as a possible market-rate housing development.

I. The Project will support the revitalization of the downtown neighborhood and Gabilan Street, consistent with the Downtown Revitalization Plan approved by the City Council. The hotel/retail/commercial use will bring jobs and increase revenue generation, and the multi-family residential/retail development will meet the minimum affordable housing allocation requirement of the City's Inclusionary Housing Ordinance in effect as of the Effective Date.

J. The City staff has duly noticed the proposed adoption of this Agreement pursuant to Government Code sections 65090, 65091 and 54954.2(a)(1).The City has approved a resolution in accordance with Municipal Code Section 12-16, stating that the property disposition supports neighborhood revitalization and assists in the provision of low and moderate income housing, finding that public convenience, necessity or welfare and objectives of the City's neighborhood improvement program will benefit from such conveyance or sale and stating the terms and conditions thereof and the reasons therefor.

K. The City has found that the Project, as shown in the plans described in Section 1.1(bb) and this Agreement, is consistent with the City's General Plan (for which an Environmental Impact Report was certified by the City on August 6, 2002, by Resolution No.18015, and that pursuant to an environmental assessment prepared by Cotton/Bridges/Associates dated August 2002, there are not project-specific significant effects which peculiar to the Development or the Property which were not addressed in the EIR.

NOW THEREFORE, the City and the Developer agree as follows:

ARTICLE 1.
DEFINITIONS AND EXHIBITS

Section 1.1. Definitions.

In addition to the terms defined elsewhere in this Agreement, the following definitions shall apply throughout this Agreement.

(a) "Affordable Housing Agreement" means a written agreement between the Developer and the City ensuring the continuing affordability of housing on the Project.

(b) "CEQA" means the California Environmental Quality Act (Public Resource Code 21000 *et seq*.), and its implementing regulations.

(c) "Certificate of Completion" means the certificate to be issued by the City pursuant to Section 7.9 of this Agreement.

(d) "City" means the city of Salinas, a California charter city and municipal corporation.

(e) "City Council" means the City Council of the City.

(f) "City Event of Default" has the meaning set forth in Section 10.4.

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(g) "City's Response Date" has the meaning set forth in Section 4.2.

(h) "Close of Escrow" means the date the Grant Deed is recorded in the Official Records. It is anticipated that there will be two (2) dates for the Close of Escrow: one for Lot 8 and one for Lot 12.

(i) "Control" means direct or indirect management or control of the: (i) managing member or members in the case of a limited liability company; (ii) the managing general partner or general partners in the case of a partnership; and (iii) boards of directors that overlap by fifty percent (50%) or more of their directors, or a majority of the directors in the case of a corporation.

(j) "Construction Plans" shall mean the construction plans submitted by Developer and approved by the City in connection with the building permits for the Project.

(k) "County" means the County of Monterey, California.

(l) "Disposition Documents" mean, collectively, this Agreement and all other documents required to be executed or acknowledged in writing by the Parties in connection with the transaction contemplated by this Agreement.

(m) "Developer" means Taylor Fresh Foods, Inc., a Delaware corporation, and its successors and assigns as permitted by this Agreement.

(n) "Developer Event of Default" has the meaning set forth in Section 10.5.

(o) "Development" means the development of the Project and that portion of the Property used for the Project.

(p) "Due Diligence Period" means the period, as set forth in Sections 4.1, 4.2 and 4.3, that the Developer shall have to complete its investigation into whether to purchase all or part of the Property. The Due Diligence Period shall automatically expire thirty (30) days after the last of these events to occur: (1) the City and the Developer agree upon a Purchase Price; (2) the Developer accepts the Title Report; (3) the Developer accepts the results of the Phase I and Phase II environmental investigations; (4) the Developer accepts all of the conditions of approval for the part of the Property that is at issue (either Lot 8 or Lot 12), including execution of an Affordable Housing Agreement if applicable to the Lot at issue; and (5) two hundred ten (210) days after the Effective Date.

(q) "Effective Date" means the date this Agreement is entered into by the Parties as first written above.

(r) "Existing City Laws" means the City General Plan, Zoning, Municipal Code and other rules, regulations and official policies governing the permitted uses of the Property, density or intensity of use, the maximum height and size of proposed buildings, and provisions for reservation or dedication of land for public purposes that are in effect on the Effective Date.

(s) "Grant Deed" means the grant deed of the Property, or any portion thereof, to the Developer from the City, substantially in the form attached as Exhibit B.

(t) "Hazardous Materials" means any chemical, compound, material, mixture, or substance that is now or may in the future be defined or listed in, or otherwise classified pursuant to any environmental law as a "hazardous substance", "hazardous material", "hazardous waste", "extremely hazardous waste", "infectious waste", "toxic substance", "toxic pollutant", or any other formulation intended to define, list or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, or toxicity, under: the California Hazardous Waste Control Law

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(California Health & Safety Code, Division 20, Chapter 6.5); the Safe Drinking Water and Toxic Enforcement Act of 1986 (California Health & Safety Code, Division 20, Chapter 6.6); Underground Storage of Hazardous Substances (California Health & Safety Code, Division 20, Chapter 6.7); Hazardous Substance Account Act (California Health & Safety Code, Division 45); the Hazardous Materials Release Response Plans and Inventory (California Health & Safety Code, Division 20, Chapter 6.95); the Clean Water Act (33 U.S.C. 1251, *et seq*.); the Resource Conservation and Recovery Act (42 U.S.C. 6901, *et seq*.); the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. 9601, *et seq*.); the Emergency Planning and Community Right to Know Act of 1986 (42 U.S.C. 11001, *et seq*.); Control of Radioactive Contamination of the Environment (California Health & Safety Code, Division 104, Part 9, Chapter 5, Article 1); the Clean Air Act (42 U.S.C. 7401, *et seq*.); 40 Code of Federal Regulations Section 302.4; or any federal, state, or local statute, ordinance, regulation, administrative order or decision, or judicial decision interpreting or applying any of these provisions, as well as any amendments of any of these provisions, or any subsequently enacted statutes, ordinances, regulations, or orders, which refer or relate to "Hazardous Substances" as used in this Agreement ("Environmental Laws"); provided, however, that specifically included under this Agreement are asbestos, PCB's, mercury, sulphur dioxide, vinyl chloride, urea formaldehyde, natural gas, compressed natural gas, methanol, natural gas liquids, liquefied natural gas, or synthetic gas useable for fuel (or mixtures of natural gas and such synthetic gas), all petroleum products or byproducts, hydrocarbons, and any components or derivatives thereof, any per- and polyfluoroalkyl substances known as "PFAS."

The term "Hazardous Materials" shall not include: (i) construction materials, gardening materials, household products, office supply products or janitorial supply products customarily used in the construction, maintenance, construction, or management of commercial properties, or typically used in office activities, or (ii) certain substances which may contain chemicals listed by the State of California pursuant to California Health and Safety Code Section 25249.8 *et seq*., which substances are commonly used by a significant portion of the population living within the region of the Development, including, but not limited to, alcoholic beverages, aspirin, tobacco products, nutrasweet and saccharine.

(u) "Hazardous Materials Laws" means all federal, state, and local laws, ordinances, regulations, orders and directives pertaining to Hazardous Materials in, on or under the Development or any portion thereof.

(v) "Indemnitees" has the meaning set forth in Section 11.6.

(w) "Opening of Escrow" means when the fully executed Agreement has been provided to the Title Company and the Title Company has opened the escrow file for the sale of the Property.

(x) "Official Records" means the official land records of the County of Monterey.

(y) "Parties" means the City and the Developer and either of their permitted successors and assigns.

(z) "Party" means either the City or the Developer and either of their permitted successors and assigns.

(aa) "Passive Investor Member" has the meaning set forth in Section 9.1(b).

(bb) "Project" means the multi-family residential/retail/commercial use Developer intends to build on Lot 12 to consist of approximately sixty-seven (67) multi-family housing units and approximately 3,435 square-foot retail/commercial use, and the hotel/retail commercial use that Developer intends to build on Lot 8 as more particularly described in the Agreement and all other agreements concerning the Property.

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(cc) "Project Approvals" has the meaning set forth in Section 6.2.

(dd) "Project Area" means the project area more particularly described in Exhibit G.

(ee) "Property" means the real property to be developed by the Developer pursuant to this Agreement, which real property is more particularly described in Recital B and Exhibit A.

(ff) "Purchase Price" has the meaning set forth in Section 2.1.

(gg) "Released Parties" has the meaning set forth in Section 5.5(d).

(hh) "Revitalization Plan" means the Revitalization Plan for the Central City Revitalization Project Area as amended from time to time.

(ii) "Scope of Development" shall mean a detailed description of the Project to be constructed by Developer pursuant to this Agreement as set forth in Exhibit C attached hereto and incorporated herein.

(jj) "Schedule of Performance" means the schedule attached as Exhibit D, as approved by the City, setting forth the anticipated schedule for the Developer's acquisition of the Property and the development of the Project.

(kk) "Term" means the term of this Agreement, which shall consist of the period commencing as of the Effective Date and continuing until the earlier of (i) the recordation of a Certificate of Completion for all development of the Project and any other obligations of the Parties or (ii) the date twenty (20) years after the Effective Date, subject to the extensions in Section 11.3.

(ll) "Title Approval Date" has the meaning set forth in Section 4.2.

(mm) "Title Company" means a title company as the Parties may mutually select.

(nn) "Title Report" means a preliminary title report for the Property, dated after the Effective Date.

(oo) "Transfer" has the meaning set forth in Section 9.1.

Section 1.2. Exhibits. The following exhibits are attached to and incorporated in the Agreement:

Exhibit A: Legal Description of the Property
Exhibit B: Form of Grant Deed
Exhibit C: Scope of Development
Exhibit D: Schedule of Performance
Exhibit E: Project Renderings
Exhibit F: License Agreement
Exhibit G: Project Area

ARTICLE 2.
PURCHASE PRICE, ESCROW

Section 2.1. Purchase Price.

The purchase price for this Property shall be determined as set forth in Section 4.1 ("Purchase Price"). If the Developer agrees to proceed with the purchase after the Purchase Price is determined, the Purchase Price shall be paid in cash to the City by the Developer at the Close of Escrow.

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Section 2.2. Opening Escrow.

To accomplish the purchase and transfer of the Property from the City to the Developer, within five (5) business days of the full execution of this Agreement, the Parties shall complete the Opening of Escrow. The Parties shall execute and deliver all written instructions to the Title Company to accomplish the terms hereof concurrently with the Opening of Escrow, which instructions shall be consistent with this Agreement.

ARTICLE 3.
CITY'S PREDISPOSITION REQUIREMENTS FOR CONVEYANCE OF THE PROPERTY

Section 3.1. Conditions Precedent to Disposition of Property

The requirements set forth in this Article 3 are conditions precedent to the City's obligation to convey the Property to the Developer. The City shall have no obligation to convey the Property to the Developer unless the Developer has satisfied the conditions precedent set forth in this Article 3 in the manner set forth below and within the timeframe set forth below and in the Schedule of Performance.

Section 3.2. Project Renderings.

Prior to the Effective Date, the Developer submitted renderings of the site and the Project to the City, as set forth in the attached Exhibit E, which the City has received and accepted. All future refinements of the plans for the Project must be approved by the City through the City's typical land use entitlement and building permit process. The Developer reserves the right to revise the Project from the renderings, subject to approval of the City.

As set forth in Section 4.4, the Developer acknowledges that execution of this Agreement by the City does not constitute approval by the City of any required permits, or applications, and except as provided in Section 6.3 in no way limits the discretion of the City in the permit allocation and approval process.

Section 3.3. Insurance.

The Developer shall furnish to the City evidence of the insurance coverage meeting the requirements of Section 8.4 below, no later than the date set forth in the for Close of Escrow in this Agreement.

ARTICLE 4.
DEVELOPER'S PREDISPOSITION REQUIREMENTS FOR PURCHASE OF THE PROPERTY

Section 4.1. Agreement to Purchase Price.

The Purchase Price for each Lot shall be determined through an appraisal process. The City will have an appraisal prepared by an appraiser with at least five years of experience in appraising commercial property. The Developer shall have thirty (30) days after receiving the appraisal with the Purchase Price for each Lot to either accept the appraisal or retain John Piini (or another appraiser of the Developer's choice) to prepare another appraisal. If the Parties both accept the second appraisal, that shall be the Purchase Price. If the Developer and the City do not agree to accept the second appraisal, then the two appraisals shall be averaged (added together and divided by two (2)) to determine the final Purchase Price. If either Party does not accept the final Purchase Price, the non-consenting Party shall notify the other Party within thirty (30) days of receiving the second appraisal that the final Purchase Price is unacceptable because neither the second appraisal nor the average of the two appraisals is

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acceptable, and why. The City and the Developer may agree to further negotiate the Purchase Price or either Party can notify the other of the termination of this Agreement.

Section 4.2. Acceptance of Title Exceptions.

Within five (5) days after the Opening of Escrow, Title Company shall provide the City and the Developer with a Title Report covering each Lot within the Property together with copies of all documents referred to therein. The Developer shall approve the Title Report in writing on or before the date ("Title Approval Date") that is thirty (30) days after the Developer has received the Title Report. The Developer's approval or disapproval shall be subject to the judgment and personal satisfaction of the Developer in its sole discretion and shall not be controlled by any standard of reasonableness. The Developer's failure to approve or disapprove the Title Report by delivery of written notice thereof to the City and Title Company on or before the Title Approval Date shall be deemed the Developer's disapproval of all matters set forth in the Title Report. If the Developer delivers written notice of disapproval or is deemed to have delivered written notice of disapproval, the City shall have until 5:00 p.m. Pacific Time on the date that is fourteen (14) days after its receipt of the Developer's written notice of disapproval ("City's Response Date"), within which to notify the Developer in writing of its intention to attempt to remove or otherwise cure prior to the Close of Escrow the disapproved exceptions (or portions thereof) as exceptions to title. If for any reason, by the City's Response Date, the City does not provide the Developer with such notice, the City shall be deemed to have elected to not remove or otherwise cure such disapproved exceptions. If the City does not agree, or is deemed not to have agreed, to so attempt to remove or otherwise cure any disapproved exceptions, then the Developer shall have the right to either (a) waive such disapproved items and proceed with this Agreement or (b) terminate this Agreement prior to the expiration of the Due Diligence Period.

Section 4.3. Acceptance of Phase I/Phase II Environmental Reports.

Within sixty (60) days after the Effective Date, the City shall retain, and Developer shall fully reimburse the City for, an environmental consultant to complete a Phase I environmental report for each Lot. Such reports must be completed within two (2) months of the Effective Date. Within thirty (30) days after receiving the final environmental reports, the Developer shall notify the City of whether it needs the City to retain a consultant to complete a Phase II environmental report on either or both Lots. If the Developer fails to provide such notification, it shall be conclusively deemed the Developer's election to terminate this Agreement as a result of the Property's environmental condition. If the Developer asks the City to obtain a Phase II environmental report on either part or both parts of the Property, such report(s) must be completed within four (4) months after the City receives the notice to retain the consultant to complete the Phase II environmental report(s). Within fifteen (15) days after receiving the Phase II environmental report(s), the Developer shall notify the City of whether it accepts the Property's environmental condition. If the Developer fails to provide such notification, it shall be conclusively deemed the Developer's election to terminate this Agreement as a result of the Property's environmental condition. If the Developer only provides such notification accepting the environmental condition of one of the Lots, then it shall be conclusively deemed the Developer's election to terminate this Agreement as to the other Lot.

Section 4.4. Approvals.

It is anticipated that Lot 8 and Lot 12 shall Close Escrow at different times, with Lot 12 closing first and Lot 8 thereafter. The Developer shall have the right (directly or through its affiliates) to process all applications for Project Approvals as contemplated by the Developer in its sole and absolute discretion for each part of the Project. The City and the Developer shall work cooperatively in order to try to reach agreement on the appropriate Project Approvals for each Lot. The City shall endeavor to provide the Developer with the Project Approvals at least sixty (60) days prior to the City finalizing such Project Approvals. Within thirty (30) days of receiving all conditions of approval for the necessary Project

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Approvals for the construction of each Lot, the Developer shall notify the City as to whether it accepts the conditions of approval or whether further discussion is necessary. The intention is that before the conditions of approval are finalized at a public hearing, the City and the Developer will be in agreement that the conditions are appropriate. If, during a public hearing where the conditions are discussed, the City changes the conditions, and the Developer does not agree to the changes, the Developer shall notify the City within seven (7) days of the hearing. If the City is not able or willing to reverse the changes or come to agreement with the Developer on other conditions, the Developer shall have until the thirtieth (30th) day after the hearing to terminate this Agreement as to the Lot for which the Parties cannot agree to the conditions of approval.

Section 4.5. Affordable Housing.

The Project Approvals for the construction of the Project shall include an Affordable Housing Agreement for the Property.

ARTICLE 5.
DISPOSITION OF PROPERTY

Section 5.1. Sale and Purchase.

Provided the pre-disposition requirements set forth in Articles 3 and 4 have been satisfied in the manner set forth above and by the dates set forth in Articles 3 and 4, the City shall sell to the Developer, and the Developer shall purchase from the City, the Property pursuant to the terms, covenants, and conditions of this Agreement.

Section 5.2. Purchase Price.

The Purchase Price for the Property, as determined pursuant to Section 4.1, shall be paid in cash to the City by the Developer at the Close of Escrow.

Section 5.3. Close of Escrow.

The close of Escrow for each Lot shall occur no later than the date thirty (30) days after the expiration of the Due Diligence Period for that Lot and only in the event that all conditions precedent to conveyance set forth in Articles 3 and 4 have been satisfied or waived by the City or the Developer, respectively. In addition to the conditions precedent set forth in Articles 3 and 4, the following conditions shall be satisfied prior to or concurrently with, and as conditions of, the Close of Escrow:

(a) The Developer had provided the City with copies of the Developer's organizational documents satisfactory to the City to demonstrate the Developer's power and authority to purchase the Property as set forth herein.

(b) The Developer shall have executed and delivered to the City or the Title Company the Disposition Documents, and any other documents and instruments required to be executed and delivered, all in form and substance satisfactory to the City.

(c) The Developer shall have furnished the City with evidence of the insurance coverage meeting the insurance requirements set forth in Section 8.4.

(d) The Developer and the City shall enter into a license, right of entry, or easement agreement if determined in their reasonable judgment that such is necessary in a form to be determined at a later date and attached at that time as Exhibit F.

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(e) The following documents shall have been recorded in the Official Records of Monterey County: Affordable Housing Agreement (if applicable for the Lot closing escrow).

(f) There shall exist no condition, event or act which would constitute a breach or default under this Agreement, or any other Disposition Document or which, upon the giving of notice or the passage of time, or both, would constitute such a breach or default.

(g) All representations and warranties of the Parties contained in any Disposition Document shall be true and correct as of the Close of Escrow.

Ad valorem taxes, if any, shall be prorated as of the date of conveyance of the Property from the City to the Developer. The Developer shall pay the cost of an ALTA standard owner's policy of title insurance, transfer tax, Title Company document preparation, recordation fees, premiums of owners and lenders title insurance and the escrow fees of the Title Company, if any, and any additional costs to close the escrow. The costs borne by the Developer are in addition to the Purchase Price for the Property.

Section 5.4. Condition of Title.

Upon the Close of Escrow, the Developer shall have insurable title, pursuant to an ALTA standard owner's policy, to the Property which shall be free and clear of all liens, encumbrances, clouds and conditions, rights of occupancy or possession, except:

(a) applicable building and zoning laws and regulations;

(b) the standard conditions and exceptions contained in an ALTA standard owner's policy of title insurance that is regularly issued by the Title Company in transactions similar to the one contemplated by this Agreement.

(c) The Affordable Housing Agreement;

(d) the Grant Deed;

(e) any lien for current taxes and assessments or taxes and assessments accruing subsequent to recordation of the Grant Deed; and

(f) any title exceptions approved by the Developer in writing.

Section 5.5. Condition of Property.

(a) "AS IS" PURCHASE. PRIOR TO THE CLOSE OF ESCROW, THE DEVELOPER WAS PROVIDED THE OPPORTUNITY TO INVESTIGATE THE PROPERTY, AND HAS APPROVED THE PHYSICAL AND ENVIRONMENTAL CONDITION OF THE PROPERTY. THE DEVELOPER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT THE CITY IS SELLING AND THE DEVELOPER IS BUYING THE PROPERTY ON AN "AS IS WITH ALL FAULTS" BASIS AND THAT THE DEVELOPER IS NOT RELYING ON ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, FROM THE CITY AS TO ANY MATTERS CONCERNING THE PROPERTY, INCLUDING WITHOUT LIMITATION: (1) THE QUALITY, NATURE, ADEQUACY AND PHYSICAL CONDITION OF THE PROPERTY (INCLUDING, WITHOUT LIMITATION, TOPOGRAPHY, CLIMATE, AIR, WATER RIGHTS, WATER, GAS, ELECTRICITY, UTILITY FACILITIES AND SERVICES, GRADING, DRAINAGE, SEWERS, ACCESS TO PUBLIC ROADS AND RELATED CONDITIONS); (2) THE QUALITY, NATURE, ADEQUACY, AND PHYSICAL CONDITION OF SOILS, GEOLOGY AND GROUNDWATER; (3) THE EXISTENCE, QUALITY, NATURE, ADEQUACY AND PHYSICAL CONDITION OF UTILITIES SERVING THE PROPERTY; (4) THE DEVELOPMENT POTENTIAL OF THE PROPERTY, AND THE PROPERTY'S USE, HABITABILITY,

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MERCHANTABILITY, OR FITNESS, SUITABILITY, VALUE OR ADEQUACY OF THE PROPERTY FOR ANY PARTICULAR PURPOSE; (5) THE ZONING OR OTHER LEGAL STATUS OF THE PROPERTY OR ANY OTHER PUBLIC OR PRIVATE RESTRICTIONS ON THE USE OF THE PROPERTY; (6) THE COMPLIANCE OF THE PROPERTY OR ITS OPERATION WITH ANY APPLICABLE CODES, LAWS, REGULATIONS, STATUES, ORDINANCES, COVENANTS, CONDITIONS AND RESTRICTIONS OF ANY GOVERNMENTAL OR QUASI-GOVERNMENTAL ENTITY OR OF ANY OTHER PERSON OR ENTITY; (7) THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS OR HAZARDOUS WASTE AS DEFINED BY STATE AND FEDERAL LAW, ON, UNDER OR ABOUT THE PROPERTY OR THE ADJOINING OR NEIGHBORING PROPERTY; AND (8) THE CONDITION OF TITLE TO THE PROPERTY. THE DEVELOPER AFFIRMS THAT THE DEVELOPER HAS NOT RELIED ON THE SKILL OR JUDGMENT OF THE CITY OR ANY OF ITS RESPECTIVE AGENTS, EMPLOYEES OR CONTRACTORS TO SELECT OR FURNISH THE PROPERTY FOR ANY PARTICULAR PURPOSE, AND THAT THE CITY MAKES NO WARRANTY THAT THE PROPERTY IS FIT FOR ANY PARTICULAR PURPOSE. THE DEVELOPER ACKNOWLEDGES THAT IT SHALL USE ITS INDEPENDENT JUDGMENT AND MAKE ITS OWN DETERMINATION AS TO THE SCOPE AND BREADTH OF ITS DUE DILIGENCE INVESTIGATION WHICH IT SHALL MAKE RELATIVE TO THE PROPERTY AND SHALL RELY UPON ITS OWN INVESTIGATION OF THE PHYSICAL, ENVIRONMENTAL, ECONOMIC AND LEGAL CONDITION OF THE PROPERTY (INCLUDING, WITHOUT LIMITATION, WHETHER THE PROPERTY IS LOCATED IN ANY AREA WHICH IS DESIGNATED AS A SPECIAL FLOOD HAZARD AREA, DAM FAILURE INUNDATION AREA, EARTHQUAKE FAULT ZONE, SEISMIC HAZARD ZONE, HIGH FIRE SEVERITY AREA OR WILDLAND FIRE AREA, BY ANY FEDERAL, STATE OR LOCAL CITY). THE DEVELOPER UNDERTAKES AND ASSUMES ALL RISKS ASSOCIATED WITH ALL MATTERS PERTAINING TO THE PROPERTY'S LOCATION IN ANY AREA DESIGNATED AS A SPECIAL FLOOD HAZARD AREA, DAM FAILURE INUNDATION AREA, EARTHQUAKE FAULT ZONE, SEISMIC HAZARD ZONE, HIGH FIRE SEVERITY AREA OR WILDLAND FIRE AREA, BY ANY FEDERAL, STATE OR LOCAL AGENCY.

(b) Survival. The terms and conditions of this Section 5.5 shall survive the Close of Escrow, shall not merge with the provisions of the Grant Deed, or any other closing documents and shall be deemed to be incorporated by reference into the Grant Deed. The City is not liable or bound in any manner by any oral or written statements, representations or information pertaining to the Property furnished by any contractor, agent, employee, servant or other person. The Developer acknowledges that the Purchase Price reflects the "as is" nature of this sale and any faults, liabilities, defects or other adverse matters that may be associated with the Property, including without limitation those identified in this Section 5.5. The Developer has fully reviewed the disclaimers and waivers set forth in this Agreement with the Developer's counsel and understands the significance and effect thereof.

(c) Acknowledgment. The Developer acknowledges and agrees that (i) to the extent required to be operative, the disclaimers of warranties contained in this Section 5.5 are "conspicuous" disclaimers for purpose of all applicable laws and other legal requirements, and (ii) the disclaimers and other agreements set forth in such sections are an integral part of this Agreement, that the Purchase Price has been adjusted to reflect the same and that the City would not have agreed to sell the Property to the Developer for the Purchase Price without the disclaimers and other agreements set forth in this Section 5.5.

(d) Developer's Release of the City. The Developer, on behalf of itself and anyone claiming by, through or under the Developer, hereby waives its right to recover from and fully and irrevocably releases the City and their council members, board members, employees, consultants, contractors, officers, directors, representatives, and agents ("Released Parties") from any and all claims, responsibility and/or liability that the Developer may have or hereafter acquire against any of the Released Parties for any costs, loss, liability, damage, expenses, demand, action or cause of action arising from or related to (i) the condition (including any construction defects, errors, omissions or other conditions, latent or otherwise), valuation, salability or utility of the Property, or its suitability for any

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purpose whatsoever, (ii) any presence of Hazardous Materials, and (iii) any information furnished by the Released Parties under or in connection with this Agreement.

(e) Scope of Release. The release set forth in Section 5.5(d) hereof includes claims of which the Developer is presently unaware or which the Developer does not presently suspect to exist which, if known by the Developer, would materially affect the Developer's release of the Released Parties. The Developer specifically waives the provision of any statute or principal of law that provides otherwise. In this connection and to the extent permitted by law, the Developer agrees, represents and warrants that the Developer realizes and acknowledges that factual matters now unknown to the Developer may have given or may hereafter give rise to cause of action, claims, demands, debts, controversies, damages, costs, losses and expenses which are presently unknown, unanticipated and unsuspected, and the Developer further agrees, represents and warrants that the waiver and releases herein have been negotiated and agreed upon in light of that realization and that the Developer nevertheless hereby intends to release, discharge and acquit the City from any such unknown causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses. Accordingly, the Developer, on behalf of itself and anyone claiming by, through or under the Developer, hereby assumes the above-mentioned risks and herby expressly waives any right the Developer and anyone claiming by through or under the Developer, may have under Section 1542 of the California Civil Code, which reads as follows:

"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her would have materially affected his or her settlement with the debtor or released party."

Developer's Initials: _____

Notwithstanding the foregoing, this release shall not apply to, nor shall the City be released from, the City's actual fraud or misrepresentation.

(f) Utility Relocation. Without limiting the other provisions of this Section 5.5, the City agrees to use its reasonable good faith efforts to support any utility relocation request submitted by Developer to applicable utility providers.

(g) Soils Removal. Without limiting the other provisions of this Section 5.5 or the provisions of Section 8.3, the City agrees to reasonably consider any reasonable request by Developer to move low-level contaminated soils from the Property to other City-owned properties to the extent such removal is consistent with all statutory and regulatory requirements and provided that the City shall not bear any cost or liability for such removal, transportation or storage, including any liability as result of placing such soils on another property owned by the City or liability for any required additional transport from such other property.

ARTICLE 6.
POST-DISPOSITION AND PRE-CONSTRUCTION CONDITIONS

Section 6.1. Conditions Subsequent After Conveyance of Property.

The requirements set forth in this Article 6 are conditions subsequent after the conveyance of the Property until they are completed or waived by the City in the manner set forth below and within the timeframes set forth below and in the Schedule of Performance and are conditions precedent to Developer's commencement of construction of the Project.

Section 6.2. Governmental Project Approvals.

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In order to develop the Project as contemplated in this Agreement, the Project will require land use approvals, entitlements, development permits, and use and/or construction approvals, which may include, without limitation: vesting tentative maps, development plans, conditional use permits, variances, subdivision approvals, street abandonments, design review approvals, demolition permits, improvement agreements, infrastructure agreements, grading permits, and an affordable housing plan, and amendments thereto and to the Project Approvals; and excluding building permits. For purposes of this Agreement, the term "Project Approvals" means all of the approvals, plans and agreements described in this Section 6.2. The Developer shall apply for all Project Approvals related to Lot 12 within one (1) year of the Effective Date, and the Developer shall apply for all Project Approvals related to Lot 8 within five (5) years of the Effective Date. The City and the Developer agree to work diligently and in good faith toward processing Project Approvals. If the Developer closes escrow on the Lots, the Developer shall commence construction of the multifamily housing and retail/commercial use on Lot 12 within 1-5 years of receiving the Project Approvals, and the Developer shall commence construction of the hotel/retail commercial use on Lot 8 within 3-8 years of receiving the Project Approvals. "Commence construction" means a building permit has been issued for the applicable work and Developer has made commercially reasonable efforts to begin work under the permit. Both Parties acknowledge that the timeframes set forth herein may be subject to change due to forces outside the Parties' control as set forth in Section 11.3.

Section 6.3. Vested Rights.

(a) The Developer shall have the vested right to proceed with development of the Property in accordance with Existing City Laws and to have all Project Approvals considered by the City in accordance with the Existing City Laws and this Agreement.

(b) Permitted Uses, Density and Intensity, Maximum Height and Size of Structures, and Reservation or Dedication of Land Vested. The permitted uses of the Property, the density and intensity of use, the maximum height and size of proposed buildings, set-backs, provisions for reservation or dedication of land or payment of fees in lieu of dedication for public purposes, the location and maintenance of on-site and off-site improvements, the location of public utilities, and other terms and conditions of Development shall be those set forth in the Existing City Laws.

(c) Vested Against Moratorium, Quotas, Restrictions or Other Growth Limitations. Subject to applicable law relating to the vesting provisions of development agreements, City agrees that, except as otherwise provided in or limited by the provisions of this Agreement, any City ordinances, resolutions, rules, regulations, initiatives, and official policies and orders enacted after the Effective Date that directly or indirectly limit the rate, timing, or sequencing of Development, or prevent or conflict with the Existing City Laws, shall not be applied by the City to the Project Approvals. To the extent allowed by the laws pertaining to development agreements, however, Developer will be subject to any growth limitation ordinance, resolution, rule, regulation, policy or order which is adopted on a uniformly applied, Citywide or area-wide basis, and directly concerns an imminent public health or safety condition, in which case City shall treat in a uniform, equitable, and proportionate manner all properties, public and private, which are impacted by that public health or safety issue.

(d) Vested Rights Exclude Design and Construction. All ordinances, resolutions, rules, regulations, initiatives, and official policies governing design, improvement, and construction standards and specifications applicable to the Project, and any public improvements to be constructed by the Developer shall be those in force and effect at the time the applicable Project Approval is granted.

(e) Vested Rights Exclude Changes in State or Federal Law. This Agreement shall not preclude the application to the Project Approvals of changes in City laws, regulations, plans or policies, the terms of which are specifically mandated and required by changes in state or federal law or regulation. In the event that state or federal laws or regulations enacted after the Effective Date of this

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Agreement prevent or preclude compliance with one or more provisions of this Agreement or any Project Approvals, such provisions of the Agreement shall be modified or suspended insofar as it is necessary to comply with such state or federal laws, regulations, plans, or policies. Any such amendment or suspension of this Agreement or Project Approvals shall be approved by the City Council in accordance with the Municipal Code and this Agreement.

(f) Vested Rights Exclude Building and Fire Codes. The Project shall be constructed in accordance with all applicable local, state, and federal building codes and standards, including the Building, Mechanical, Plumbing, Electrical, and Fire Codes, City standard construction specifications, and Title 24 of the California Code of Regulations (collectively "Building Code"), in effect at the time the Project Approval is granted. If no permits are required for infrastructure improvements, such improvements will be constructed in accordance with the provisions of the Building Code in effect at the time of approval by City of the improvement plans for such infrastructure. If a permit that has been granted expires, the Project shall be required to be constructed in accordance with the provisions of the Building Code in effect at the time the applicable replacement permit to the expired building, grading, encroachment or other construction permit is granted for the Project.

(g) Vested Rights Exclude Processing Fees and Charges. Developer shall pay those processing, inspection, and plan check fees and charges required by City under ordinances, resolutions, rules, regulations, initiatives, and official policies which are in effect when such fees or charges are due at the time they are charged to the Developer.

(h) Vested Rights for Development Impact Fees, Exactions and Dedications. Development impact fees, exactions and dedications required by City to be paid or provided by Developer shall only be those that were in effect on the Effective Date.

Section 6.4. Building Permits.

No later than one (1) year after the City provides the Project Approvals for Lot 12 and prior to commencement of construction of the Project, the Developer shall apply for building permits for the multifamily housing and retail/commercial use for Lot 12. Not later than three (3) years after the City provides the Project Approvals for Lot 8 and prior to commencement of the part of the Project on Lot 8, the Developer shall apply for building permits for the hotel/retail commercial use for Lot 8. After receiving the applications for these building permits, the City shall exercise diligent good faith efforts to process such applications. Both Parties acknowledge that the timeframes set forth herein may be subject to change due to forces outside the Parties' control as set forth in Section 11.3.

Section 6.5. CEQA.

This Agreement is not intended to limit in any manner the discretion of City or other agency, as applicable, in connection with the issuance of approvals and entitlements for the Property, including, without limitation, the undertaking and completion of any required environmental review pursuant to the California Environmental Quality Act ("CEQA") and the National Environmental Policy Act ("NEPA"), as applicable, and the review and approval of plans and specifications relating to the Property. Prior to approval of any Project Approval for the Property, City, acting as lead agency or co-lead agency, shall complete any environmental review required under CEQA or NEPA.

Section 6.6. City Review and Approval.

Nothing in this Agreement shall be construed as the City's approval of any or all of the Project Approvals. This Agreement does not require that City comply with the implied covenant of good faith and fair dealing in reviewing and approving or disapproving Project Approvals and other required submittals with respect to the Project.

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Section 6.7. Defects in Plans.

The City shall not be responsible either to the Developer or to third parties in any way for any defects in the Plans, nor for any structural or other defects in any work done according to the approved Plans, nor for any delays reasonably caused by the review and approval processes established by this Article 6.

Section 6.8. Tenant Commitments.

As the Project is better defined during the entitlement process, the Developer shall provide the City regular and at least quarterly status updates on retail and other office prospective tenants through the Term of this Agreement.

Section 6.9. Extension of Time.

The Developer shall have the right to extend each of the deadlines set forth in Section 6.2 and 6.3 for up to one hundred and eighty (180) days. To exercise its right to extend, the Developer shall send written notice to the City Manager at least fifteen (15) days before the applicable deadline.

Section 6.10. Annual Review.

(a) Annual Review. City shall annually monitor and review each Developer's good faith compliance with the terms of this Agreement and the Project Approvals.

(b) Monitoring. City has discretion to monitor the continuing compliance of the terms of this Agreement and the Project Approvals by updating decision-makers, conducting field inspections in compliance with applicable laws, implementing and interpreting those requirements that may be amended or added in accordance with Section 6.3 of this Agreement, monitoring any litigation relating to the Property, and taking any other actions that are within the City's exercise of its legal, permit or contractual obligations.

(c) Annual Review Date**.** City intends to conduct an annual review each year during the term of this Agreement on the date this Agreement is executed, each year after the Effective Date.

(d) Initiation of Review. The City Planner will initiate the annual review by giving Developer written notice that City will conduct the annual review. Developer shall provide the City Planner with a summary of the status within thirty (30) days of City's notice, including evidence to demonstrate good faith compliance with this Agreement. The burden of proof, by substantial evidence of compliance, is upon the Developer. City's failure to timely initiate the annual review is not a waiver of the right to conduct a review at a later date or otherwise enforce the provisions of this Agreement. Developer is not in default under this Agreement by virtue of a failure by City to timely initiate review.

(e) Costs. Costs reasonably and directly incurred by City in connection with the annual review and monitoring shall be paid by Developer in accordance with the City's schedule of fees and billing rates in effect at the time of review. These costs shall not be duplicative of the fees and costs being charged in connection with any applications.

(f) Non-compliance with Agreement; Hearing. If the City Planner determines, on the basis of substantial evidence, that Developer has not complied in good faith with the terms and conditions of this Agreement during the period under review, the City Council may initiate proceedings to modify or terminate the Agreement, at which time an administrative hearing shall be conducted before the City Council in accordance with the procedures of state law (Government Code sections 65090 and

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65091). As part of that final determination, the City Council may impose conditions on the Project that it considers necessary and appropriate to protect the interests of City. The City Council may refer the matter to the planning commission for further proceedings or for report and recommendations. Developer shall notify the City in writing at least seven (7) days before the hearing of any and all issues of non-compliance by City with the terms of this Agreement, and the City Council shall review and make findings concerning the compliance of all Parties to the Agreement. If the City contends that Developer has not complied in good faith with the terms and conditions of this Agreement, City shall provide Developer in writing the basis for that conclusion no later than seven (7) business days before the hearing of any and all issues of noncompliance by the City Council.

(g) Appeal of Determination. The decision of the City Council as to a Developer's compliance shall be final. Any court action or proceeding to challenge, review, set aside, void, or annul any compliance determination by the City Council must be commenced within ninety (90) days of the final decision of the City Council in accordance with the California Code of Civil Procedure, or the Developer forfeits the right to seek judicial review. Modification or termination of the Agreement by the City Council shall be filed by the city clerk for recordation with the Monterey County recorder's office.

ARTICLE 7.
CONSTRUCTION OF PROJECT

Section 7.1. Construction Pursuant to Plans.

The Project shall be constructed substantially in accordance with the terms and conditions of the City's land use permits and approvals and building permits, including and variances granted and in accordance with Exhibit C "Scope of Development".

Section 7.2. Commencement of Project.

The Developer shall commence construction of the Project no later than the dates in Section 6.2.

Section 7.3. Completion of the Project.

Section 7.4. Developer shall complete the Project in accordance with the timelines in Section 6.2 of this Agreement. Equal Opportunity.

During the construction of the Project, the Developer, the contractor and their successors, assigns and subcontractors shall not discriminate against any employee or applicant for employment in connection with the construction of the Project because of race, color, religion, ethnic group identification, sex, sexual preference, marital status, ancestry or national origin, in all construction activities.

Section 7.5. Construction Pursuant to Laws.

(a) Developer shall cause all work performed in connection with the Property to be performed in compliance with all applicable laws, ordinances, rules and regulations of federal, state, county or municipal governments or agencies now in force or that may be enacted hereafter.

(b) Cost-effective energy conservation standards, including provision of renewable energy sources, are encouraged. The Developer shall use Green Building Code standards as required by the Salinas Municipal Code.

Section 7.6. Persons with Disabilities.

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The Property shall be constructed to comply with all applicable federal, state, and local requirements for access for disabled persons.

Section 7.7. Progress Reports.

Until such time as the Developer has completed construction of the Project, as evidenced by the Certificate of Completion for the Project, the Developer shall provide the City with regular and at least quarterly progress reports in form and detail reasonably acceptable to the City.

Section 7.8. Compliance with Mitigation Measures.

During the construction of the Project and thereafter during the operation of the Project, the Developer shall comply with the requirements, mitigation measures and conditions of approval, as set forth in the any governmental approvals and/or the Construction Plans.

Section 7.9. Certificate of Completion.

Promptly after completion of the Project in accordance with those provisions of this Agreement relating solely to the obligations of Developer to construct the Project, the City will provide a Certificate of Completion so certifying. Such certification shall be conclusive determination that certain covenants in this Agreement with respect to the obligations of the Developer to construct the Project have been satisfied. Such certification shall be in such form as will enable it to be recorded among the Official Records. Such certification and determination shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any holder of deed of trust securing money loaned to finance the Project or any part thereof and shall not be deemed a notice of completion under the California Civil Code.

ARTICLE 8.
ONGOING DEVELOPER OBLIGATIONS

Section 8.1. Applicability.

The conditions and obligations set forth in this Article 8 shall apply throughout the Term, unless a different period of applicability is specified for a particular condition or obligation.

Section 8.2. Taxes and Assessments.

The Developer shall require that the contractor and its subcontractors exercise their option to obtain a California Department of Tax and Fee Administration sub permit for the jobsite and allocate all eligible use tax payments to the City. Prior to beginning the construction of the Project, the Developer shall require that the contractor and subcontractors provide the City with either a copy of the sub permit or a statement that use tax does not apply to their portion of the job. The Developer shall review the direct payment process established under California Revenue and Taxation Code 7051.3 and, if eligible, use the permit so that the local share of its use tax payments is allocated to the City. The Developer shall provide the City with either a copy of the direct payment permit or a statement certifying ineligibility to qualify for the permit.

Section 8.3. Hazardous Materials.

(a) Compliance with Laws. The Developer hereby covenants and agrees to comply with all Hazardous Laws applicable to it.

(b) Indemnity. Without limiting the generality of the indemnification set forth in Section

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11.6 below, the Developer hereby agrees to indemnify, protect, hold harmless and defend (by counsel reasonably satisfactory to the City) the City, their council and board members, officers, contractors, consultants, agents, and employees from and against any and all claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement action of any kind, and all costs and expenses incurred in connection therewith (including, but not limited to, reasonable attorney's fees and expenses), arising directly or indirectly, it not limited to, reasonable attorney's fees and expenses), arising directly or indirectly, in whole or in part, whether arising or accruing before, on, or after the Close of Escrow, and whether attributable to events or circumstances which arise or occur before, on or after the Close of Escrow, including, without limitation: (i) any and all liabilities with respect to the physical or environmental condition of the Property, including, without limitation, all liabilities relating to the release, presence, discovery or removal of any hazardous or regulated substance, chemical, waste or material, including any Hazardous Material that may be located in, at, about or under the Property, or connected with or arising out of any and all claims or causes of action based upon any Environmental Laws (defined in this Agreement), or any other related claims or causes of action; and (ii) any implied or statutory warranties or guaranties of fitness, merchantability or any other statutory or implied warranty or guaranty of any kind or nature regarding or relating to any portion of the Property. The provisions of this subsection shall survive expiration of the Term or other termination of this Agreement, and shall remain in full force and effect.

(c) Developer specifically waives the provision of California Civil Code Section 1542, which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY." Developer has been advised by its legal counsel and understands the significance of this waiver of section 1542 relating to unknown, unsuspected and concealed claims. By executing this Agreement, Developer acknowledges that it fully understands, appreciates and accepts all of the terms of this section.

(d) No Limitation. The Developer hereby acknowledges and agrees that the Developer's duties, obligations and liabilities under this Agreement, including, without limitation, under subsections (a), (b), and (c) above, are in no way limited or otherwise affected by any information the City may have concerning the Property and/or the presence within the Property of any Hazardous Materials, whether the City obtained such information from the Developer or from its own investigations.

Section 8.4. Insurance Requirements.

(a) Developer's Insurance. Concurrently with the execution hereof, Developer shall obtain or cause to be obtained and filed with the Risk Manager, all insurance required under this paragraph, and such insurance shall have been approved by the Risk Manager of City, as to form, amount and carrier. Prior to the commencement of work under this Agreement, Developer's contractor(s) shall obtain or cause to be obtained and filed with the Risk Manager, all insurance required under this paragraph, and such insurance shall have been approved by the Risk Manager of City, as to form, amount and carrier. Developer shall not allow any contractor(s) to commence work under this Agreement until all insurance required for Developer and Developer's contractor(s) shall have been so obtained and approved. Said insurance shall be maintained in full force and effect until the completion of work under this Agreement and the final acceptance thereof by City. All requirements herein provided shall appear either in the body of the insurance policies or as endorsements and shall specifically bind the insurance carrier.

(b) Minimum Scope of Insurance. Coverage shall be at least as broad as:

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1. Insurance Services Office form number GL 0002 (Ed. 1/73) covering comprehensive General Liability and Insurance Services Office form number GL 0404 covering Broad Form Comprehensive General Liability; or Insurance Services Office Commercial General Liability coverage ("occurrence" form CG 0001.)

2. Insurance Services Office form number CA 0001 (Ed. 1/78) covering Automobile Liability, code 1 "any auto" and endorsement CA 0025.

3. Workers' Compensation insurance as required by the Labor Code of the State of California and Employers Liability Insurance.

(c) Minimum Limits of Insurance. Developer shall maintain limits no less than (unless otherwise approved by the City's Risk Manager):

1. General Liability: $3,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage. If commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

2. Automobile Liability: $2,000,000 combined single limit per accident for bodily injury and property damage.

3. Workers' Compensation and Employers Liability: Workers' compensation limits as required by the Labor Code of the State of California and Employers Liability limits of $1,000,000 per accident.

(d) Deductibles and Self-Insurance Retentions. Any deductibles or self-insured retentions must be declared to and approved by the City. At the option of the City, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the City, its officers, officials and employees; or the Developer shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

(e) Other Insurance Provisions. The policies are to contain, or be endorsed to contain, the following provisions:

1. General Liability and Automobile Liability Coverages.

a. The City, its officers, agents, officials, employees and volunteers shall be named as additional insureds as respects: liability arising out of activities performed by or on behalf of the Developer; products and completed operations of the Developer, premises owned, occupied or used by the Developer, or automobiles owned, leased, hired or borrowed by the Developer. The coverage shall contain no special limitations on the scope of the protection afforded to the City, its officers, officials, employees or volunteers.

b. The Developer's insurance coverage shall be primary insurance as respects the City, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees or volunteers shall be excess of the Developer's insurance and shall not contribute with it.

c. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the City, its officers, officials, employees or volunteers.

d. The Developer's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

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2. Workers' Compensation and Employers Liability Coverage.

The insurer shall agree to waive all rights of subrogation against the City, its officers, officials, employees and volunteers for losses arising from work performed by the Developer for the City.

3. All Coverages.

Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, cancelled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the City.

(f) Acceptability of Insurers. Insurance is to be placed with insurers with an A.M. Best rating of A- or better.

(g) Verification of Coverage. Developer shall furnish City with certificates of insurance and with original endorsements effecting coverage required by this clause. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements are to be received and approved by the City before work commences. The City reserves the right to require complete, certified copies of all required insurance policies, at any time. The City reserves the right to modify these insurance requirements as the best interests of the City dictate.

(h) Subcontractors. Developer and/or Developer's contractor(s) shall provide separate certificates and endorsements subject to all of the requirements stated herein.

ARTICLE 9.
ASSIGNMENT AND TRANSFERS

Section 9.1. Definitions.

As used in this Article 9, the term "Transfer" means

(a) 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 Agreement or of the Development or any Party thereof or any interest therein or any contract or agreement to do any of the same during the Term of this Agreement, except where such assignment is to an entity controlled by Developer; or

(b) Any significant change of ownership without the prior written approval of City, which approval shall not be unreasonably withheld, conditioned or delayed. For purposes of this Agreement, a "significant change of ownership" shall mean a transfer of the beneficial interest of more than fifty percent (50%) in aggregate of the present ownership and /or control of Developer in the Project, taking all transfers into account on a cumulative basis; provided however, neither the admission of investor limited partners, nor the transfer of beneficial or ownership interests by an investor limited partner to subsequent limited partners shall be restricted by this provision, nor shall the admission of a Passive Investor Member nor the transfer of a beneficial or ownership interest by a Passive Investor Member to another Passive Investor Member be restricted by this provision. "Passive Investor Member" means a member who pursuant to Developer's operating agreement is not authorized to actively manage or otherwise operate the business of the company; or

(c) Any merger, consolidation, sale or lease of all or substantially all of the assets of Developer during the Term of this Agreement.

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Section 9.2. Transfer Restrictions.

The Parties understand and anticipate that Developer may seek to Transfer its rights and responsibilities under this Agreement with respect to one or more specific elements of the Project to a person or entity with experience in the development of the type of element proposed to be transferred. Developer shall not, except as expressly permitted by this Agreement, directly or indirectly, voluntarily, involuntarily or by operation of law make or attempt any Transfer of the whole or any part of the Property, the Project, or this Agreement prior to the completion of the Project, without the prior written approval of City, which approval shall not be unreasonably withheld by the City Council.

Section 9.3. Process for City Approval of Transfer.

Prior to any Transfer hereunder, Developer shall submit to City detailed written information regarding the proposed transferee's development experience as relevant to the proposed Transfer, detailed information with respect to the financial capacity of the proposed transferee, and the form of a proposed assignment and assumption agreement which requires the assignee to comply with the assigned sections of this Agreement. Upon receipt of Developer's submission City may request further information regarding the experience and financial capacity of the proposed transferee in the City's reasonable discretion.

Section 9.4. Purpose of Restrictions on Transfer.

This Agreement is entered into solely for the purpose of the conveyance of the Property and the development of the Project. The Developer recognizes that the qualifications and identity of Developer are of particular concern to the City, in view of:

(a) The importance of the Development to the general welfare of the community; and

(b) The reliance by the City upon the unique qualifications and ability of the Developer to serve as the catalyst for the Development and upon the continuing interest which the Developer will have in the Property to assure the quality of the use, operation and maintenance deemed critical by the City in the development of the Property; and

(c) The fact that a change in ownership or control of the Developer as owner of the Property, or of a substantial part thereof, or any other act or transaction involving or resulting in a significant change in ownership or with respect to the identity of the parties in control of the Developer or the degree thereof during the Term of this Agreement, is for practical purposes a transfer or disposition of the Property; and

(d) The fact that the portion of the Property utilized for the Project is not to be acquired or used for speculation, but only for development and operation by the Developer in accordance with the Agreement; and

(e) The importance to the City and the community of the standards of use, operation and maintenance of the Property.

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

Section 9.5. Assignment and Assumption Agreement.

Any such assignment made in compliance with this Article shall be evidenced by a written

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assignment and assumption agreement in a form approved by the City Attorney, which agreement shall set forth in detail the assignee's specific duties under this Agreement.

Section 9.6. Covenants Binding on Successors and Assigns.

All of the provisions, agreements, rights, powers, standards, terms, covenants and obligations contained in this Agreement shall be binding upon the Parties and their respective successors (by merger, reorganization, consolidation, or otherwise) and assigns, devisees, administrators, representatives, lessees, and all of the persons or entities acquiring the Property or any portion thereof, or any interest therein, whether by operation of law or in any manner whatsoever, and shall inure to the benefit of the Parties and their respective successors (by merger, consolidation or otherwise) and assigns.

Section 9.7. Prohibited and Permitted Transfers.

The limitations on Transfers set forth in this Article shall apply throughout the Term of this Agreement and the Affordable Housing Agreement, and are extinguished thereafter. The Developer represents and agrees that the Developer 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 that, without the prior written approval of the City, creates any Transfer that shall be deemed a default of this Article 9, whether or not the Developer knew of or participated in such Transfer. All other Transfers shall be permitted and are hereby approved by the City. Any approval of a Transfer by City shall not be deemed a release of the Developer from its obligations under this Agreement.

ARTICLE 10.
DEFAULT AND REMEDIES

Section 10.1. General Applicability.

The provisions of this Article 10 shall govern the Parties' remedies for breach or failure of this Agreement.

Section 10.2. Meet and Confer.

During the time periods specified in this Article 10 for cure of a failure of performance, the Parties shall meet and confer in a timely and responsive manner, to attempt to resolve any matters prior to litigation or other action being taken, including without limitation any action in law or equity; provided, however, nothing herein shall be construed to extend this time period for this meet and confer obligation beyond the cure periods in this Article 10, unless the Parties agree otherwise in writing.

Section 10.3. No Fault of Parties.

The following event constitutes a basis for a Party to terminate this Agreement without the fault of the other: The City, despite good faith and diligent effort, is unable to convey the Property to the Developer or perform any other of its obligation under this Agreement, and the Developer is otherwise entitled to such conveyance.

Upon the happening of the above-described event and at the election of either Party, this Agreement may be terminated by written notice to the other Party. After such termination of this Agreement, neither Party shall have any rights against or liability to the other under this Agreement, except those provisions as specified in this Agreement that shall survive such termination and remain in full force and effect.

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Section 10.4. Fault of City.

Except as to the event constituting a basis for termination under Section 10.3, the following events each constitute a "City Event of Default" and a basis for the Developer to take action against the defaulting entity:

(a) The City, without good cause, fails to convey the Property to the Developer within the time and in the manner set forth in Article 5 and the Developer is otherwise entitled by this Agreement to such conveyance; or

(b) City breaches any other material provision of this Agreement.

Upon the happening of any of the above-described events, the Developer shall first notify the City in writing of the purported breach or failure, giving the City forty-five (45) days from receipt of such notice to cure or, if cure cannot be accomplished within forty-five (45) days, to commence to cure such breach, failure, or act. In the event the City does not then so cure within said forty-five (45) days, or if the breach or failure is of such a nature that it cannot be cured within forty-five (45) days, the City fails to commence to cure within such forty-five (45) days and thereafter diligently complete such cure within a reasonable time thereafter but in no event later than one hundred twenty (120) days, then the Developer shall be afforded only the following remedies: (1) terminating in writing this Agreement (provided, however, that the indemnification provisions of this Agreement shall survive such termination); and (2) instituting an action for specific performance and/or declaratory relief, concerning the terms of this Agreement. In no event shall the Developer have the right, and the Developer expressly waives the right, to seek consequential damages and lost profits.

Section 10.5. Fault of Developer.

The following events each constitute a "Developer Event of Default" and a basis for the City to take action against the Developer:

(a) The Developer fails to exercise diligent good faith efforts to satisfy one or more of the conditions, within the time and in the manner, set forth in Article 3, 5 and 6; or

(b) The Developer refuses to accept conveyance from the City of the Property within the time periods and under the terms set forth in Article 5; or

(c) Unless otherwise excused or allowed an extension through Section 11.3, the Developer has not satisfied all preconditions set forth in this Agreement to commencement of construction of the Project by the date set in Section 7.2 of this Agreement, or fails to commence or complete construction of the Project by the date set forth in 7.3 of this Agreement, or abandons or suspends construction of any portion of the Project by the dates set forth in Section 7.3 prior to completion of all construction for a period of sixty (60) days after written notice by the City of such abandonment or suspension; or

(d) The court having jurisdiction shall have made or entered any decree or order (1) adjudging the Developer to be bankrupt or insolvent, (2) approving as properly filed a petition seeking reorganization of the Developer or seeking any arrangement for the Developer under the bankruptcy law or any other applicable debtor's relief law or statute of the United States or any state or other jurisdiction, (3) appointing a receiver, trustee, liquidator, or assignee of the Developer in bankruptcy or insolvency or for any of their properties, or (4) directing the winding up or liquidation of the Developer, if any such decree or order described in clauses (1) to (4), inclusive, shall have continued unstayed or undischarged for a period of ninety (90) days unless a lesser time period is permitted for cure under any other mortgage on the Property, in which event such lesser time period will apply under this subsection (d) as

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well; or the Developer shall have admitted in writing its inability to pay its debts as they fall due or shall have voluntarily submitted to or filed a petition seeking any decree or order of the nature described in clause (1) to (4), inclusive; or

(e) The Developer shall have assigned its assets for the benefit of its creditors or suffered a sequestration or attachment of or execution on any substantial part of its property, unless the property so assigned, sequestered, attached or executed upon shall have been returned or released within ninety (90) days after such event (unless a lesser time period is permitted for cure under any other mortgage on the Property, in which event such lesser time period shall apply under this subsection (e) as well) or prior to sooner sale pursuant to such sequestration, attachment, or execution. In the event that the Developer, is diligently working to obtain a return or release of the Property and the City's interests under the Disposition Documents are not immediately threatened, in the City's reasonable business judgment, the City shall not declare a default under this subsection; or

(f) The Developer shall have voluntarily suspended its business or, the Developer shall have been dissolved or terminated; or

(g) The Developer breaches any material provision of this Agreement or any other Disposition Document.

Upon the happening of any of the above-described events, the City shall first notify the Developer in writing of its purported breach, failure or act above described, giving the Developer forty-five (45) days from receipt of such notice to cure, or, if cure cannot be accomplished within said forty-five (45) days, to commence to cure such breach, failure, or act. In the event the Developer fails to cure within said forty-five (45) days, or if such breach is of a nature that it cannot be cured within forty-five (45) days, Developer fails to commence to cure within said forty-five (45) days and diligently complete such cure within a reasonable time thereafter, then the City shall be afforded only the following remedies:

1. Termination of this Agreement by written notice to the Developer; provided, however, that the City's remedies pursuant to this Article 10 or any other Disposition Document and the provisions as specified in this Agreement shall survive such termination; and

2. Any of the remedies specified in Section 10.6 and 10.7.

Notwithstanding the notice and cure periods set forth above, if a lesser cure period or notice requirement is allowed before a default occurs under any other Disposition Document, such periods shall control in this Agreement as well.

Section 10.6. Termination

(a) Expiration of Term. Except as otherwise provided in this Agreement, this Agreement shall be deemed terminated and of no further effect upon the expiration of the Term of this Agreement as set forth in Section 1.1(ii).

(b) Survival of Obligations. Upon the termination or expiration of this Agreement as provided herein, neither Party shall have any further right or obligation with respect to the Property under this Agreement except with respect to any obligation that is specifically set forth as surviving the termination or expiration of this Agreement. The termination or expiration of this Agreement shall not affect the validity of the Project Approvals.

Section 10.7. Option to Repurchase, Reenter and Repossess.

(a) The City shall have right at its option to repurchase, reenter and take possession of

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the Property or any portion thereof owned by the Developer, if after conveyance of title to Lot 8 and/or Lot 12 and prior to the start of construction of the conveyed Lot at issue, there is an uncured Developer Event of Default pursuant to Section 10.5.

(b) To exercise its right to repurchase, reenter and take possession with respect to the Property owned by the Developer, the City shall pay to the Developer in cash an amount equal to:

1. the Purchase Price paid to the City for the applicable portion of the Property pursuant to Section 2.1; less

2. the value of any unpaid liens or encumbrances on the applicable portion of the Property which the City assumes or takes subject to said encumbrances.

Section 10.8. Construction Plans.

If the Agreement is terminated pursuant to Section 10.3 or 10.5, the Developer, at no cost to the City, shall deliver to the City copies of any Construction Plans and studies in the Developer's possession or to which Developer is entitled related to development of the Project on the Property.

Section 10.9. Waiver of Terms and Conditions.

The City Manager may at his or her discretion, on behalf of the City, waive in writing any of the terms and conditions of this Agreement, or the other Disposition Documents, without the City and the Developer completing an amendment to this Agreement. No waiver of any default or breach by the Developer hereunder shall be implied from any omission by the City to take action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the waiver and such waiver shall be operative only for the time and to the extent therein stated. Waivers of any covenant, term, or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term, or condition. The consent or approval by the City to or of any act by the Developer requiring further consent or approval shall not be deemed to waive or render unnecessary the consent or approval to, or of any, subsequent similar act. The exercise of any right, power, or remedy shall in no event constitute a cure or waiver of any default under this Agreement or the Disposition Documents, nor shall it invalidate any act done pursuant to notice of default, or prejudice the City in the exercise of any right, power, or remedy hereunder or under the Disposition Documents, unless in the exercise of any such right, power, or remedy all obligations of the Developer to City are paid and discharged in full.

ARTICLE 11.
GENERAL PROVISIONS

Section 11.1. Notices, Demands and Communications.

Formal notice, demands, and communications between the City and the Developer shall be sufficiently given if, and shall not be deemed given unless, dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered by reputable overnight delivery service, or delivered personally, to the principal offices of the City and the Developer as follows:

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

With a copy to: City Attorney

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City of Salinas
200 Lincoln Avenue
Salinas, California 93901

Developer: Taylor Fresh Foods, Inc.
911-B Blanco Circle
Salinas, CA 93902
Attention: Chief Financial Officer

With a copy to Anthony Lombardo and Associates, PC
144 West Gabilan Street
Salinas, CA 93901
Attention: Anthony L. Lombardo, Esq.

Such written notices, demands and communications may be sent in the same manner to such other addresses as the affected party may from time to time designate by mail as provided in this Section 11.1.

Section 11.2. Non-Liability of City Officials, Employees and Agents.

No member, official, employee, consultant or agent of the City shall be personally liable to the Developer, on behalf of itself and anyone claiming by, through or under the Developer, or any successor in interest, in the event of any default or breach by the City or for any amount which may become due to the Developer or successor or on any obligation under the terms of this Agreement.

Section 11.3. Forced Delay.

In addition to specific provisions of this Agreement, the time period for performance by either Party hereunder shall be extended where delays or defaults are due to events beyond a Party's reasonable control, including but not limited to due to war; insurrection; strikes or other labor disputes; civil disobedience or disturbance; lock-outs; riots; accident; floods; earthquakes; fires; casualties; acts of God; or other deities; acts of terrorism or the public enemy; pandemics or epidemics; quarantine restrictions; freight embargoes; governmental restrictions or priority; governmental or judicial actions; litigation (including suits filed by third parties concerning or arising out of this Agreement); weather conditions which, in the opinion of the Developer's commercially reasonable judgement, will necessitate delays; delays of any contractor, sub-contractor or supplier; inability to secure necessary labor, materials or tools; acts of the other Party that constitute a default under this Agreement or Disposition Documents; acts or failure to act of any public or governmental agency or entity (other than an act or failure to act of the City which shall give rise to the delaying act described above); or any other causes (other than Developer's inability to obtain financing for the Project). An extension of time for any cause shall be for the period of the delay and will be deemed granted if notice by the Party claiming such extension is sent to the other within ten (10) days from the date the Party seeking the extension first discovered the cause and such extension of time is not rejected in writing by the other Party within ten (10) days of receipt of the notice. If a notice under this Section 11.3 is timely rejected in writing, then the Parties shall meet and confer under Section 10.2 and mediate the matter under Section 11.11 before pursuing their rights under Article 10. Times of performance under this Agreement may also be extended in writing by the City Manager and the Developer, and a Party's consent to such extension shall not be unreasonably withheld, conditioned or delayed. In no event shall the total extensions granted under this Section 11.3 exceed two (2) years.

Wherever this Agreement refers to performance by a specific time, or in accordance with the Schedule of Performance, such times shall include any extensions pursuant to this Section 11.3. Subject to this Section 11.3, time is of the essence with respect to each provision of this Agreement.

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Section 11.4. Provision Not Merged with Deeds.

None of the provisions of this Agreement are intended to or shall be merged by any grant deed transferring title to any real property which is the subject of this Agreement from City to Developer or any successor in interest, and any such grant deed shall not be deemed to affect or impair the provisions and covenants of this Agreement.

Section 11.5. Title of Parts and Sections.

Any titles of the articles, sections or subsections of this Agreement are inserted for convenience of reference only and shall not be disregarded in construing or interpreting any part of its provision.

Section 11.6. General Indemnification.

(a) Except for claims described in (b) below, the Developer, for itself and all assigns hereunder, hereby agrees to indemnify, defend (with counsel reasonably selected by the City) and hold the City and its City council members, officers, directors, representatives, contractors, consultants, employees and agents ("Indemnitees") harmless against any and all claims, suits, actions, losses and liability of every kind, nature and description made against all or any of the Indemnitees, and expenses (including the City's attorneys' fees and attorney's fees awarded to the plaintiff in any litigation) which arise out of or in connection with this Agreement.

(b) The provisions of this Section 11.6 survive both the issuance of a Certificate of Completion by the City and the expiration of the term or other termination of this Agreement, and shall remain in full force and effect.

Section 11.7. Applicable Law.

This Agreement shall be interpreted under and pursuant to the laws of the State of California.

Section 11.8. No Brokers.

Each Party represents to the other that it has not had any contact or dealings regarding the Property, or any communication in connection with the subject matter of this transaction, through any real estate broker or other person who can claim a right to a commission or finder's fee. If any broker or finder makes a claim for a commission or finder's fee based upon a contact, dealings, or communications, the Party through whom the broker or finder makes this claim shall indemnify, defend with counsel of the indemnified party's choice, and hold the indemnified party harmless from all expense, loss, damage and claims, including the indemnified Party's reasonable attorneys' fees, if necessary, arising out of the broker's or finder's claim. The provisions of this Section 11.8 shall survive expiration of the Term or other termination of this Agreement, and shall remain in full force and effect.

Section 11.9. Conflict of Interest.

(a) Except for approved eligible administrative or personnel costs, no person described in Section 11.9(b) below who exercises or has exercised any functions or responsibilities with respect to the activities funded pursuant to this Agreement or who is in a position to participate in a decision-making process or gain inside information, including confidential closed session or privileged 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. Developer shall exercise due diligence to ensure that the prohibition in this Section 11.9(a) is followed.

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(b) The conflict of interest provisions of Section 11.9(a) above 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.

(c) In accordance with 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 Developer, 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 Developer. 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.

(d) In accordance with the Levine Act, Government Code Section 84308 *et seq*., no person who is a director, officer, partner, trustee or employee or consultant of the Developer has contributed over five hundred dollars ($500), as that amount may be amended, over the last twelve (12) months, and any such person will not contribute for twelve (12) months following a final decision on this Agreement, to any public official of the City.

Section 11.10. Severability.

If any term, provision, covenant or condition of this Agreement 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 11.11. Mediation. The Parties agree to mediate any dispute or claim arising between them out of this Agreement before resorting to court action; provided, however, the filing of a court action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies, shall not constitute a waiver nor violation of the requirements of this Section 11.11. The mediation shall be conducted in accordance with JAMS Rules, with a JAMS neutral. The Parties will cooperate with one another in selecting a mediator and in scheduling the mediation proceedings. The Parties agree that they will participate in the mediation in good faith and that they will share equally in the costs and fees of the mediator. Any Party refusing to mediate shall not be entitled to receive its attorneys' fees, even if deemed the prevailing party pursuant to Section 11.12. All applicable statutes of limitation, defenses based upon the passage of time, and the time periods under within this Agreement shall be tolled while the mediation is pending and for 15 calendar days thereafter. The Parties will take such action, if any, required to effectuate such tolling.

Section 11.12. Legal Actions and Attorneys' Fees.

Any legal action commenced to interpret or to enforce the terms of this Agreement shall be filed in the Superior Court of the County of Monterey. In the event of any action of proceeding brought by either Party against the other under this Agreement, the prevailing Party shall be entitled to recover all costs and expenses including its attorneys' fees in such action or proceeding in such amount as the court may adjudge reasonable. Attorneys' fees for in-house City Attorney staff, if awarded, shall be calculated at the market rate. The provisions of this Section 11.12 shall survive the expiration of the Term or other termination of this Agreement.

Section 11.13. Binding Upon Successors.

This Agreement shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors in interest and assigns of each of the Parties hereto, except that there shall be no

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transfer of any interest of the Developer except pursuant to the terms of this Agreement or Disposition Documents. Any reference in this Agreement to a specifically named Party shall be deemed to apply to any successor, heir, administrator, executor or assign of such party who has acquired an interest in compliance with the terms of this Agreement, or under law.

The covenants and restrictions set forth in this Agreement shall run with the land, and shall bind all successors in title to the Property. However, on the expiration of the Term or other termination of this Agreement, such covenants and restrictions shall expire, except as otherwise provided in this Agreement. Each and every contract, deed, or other instrument hereafter executed covering or conveying the Property shall be held conclusively to have been executed, delivered, and accepted subject to such covenants and restrictions, regardless of whether such covenants or restrictions are set forth in such contract, deed, or other instrument, unless the City expressly releases the Property from the requirements of this Agreement.

Section 11.14. Parties Not Co-Venturers.

Nothing in this Agreement is intended to or does establish the Parties as partners, co-venturers, or principal and agent with one another.

Section 11.15. Time of the Essence.

In all matters under this Agreement, the Parties agree that time is of the essence.

Section 11.16. Action by the City Manager.

Except as may be otherwise specifically provided in this Agreement or another Disposition Document, whenever any approval, notice, direction, finding, consent, request, waiver, or other action by the City is required or permitted under this Agreement or another Disposition Document, 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 Developer by the City Manager without further approval by the City Council. Any such action shall be in writing.

Section 11.17. Representations and Warranties of Developer.

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

(a) Organization. The Developer is a duly organized, validly existing Delaware corporation, 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 and now being conducted.

(b) Authority of Developer. The Developer has full power and authority to execute and deliver this Agreement, or to be executed and delivered, pursuant to this Agreement, and to perform and observe the terms and provisions of all of the above.

(c) Authority of Persons Executing Documents. This Agreement and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement , including the Disposition Documents, have been executed and delivered by persons who are duly authorized to execute and deliver the same for and on behalf of Developer, and all actions required under the Developer's organizational documents and applicable governing law for the authorization, execution, delivery and performance of this Agreement and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement, have been duly taken.

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(d) Valid Binding Agreements. This Agreement and all other documents or instruments which have been executed and delivered pursuant to or in connection with this Agreement, including the Disposition Documents, constitute or, if not yet executed or delivered, will when so executed and delivered constitute, legal, valid and binding obligations of the Developer enforceable against it in accordance with their respective terms.

(e) No Breach of Law or Agreement. Neither the execution nor delivery of this Agreement or of any other documents or instruments executed and delivered, or to be executed or delivered, pursuant to this Agreement, including the Disposition Documents, 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 Developer, or any provision of the organizational documents of the Developer, or will conflict with or constitute a breach of or a default under any agreement to which the Developer is a party, or will result in the creation or imposition of any lien upon any assets or property of the Developer, other than liens established pursuant hereto.

(f) Compliance With Laws: Consents and Approvals. The construction of the Project will comply with all applicable laws, ordinances, rules and regulation 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 Developer is not in default under any law or regulation or under any order of any court, board, commission or agency which would materially affect the Developer's ability to develop the Project, and there are no claims, actions, suits or proceedings pending or, to the knowledge of the Developer, threatened against or affecting the Developer, at law or in equity, before or by any court, board, commission or agency whatsoever which might, if determined adversely to the Developer, materially affect the Developer's ability to develop the Project.

Section 11.18. Conflict Among Disposition Documents.

In the event of a conflict between the terms of this Agreement and any other Disposition Document, the terms of this Agreement shall control to the extent of such conflict.

Section 11.19. Entry by the City.

The Developer shall permit the City, through its officers, agents, or employees, upon twenty-four (24) hours written notice, to enter into the Development to inspect the work of construction to determine that the same is in conformity with the requirements of this Agreement and Disposition Documents, and following completion of construction to inspect the ongoing operation and management of the Project to determine that the same is in conformance with the requirements of this Agreement. The Developer acknowledges that the City is under no obligation to supervise, inspect, or inform the Developer of the progress of construction, or operations and the Developer shall not rely upon the City thereof. Any inspection by the City, in its role as City, during the construction is entirely for its purposes in determining whether the Developer is in compliance with this Agreement and is not for the purpose of determining or informing the Developer of the quality or suitability of construction. The Developer shall rely entirely upon its own supervision and inspection in determining the quality and suitability of the materials and work, and the performance of architects, subcontractors, and material suppliers. This Section shall in no way limit the Annual Review procedures in Section 6.10 of this Agreement.

Section 11.20. Confidentiality of Information.

While desiring to preserve its rights with respect to treatment of certain information on a confidential or proprietary basis, the Developer acknowledges that the City will need sufficient, detailed

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information about the proposed development of the Property to make informed decisions about the Property and the Project. The City will use its best efforts to maintain the confidentiality of proprietary information subject to the requirements imposed on the City by the Public Records Act (Government Code Section 7920.000 *et seq*.). The Developer acknowledges that the City may share information provided by the Developer of a financial and potential proprietary nature with third party consultants who have been contractually engaged to advise the City concerning matters related to this Agreement and to City Council as part of its decision-making process. If any litigation is filed seeking to make public any information Developer submitted to the City in confidence, the City and Developer shall cooperate in defending the litigation. The Developer shall indemnify and pay the City's costs of defending such litigation and shall indemnify the City against all costs and attorney's fees awarded to the plaintiff in any such litigation pursuant to Section 11.6.

Section 11.21. Entire Understanding of the Parties.

This Agreement constitutes the entire understanding and agreement of the Parties. All prior discussions, understandings and written agreements are superseded by this Agreement. The Developer and the Developer's counsel have read and reviewed this Agreement and agree that any rule of constitution (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 Agreement.

Section 11.22. Operation Memoranda: Implementation Agreements.

(a) The Parties acknowledge that the provisions of this Agreement require a close degree of cooperation and that new information and future events may demonstrate that changes are appropriate with respect to the details of performance of the Parties under this Agreement. The Parties desire, therefore, to retain a certain degree of flexibility with respect to the details of performance for those items covered in general terms under this Agreement and may include extensions of time to perform as specified in the Schedule of Performance. If and when, from time to time, the Parties find that refinements or adjustments are desirable, such refinements or adjustments shall be accomplished through operating memoranda or implementation agreements approved by the Parties which, after execution shall be attached to this Agreement as addenda and become a part hereof. This Agreement describes some, but not all, of the circumstances in which the preparation and execution of operating memoranda or implementation agreements may be appropriate.

(b) Operating memoranda or implementation agreements may be executed on the City's behalf by the City Manager, or his or her designee. In the event a particular subject requires notice or hearing, such notice or hearing shall be appropriately given. Any significant modification to the terms of performance under this Agreement, including but not limited to amendments or modifications to the Purchase Price, actions that materially or substantially change the uses or construction permitted on the Property, or materially or substantially add to the costs incurred or to be incurred by the City as specified herein, shall be processed as an amendment of this Agreement in accordance with Section 11.23 and must be approved by the City Council. Notwithstanding the foregoing, the City Manager shall maintain the right to submit to the City Council for consideration or action any matter under the City Manager's authority if the City Manager desires to do so.

Section 11.23. Amendments.

The Parties can amend this Agreement only by means of a writing executed by the Developer and the City, which execution is subject to the approval by the City Council, which may be granted or denied in the City Council's sole discretion. The City Manager (or designee) shall be authorized to enter into certain amendments to this Agreement on behalf of the City in accordance with Section 11.22 hereof.

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Section 11.24. Counterparts: Multiple Originals.

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

IN WITNESS WHEREOF, the City and the Developer have executed this Agreement as of the Effective Date.

CITY:

CITY OF SALINAS, a municipal corporation

By: _____
René Mendez
City Manager

DEVELOPER:

TAYLOR FRESH FOODS, INC., a Delaware corporation

By: _____
Thomas M. Bryan
Chief Financial Officer

APPROVED AS TO FORM:

_____
Christopher A. Callihan, City Attorney

Note: Section 5.5 Requires the Developer's Initials (Page 13)

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EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY
(To be prepared by the City)

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EXHIBIT B

FORM OF GRANT DEED

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO
AND MAIL TAX STATEMENT TO:

City of Salinas
200 Lincoln Avenue
Salinas, California 93901
Attn: Community Development Director

(ABOVE SPACE FOR RECORDER'S USE ONLY)

EXEMPT FROM RECORDER'S FEES pursuant to Government Code §27383
This Instrument is exempt from payment of Documentary Transfer Tax pursuant to Section 11922 of the Revenue and Taxation Code, as amended.

The undersigned grantor(s) declare(s):
County Transfer Tax is $____0_____.
Monument preservation fee is $_____.
( ) computed on full value of property conveyed, or
( ) computed on full value less value of liens and encumbrances remaining at time of sale.
(X) City of Salinas, Monterey County

GRANT DEED

FOR A VALUABLE CONSIDERATION, the receipt and adequacy of which is hereby acknowledged, CITY OF SALINAS, a California charter city and municipal corporation ("Grantor"), does hereby grant and convey to, TAYLOR FRESH FOODS, INC., a Delaware corporation, and its successors and assigns ("Grantee"), all the real property situated in the City of Salinas, County of Monterey, State of California, shown on the map attached as **Exhibit 1** and more-particularly described in **Exhibit 2**
_____, 20___

GRANTOR

CITY OF SALINAS,
a California charter city and municipal corporation

_____
René Mendez,
City Manager

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GRANTEE

TAYLOR FRESH FOODS, INC.
a Delaware Corporation

_____

By
Title

Add Exhibits 1 and 2
Add Notary Acknowledgement

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EXHIBIT C

SCOPE OF DEVELOPMENT

Lot 8: TBD approximate square foot hotel/retail commercial use for Lot 8.

Lot 12: approximately 67 multifamily housing units and 3435 square foot retail/commercial use Developer intends to build on Lot 12.

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EXHIBIT D

SCHEDULE OF PERFORMANCE

Time Frame	Property	Task
5 business days from Effective Date	Lot 8, Lot 12	Opening Escrow
5 days from Opening Escrow	Lot 8, Lot 12	Title Company to provide Title Report
30 days after receiving Title Report	Lot 8, Lot 12	Developer to approve or disapprove Title Report
14 days after receiving Developer's notice of disapproval of Title Report	Lot 8, Lot 12	City to respond to Developer's notice of disapproval of Title Report
30 days after receiving appraisal from City	Lot 8, Lot 12	Developer to agree to City's appraisal or retain own appraiser
30 days after receiving Developer's appraisal	Lot 8, Lot 12	Parties to agree to second appraisal or average or to notify other Party that price is unacceptable and why.
60 days after Effective Date	Lot 8, Lot 12	City to retain environmental consultant and have Phase I completed
30 days after receiving Phase I	Lot 8, Lot 12	Developer to notify City of whether it needs a Phase II environmental report
4 months after City receives notice of need for Phase II	Lot 8 and/or Lot 12	City to provide Developer with Phase II as requested by Developer
Within 365 days from Effective Date	Lot 12	Developer to apply for all Project Approvals for Lot 12
At least 60 days prior to City finalizing Project Approvals	Lot 12	City to notify Developer regarding conditions of approval
Within 30 days receiving conditions of approval	Lot 12	Developer to notify City as to whether it accepts conditions or needs further discussion
Within 7 days of hearing where conditions of approval are changed	Lot 12	Developer to notify City as to whether it accepts conditions or needs further discussion

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By 30th day after hearing where new conditions are imposed	Lot 12	Developer may terminate Agreement as to Lot 12 if Parties cannot agree upon conditions
Within 30 days of expiration of Due Diligence Period and either satisfaction or waiver or conditions	Lot 12	Escrow to Close
Annually from Effective Date	Lot 8, Lot 12	Developer to provide summary of status to City
Within 1-5 years receiving Project Approvals	Lot 12	Developer to commence construction on multifamily housing and retail/commercial use of Lot 12
Within 5 years from Effective Date	Lot 8	Developer to apply for all Project Approvals for Lot 8
At least 60 days prior to City finalizing Project Approvals	Lot 8	City to notify Developer regarding conditions of approval
Within 30 days receiving conditions of approval	Lot 8	Developer to notify City as to whether it accepts conditions or needs further discussion
Within 7 days of hearing where conditions of approval are changed	Lot 8	Developer to notify City as to whether it accepts conditions or needs further discussion
By 30th day after hearing where new conditions are imposed	Lot 8	Developer may terminate Agreement as to Lot 8 if Parties cannot agree upon conditions
Within 30 days of expiration of Due Diligence Period and either satisfaction or waiver or conditions	Lot 8	Escrow to Close
Within 3-8 years of receiving Project Approvals	Lot 8	Developer to commence construction on multifamily housing and retail/commercial use of Lot 8

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EXHIBIT E

PROJECT RENDERINGS

Project Renderings for Lot 12 are attached. The Developer is still working on renderings for Lot 8 and when completed such renderings will be attached hereto as a part of Exhibit E.

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EXHIBIT F

LICENSE AGREEMENT

(To be attached if necessary)

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EXHIBIT G

PROJECT AREA

Lot 12: APNs 002-245-002, 002-245-003, 002-245-004, 002-245-005, 002-245-006, 002-245-007, and 002-245-008; Gabilan and Lincoln

Lot 8: APN 002-244-098; Lincoln, Gabilan, Salinas

SALINAS PLANNING COMMISSION
RESOLUTION NO. 2025-10

RESOLUTION RECOMMENDING THE CITY COUNCIL ADOPT AN ORDINANCE APPROVING A LAND DISPOSITION AND DEVELOPMENT AGREEMENT (DA 2025-001) BETWEEN THE CITY OF SALINAS AND TAYLOR FRESH FOODS, INC. RELATED TO CITY PARKING LOTS 8 AND 12

WHEREAS, on November 5, 2025, the Salinas Planning Commission held a duly noticed public hearing to consider a recommendation to the City Council regarding a Land Disposition and Development Agreement between the City of Salinas and Taylor Fresh Foods, Inc., related to City Parking Lots 8 and 12 [Development Agreement 2025-001 (DA 2025-001)]; and

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

NOW, THEREFORE, BE IT RESOLVED by the Salinas Planning Commission that the Commission recommends that the City Council adopt an ordinance approving the Land Disposition and Development Agreement (DA 2025-001); and

BE IT FURTHER RESOLVED that the Salinas Planning Commission adopts the following findings as the basis for its determination, and that the foregoing recitations are true and correct, and are included herein by reference as findings:

1. The Planning Commission's action is found to be exempt from environmental analysis pursuant to California Environmental Quality Act (CEQA) Guidelines Sections 15060(c), 15061(b)(3), and/or 15378 as it does not constitute a "project," does not commit the City to a definite course of action, does not constitute discretionary approval of a specific project, and will not result in a direct or reasonably foreseeable indirect physical change in the environment, and in the alternative is exempt from CEQA as it falls within the "common sense" exemption set forth in CEQA Guidelines Section 15061(b)(3), excluding projects where "it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment." This determination reflects the Planning Commission's independent judgement and analysis. Individual projects contemplated in the Land Disposition and Development Agreement will undergo CEQA analysis as necessary.

2. The Planning Commission finds that the Land Disposition and Development Agreement is consistent with the Salinas General Plan, for which an Environmental Impact Report was certified by the City on August 6, 2002, by Resolution No. 18015 (the "EIR"), and that pursuant to an environmental assessment prepared by Cotton/Bridges/Associates dated August 2002, there are not project-specific significant effects peculiar to the Development or the Property which were not addressed in the EIR.

3. On December 7, 2021, the City Council approved a Resolution making certain findings and adopting a Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program and also approving a General Plan Amendment 2021-002 (GPA 2021-002) to change the land use designation of the properties to Mixed Use (MX). On December 7, 2021, the City Council also adopted an ordinance to rezone the properties to Mixed Use (MX).

4. The City's Downtown Vibrancy Plan states "The area surrounding Salinas Street and Gabilan Street offers an excellent opportunity for development... This area could build on the momentum created with the construction of Taylor Farms' new corporate headquarters building." This area includes both Parking Lots 8 and 12.

5. The Downtown Vibrancy Plan identifies Lot 8 and Lot 12 as "redevelopment site[s]" within the downtown area and contemplates "structured parking or mixed-use development" on both sites, with Lot 12 further identified as a possible market-rate housing development.

6. The projects proposed in the Land Disposition and Development Agreement will support the revitalization of the downtown neighborhood, consistent with the Downtown Revitalization Plan approved by the City Council. The hotel/retail/ commercial use will bring jobs and increase revenue generation, and the multi-family residential/retail development will meet the minimum affordable housing allocation of the City's Inclusionary Housing Ordinance in effect as of the Effective Date of the Land Disposition and Development Agreement.

PASSED AND APPROVED this 5th day of November 2025, by the following vote:

AYES: Chairperson McKelvey Daye, and Commissioners Wruck and Rocamora.

NOES: Commissioners Meeks and Purnell

ABSTAIN: None

ABSENT: Commissioners Almanza-Larios and Gutierrez

THIS IS TO CERTIFY that the foregoing is a full, true, and correct copy of a Resolution of the Planning Commission of the City of Salinas, that said Resolution was passed and approved by the affirmative and majority vote of said Planning Commission at a meeting held on November 5, 2025, and that said Resolution has not been modified, amended, or rescinded, and is now in full force and effect.

SALINAS PLANNING COMMISSION

Date: 11/14/25

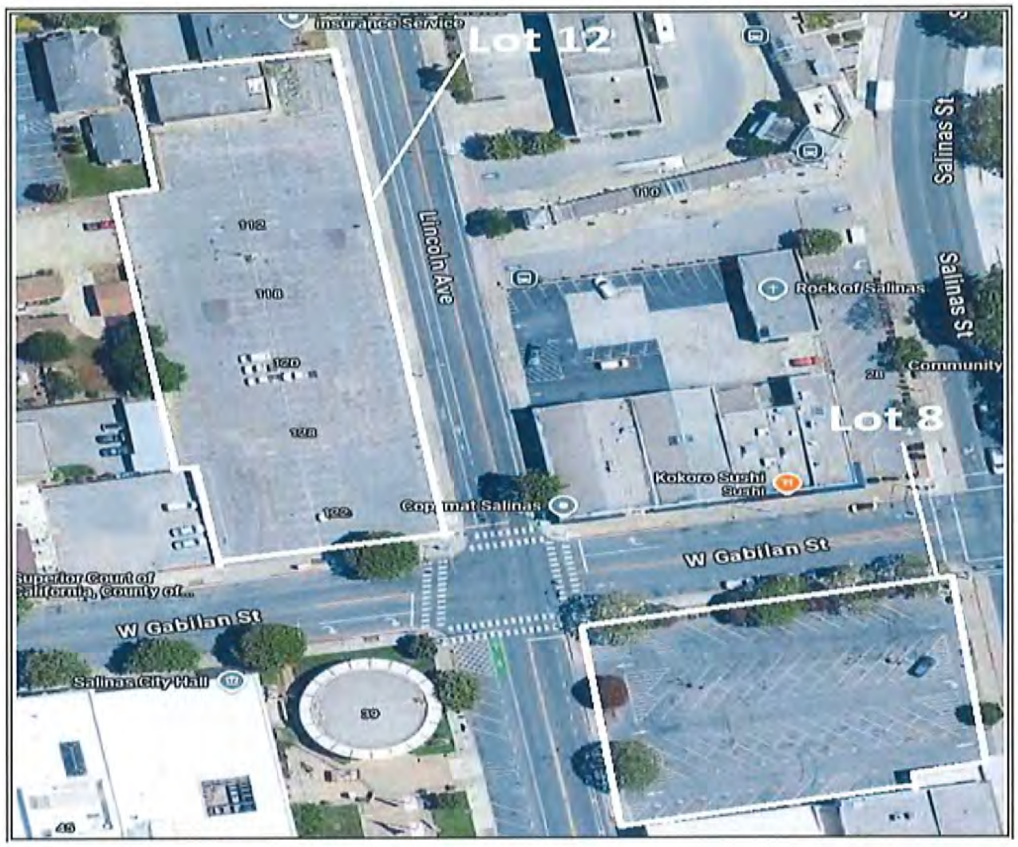
Courtney Grossman
Secretary

Attachments:

Exhibit A: Vicinity Map
Exhibit B: Draft Land Disposition and Development Agreement
Exhibit C: Published Planning Commission Public Hearing Notice
Exhibit D: Mailed Planning Commission Public Hearing Notice

North

Vicinity Map



LAND DISPOSITION AND DEVELOPMENT AGREEMENT (DA 2025-001)
Lots 8 and 12

Exhibit A

OFFICIAL BUSINESS
Document entitled to free recording
Government Code Section 6103

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City of Salinas
200 Lincoln Ave
Salinas, CA 93901
Attn: City Clerk

(SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE)

Land Disposition and Development Agreement

Between

The City of Salinas

And

Taylor Fresh Foods, Inc

Dated as of _____, 2025

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Exhibit B

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LAND DISPOSITION AND DEVELOPMENT AGREEMENT

This Land Disposition and Development Agreement ("Agreement") is entered into as of _____, 2025 ("Effective Date"), by and between the City of Salinas, a California charter city and municipal corporation ("City") and Taylor Fresh Foods, Inc., a Delaware corporation ("Developer", together City and Developer are the "Parties"), with reference to the following facts, understandings and intentions of the Parties, and pursuant to the authority of Government Code section 65864 et. seq., relating to Development Agreements:

RECITALS

A. To provide a process so that, upon approval of a project, the applicant may proceed with the project in accordance with existing policies, rules, and regulations, subject to the conditions of approval, thus vesting certain development rights in the property, California Government Code section 65864, et seq. (the "Development Agreement Statute") and Salinas Municipal Code Article VI, Division 11 of Chapter 37, authorize the City and any person having a legal or equitable interest in real property to enter into a Development Agreement, establishing certain development rights in the Property.

B. These Recitals refer to and utilize certain capitalized terms which are defined in Article 1 of this Agreement. The Parties intend to refer to those definitions in connection with the use of capitalized terms in these Recitals.

C. The City owns property located at Salinas Street, Lincoln Avenue and W. Gabilan Street, a portion of Assessor's Parcel Number 002-244-098 (commonly known as "Lot 8"); and at Lincoln Avenue and W. Gabilan Street, Assessor's Parcel Numbers 022-245-002, 022-245-003, 022-245-004, 022-245-005, 022-245-006, 022-245-007, and 022-245-0038 (commonly known as "Lot 12"), as more particularly shown on Exhibit A (collectively the "Property").

D. On October 27, 2020, the City Council approved Resolution No. 21987 declaring the Property surplus land pursuant to Government Code Sections 54220, *et seq.* (the "Surplus Lands Act").

E. On November 3, 2020, the City issued a notice of availability of surplus properties, including the above referenced Property, in compliance with the Surplus Lands Act. The City received a letter of interest from an eligible entity for the Property; however, that entity later submitted a letter to the City withdrawing its interest in developing the Property. The City consequently proceeded to make the Property generally available for purchase.

F. With the Property generally available for purchase, the Developer has indicated a desire to acquire the Property and the Developer intends to develop the Property with a hotel/retail/commercial use and a multi-family residential/retail use as

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generally described in Section 1.1(dd) and as generally shown on Exhibit E (the "Project").

G. The City's Downtown Vibrancy Plan states "The area surrounding Salinas and Gabilan Street offers an excellent opportunity for development... This area could build on the momentum created with the construction of Taylor Farms' new corporate headquarters building." This area includes both Lot 8 and Lot 12.

H. The Downtown Vibrancy Plan identifies Lot 8 and Lot 12 as "redevelopment site[s]" within the downtown area, and contemplates "structured parking or mixed-use development" on both sites, with Lot 12 further identified as a possible market-rate housing development.

I. The Project will support the revitalization of the downtown neighborhood and Gabilan Street, consistent with the Downtown Revitalization Plan approved by the City Council. The hotel/retail/commercial use will bring jobs and increase revenue generation, and the multi-family residential/retail development will meet the minimum affordable housing allocation requirement of the City's Inclusionary Housing Ordinance in effect as of the Effective Date.

J. The City staff has duly noticed the proposed adoption of this Agreement pursuant to Government Code sections 65090, 65091 and 54954.2(a)(1).The City has approved a resolution in accordance with Municipal Code Section 12-16, stating that the property disposition supports neighborhood revitalization and assists in the provision of low and moderate income housing, finding that public convenience, necessity or welfare and objectives of the City's neighborhood improvement program will benefit from such conveyance or sale and stating the terms and conditions thereof and the reasons therefor.

K. The City has found that the Project, as shown in the plans described in Section 1.1(dd) and this Agreement, is consistent with the City's General Plan (for which an Environmental Impact Report was certified by the City on August 6, 2002, by Resolution No. 18015, and that pursuant to an environmental assessment prepared by Cotton/Bridges/Associates dated August 2002, there are not project-specific significant effects which are peculiar to the Development or the Property which were not addressed in the EIR.

NOW THEREFORE, the City and the Developer agree as follows:

ARTICLE 1.
DEFINITIONS AND EXHIBITS

Section 1.1. Definitions.

In addition to the terms defined elsewhere in this Agreement, the following definitions shall apply throughout this Agreement.

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(a) "Affordable Housing Agreement" means a written agreement between the Developer and the City ensuring the continuing affordability of housing on the Project.

(b) "CEQA" means the California Environmental Quality Act (Public Resource Code 21000 *et seq.*), and its implementing regulations.

(c) "Certificate of Completion" means the certificate to be issued by the City pursuant to Section 7.9 of this Agreement.

(d) "City" means the city of Salinas, a California charter city and municipal corporation.

(e) "City Council" means the City Council of the City.

(f) "City Event of Default" has the meaning set forth in Section 10.4.

(g) "City's Response Date" has the meaning set forth in Section 4.2.

(h) "Close of Escrow" means the date the Grant Deed is recorded in the Official Records. It is anticipated that there will be two (2) dates for the Close of Escrow: one for Lot 8 and one for Lot 12.

(i) "Control" means direct or indirect management or control of the: (i) managing member or members in the case of a limited liability company; (ii) the managing general partner or general partners in the case of a partnership; and (iii) boards of directors that overlap by fifty percent (50%) or more of their directors, or a majority of the directors in the case of a corporation.

(j) "Construction Plans" shall mean the construction plans submitted by Developer and approved by the City in connection with the building permits for the Project.

(k) "County" means the County of Monterey, California.

(l) "Disposition Documents" mean, collectively, this Agreement and all other documents required to be executed or acknowledged in writing by the Parties in connection with the transaction contemplated by this Agreement.

(m) "Developer" means Taylor Fresh Foods, Inc., a Delaware corporation, and its successors and assigns as permitted by this Agreement.

(n) "Developer Event of Default" has the meaning set forth in Section 10.5.

(o) "Development" means the development of the Project and that portion of the Property used for the Project.

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(p) "Due Diligence Period" means the period, as set forth in Sections 4.1, 4.2 and 4.3, that the Developer shall have to complete its investigation into whether to purchase all or part of the Property. The Due Diligence Period shall automatically expire thirty (30) days after the last of these events to occur: (1) the City and the Developer agree upon a Purchase Price; (2) the Developer accepts the Title Report; (3) the Developer accepts the results of the Phase I and Phase II environmental investigations; (4) the Developer accepts all of the conditions of approval for the part of the Property that is at issue (either Lot 8 or Lot 12), including execution of an Affordable Housing Agreement if applicable to the Lot at issue; and (5) two hundred ten (210) days after the Effective Date.

(q) "Effective Date" means the date this Agreement is entered into by the Parties as first written above.

(r) "Existing City Laws" means the City General Plan, Zoning, Municipal Code and other rules, regulations and official policies governing the permitted uses of the Property, density or intensity of use, the maximum height and size of proposed buildings, and provisions for reservation or dedication of land for public purposes that are in effect on the Effective Date.

(s) "Grant Deed" means the grant deed of the Property, or any portion thereof, to the Developer from the City, substantially in the form attached as Exhibit B.

(t) "Hazardous Materials" means any chemical, compound, material, mixture, or substance that is now or may in the future be defined or listed in, or otherwise classified pursuant to any environmental law as a "hazardous substance", "hazardous material", "hazardous waste", "extremely hazardous waste", "infectious waste", "toxic substance", "toxic pollutant", or any other formulation intended to define, list or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, or toxicity, under: the California Hazardous Waste Control Law (California Health & Safety Code, Division 20, Chapter 6.5); the Safe Drinking Water and Toxic Enforcement Act of 1986 (California Health & Safety Code, Division 20, Chapter 6.6); Underground Storage of Hazardous Substances (California Health & Safety Code, Division 20, Chapter 6.7); Hazardous Substance Account Act (California Health & Safety Code, Division 45); the Hazardous Materials Release Response Plans and Inventory (California Health & Safety Code, Division 20, Chapter 6.95); the Clean Water Act (33 U.S.C. 1251, *et seq.*); the Resource Conservation and Recovery Act (42 U.S.C. 6901, *et seq.*); the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. 9601, *et seq.*); the Emergency Planning and Community Right to Know Act of 1986 (42 U.S.C. 11001, *et seq.*); Control of Radioactive Contamination of the Environment (California Health & Safety Code, Division 104, Part 9, Chapter 5, Article 1); the Clean Air Act (42 U.S.C. 7401, *et seq.*); 40 Code of Federal Regulations Section 302.4; or any federal, state, or local statute, ordinance, regulation, administrative order or decision, or judicial decision interpreting or applying any of these provisions, as well as any amendments of any of these provisions, or any subsequently enacted statutes, ordinances, regulations, or orders, which refer or relate to "Hazardous Substances" as used in this Agreement

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("Environmental Laws"); provided, however, that specifically included under this Agreement are asbestos, PCB's, mercury, sulphur dioxide, vinyl chloride, urea formaldehyde, natural gas, compressed natural gas, methanol, natural gas liquids, liquefied natural gas, or synthetic gas useable for fuel (or mixtures of natural gas and such synthetic gas), all petroleum products or byproducts, hydrocarbons, and any components or derivatives thereof, any per- and polyfluoroalkyl substances known as "PFAS."

The term "Hazardous Materials" shall not include: (i) construction materials, gardening materials, household products, office supply products or janitorial supply products customarily used in the construction, maintenance, construction, or management of commercial properties, or typically used in office activities, or (ii) certain substances which may contain chemicals listed by the State of California pursuant to California Health and Safety Code Section 25249.8 *et seq.*, which substances are commonly used by a significant portion of the population living within the region of the Development, including, but not limited to, alcoholic beverages, aspirin, tobacco products, nutrasweet and saccharine.

(u) "Hazardous Materials Laws" means all federal, state, and local laws, ordinances, regulations, orders and directives pertaining to Hazardous Materials in, on or under the Development or any portion thereof.

(v) "Indemnitees" has the meaning set forth in Section 11.6.

(w) "Opening of Escrow" means when the fully executed Agreement has been provided to the Title Company and the Title Company has opened the escrow file for the sale of the Property.

(x) "Official Records" means the official land records of the County of Monterey.

(y) "Parties" means the City and the Developer and either of their permitted successors and assigns.

(z) "Party" means either the City or the Developer and either of their permitted successors and assigns.

(aa) "Passive Investor Member" has the meaning set forth in Section 9.1(b).

(bb) "Project" means the approximately ____ unit Developer intends to build multifamily housing and _____ square foot retail/commercial use on Lot 12, and the approximately ____ square foot hotel/retail commercial use that Developer intends to build on Lot 8 as more particularly described in the Agreement and all other agreements concerning the Property.

(cc) "Project Approvals" has the meaning set forth in Section 6.2.

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(dd) "Project Area" means the project area more particularly described in Exhibit G.

(ee) "Property" means the real property to be developed by the Developer pursuant to this Agreement, which real property is more particularly described in Recital B and Exhibit A.

(ff) "Purchase Price" has the meaning set forth in Section 2.1.

(gg) "Released Parties" has the meaning set forth in Section 5.5(d).

(hh) "Revitalization Plan" means the Revitalization Plan for the Central City Revitalization Project Area as amended from time to time.

(ii) "Scope of Development" shall mean a detailed description of the Project to be constructed by Developer pursuant to this Agreement as set forth in Exhibit C attached hereto and incorporated herein.

(jj) "Schedule of Performance" means the schedule attached as Exhibit D, as approved by the City, setting forth the anticipated schedule for the Developer's acquisition of the Property and the development of the Project.

(kk) "Term" means the term of this Agreement, which shall consist of the period commencing as of the Effective Date and continuing until the recordation of a Certificate of Completion for all development of the Project and any other obligations of the Parties; provided, however, the rights to develop under Section 6.2 shall expire thirteen (13) years from the Effective Date, subject to the extensions in Section 11.3.

(ll) "Title Approval Date" has the meaning set forth in Section 4.2.

(mm) "Title Company" means a title company as the Parties may mutually select.

(nn) "Title Report" means a preliminary title report for the Property, dated after the Effective Date.

(oo) "Transfer" has the meaning set forth in Section 9.1.

Section 1.2. Exhibits. The following exhibits are attached to and incorporated in the Agreement:

Exhibit A: Legal Description of the Property
Exhibit B: Form of Grant Deed
Exhibit C: Scope of Development
Exhibit D: Schedule of Performance
Exhibit E: Project Renderings
Exhibit F: License Agreement
Exhibit G: Project Area

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ARTICLE 2.
PURCHASE PRICE, ESCROW

Section 2.1. Purchase Price.

The purchase price for this Property shall be determined as set forth in Section 4.1 ("Purchase Price"). If the Developer agrees to proceed with the purchase after the Purchase Price is determined, the Purchase Price shall be paid in cash to the City by the Developer at the Close of Escrow.

Section 2.2. Opening Escrow.

To accomplish the purchase and transfer of the Property from the City to the Developer, within five (5) business days of the full execution of this Agreement, the Parties shall complete the Opening of Escrow. The Parties shall execute and deliver all written instructions to the Title Company to accomplish the terms hereof concurrently with the Opening of Escrow, which instructions shall be consistent with this Agreement.

ARTICLE 3.
CITY'S PREDISPOSITION REQUIREMENTS FOR CONVEYANCE OF THE PROPERTY

Section 3.1. Conditions Precedent to Disposition of Property

The requirements set forth in this Article 3 are conditions precedent to the City's obligation to convey the Property to the Developer. The City shall have no obligation to convey the Property to the Developer unless the Developer has satisfied the conditions precedent set forth in this Article 3 in the manner set forth below and within the timeframe set forth below and in the Schedule of Performance.

Section 3.2. Project Renderings.

Prior to the Effective Date, the Developer submitted design plans of the site and the Project to the City, as set forth in the attached Exhibit E, which the City has received and accepted. All future refinements of the plans for the Project must be approved by the City through the City's typical land use entitlement and building permit process. The Developer reserves the right to revise the Project from the renderings, subject to approval of the City.

As set forth in Section 4.4, the Developer acknowledges that execution of this Agreement by the City does not constitute approval by the City of any required permits, or applications, and except as provided in Section 6.3 in no way limits the discretion of the City in the permit allocation and approval process.

Section 3.3. Insurance.

The Developer shall furnish to the City evidence of the insurance coverage

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meeting the requirements of Section 8.4 below, no later than the date set forth in the for Close of Escrow in this Agreement.

ARTICLE 4.
DEVELOPER'S PREDISPOSITION REQUIREMENTS FOR PURCHASE OF THE PROPERTY

Section 4.1. Agreement to Purchase Price.

The Purchase Price for each Lot shall be determined through an appraisal process. The City has prepared an appraisal by [NAME], on [DATE]. The Developer shall have thirty (30) days after receiving the appraisal with the Purchase Price for each Lot to either accept the appraisal or retain John Piini (or another appraiser of the Developer's choice) to prepare another appraisal. If the Parties both accept the second appraisal, that shall be the Purchase Price. If the Developer and the City do not agree to accept the second appraisal, then the two appraisals shall be averaged (added together and divided by two (2)) to determine the final Purchase Price. If either Party does not accept the final Purchase Price, the non-consenting Party shall notify the other Party within thirty (30) days of receiving the second appraisal that the final Purchase Price is unacceptable because neither the second appraisal nor the average of the two appraisals is acceptable, and why. The City and the Developer may agree to further negotiate the Purchase Price or either Party can notify the other of the termination of this Agreement.

Section 4.2. Acceptance of Title Exceptions.

Within five (5) days after the Opening of Escrow, Title Company shall provide the City and the Developer with a Title Report covering each Lot within the Property together with copies of all documents referred to therein. The Developer shall approve the Title Report in writing on or before the date ("Title Approval Date") that is thirty (30) days after the Developer has received the Title Report. The Developer's approval or disapproval shall be subject to the judgment and personal satisfaction of the Developer in its sole discretion and shall not be controlled by any standard of reasonableness. The Developer's failure to approve or disapprove the Title Report by delivery of written notice thereof to the City and Title Company on or before the Title Approval Date shall be deemed the Developer's disapproval of all matters set forth in the Title Report. If the Developer delivers written notice of disapproval or is deemed to have delivered written notice of disapproval, the City shall have until 5:00 p.m. Pacific Time on the date that is fourteen (14) days after its receipt of the Developer's written notice of disapproval ("City's Response Date"), within which to notify the Developer in writing of its intention to attempt to remove or otherwise cure prior to the Close of Escrow the disapproved exceptions (or portions thereof) as exceptions to title. If for any reason, by the City's Response Date, the City does not provide the Developer with such notice, the City shall be deemed to have elected to not remove or otherwise cure such disapproved exceptions. If the City does not agree, or is deemed not to have agreed, to so attempt to remove or otherwise cure any disapproved exceptions, then the Developer shall have the right to either (a) waive such disapproved items and proceed with this Agreement or

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(b) terminate this Agreement prior to the expiration of the Due Diligence Period.

Section 4.3. Acceptance of Phase I/Phase II Environmental Reports.

Within sixty (60) days after the Effective Date, the City shall retain, and Developer shall fully reimburse the City for, an environmental consultant to complete a Phase I environmental report for each Lot. Such reports must be completed within two (2) months of the Effective Date. Within thirty (30) days after receiving the final environmental reports, the Developer shall notify the City of whether it needs the City to retain a consultant to complete a Phase II environmental report on either or both Lots. If the Developer fails to provide such notification, it shall be conclusively deemed the Developer's election to terminate this Agreement as a result of the Property's environmental condition. If the Developer asks the City to obtain a Phase II environmental report on either part or both parts of the Property, such report(s) must be completed within four (4) months after the City receives the notice to retain the consultant to complete the Phase II environmental report(s). Within fifteen (15) days after receiving the Phase II environmental report(s), the Developer shall notify the City of whether it accepts the Property's environmental condition. If the Developer fails to provide such notification, it shall be conclusively deemed the Developer's election to terminate this Agreement as a result of the Property's environmental condition. If the Developer only provides such notification accepting the environmental condition of one of the Lots, then it shall be conclusively deemed the Developer's election to terminate this Agreement as to the other Lot.

Section 4.4. Approvals.

It is anticipated that Lot 8 and Lot 12 shall Close Escrow at different times, with Lot 12 closing first and Lot 8 thereafter. The Developer shall have the right (directly or through its affiliates) to process all applications for Project Approvals as contemplated by the Developer in its sole and absolute discretion for each part of the Project. The City and the Developer shall work cooperatively in order to try to reach agreement on the appropriate Project Approvals for each Lot. The City shall endeavor to provide the Developer with the Project Approvals at least sixty (60) days prior to the City finalizing such Project Approvals. Within thirty (30) days of receiving all conditions of approval for the necessary Project Approvals for the construction of each Lot, the Developer shall notify the City as to whether it accepts the conditions of approval or whether further discussion is necessary. The intention is that before the conditions of approval are finalized at a public hearing, the City and the Developer will be in agreement that the conditions are appropriate. If, during a public hearing where the conditions are discussed, the City changes the conditions, and the Developer does not agree to the changes, the Developer shall notify the City within seven (7) days of the hearing. If the City is not able or willing to reverse the changes or come to agreement with the Developer on other conditions, the Developer shall have until the thirtieth (30^{th}) day after the hearing to terminate this Agreement as to the Lot for which the Parties cannot agree to the conditions of approval.

Section 4.5. Affordable Housing.

The Project Approvals for the construction of the Project shall include an Affordable Housing Agreement for the Property.

ARTICLE 5.
DISPOSITION OF PROPERTY

Section 5.1. Sale and Purchase.

Provided the pre-disposition requirements set forth in Articles 3 and 4 have been satisfied in the manner set forth above and by the dates set forth in Articles 3 and 4, the City shall sell to the Developer, and the Developer shall purchase from the City, the Property pursuant to the terms, covenants, and conditions of this Agreement.

Section 5.2. Purchase Price.

The Purchase Price for the Property, as determined pursuant to Section 4.1, shall be paid in cash to the City by the Developer at the Close of Escrow.

Section 5.3. Close of Escrow.

The close of Escrow for each Lot shall occur no later than the date thirty (30) days after the expiration of the Due Diligence Period for that Lot and only in the event that all conditions precedent to conveyance set forth in Articles 3 and 4 have been satisfied or waived by the City or the Developer, respectively. In addition to the conditions precedent set forth in Articles 3 and 4, the following conditions shall be satisfied prior to or concurrently with, and as conditions of, the Close of Escrow:

(a) The Developer had provided the City with copies of the Developer's organizational documents satisfactory to the City to demonstrate the Developer's power and authority to purchase the Property as set forth herein.

(b) The Developer shall have executed and delivered to the City or the Title Company the Disposition Documents, and any other documents and instruments required to be executed and delivered, all in form and substance satisfactory to the City.

(c) The Developer shall have furnished the City with evidence of the insurance coverage meeting the insurance requirements set forth in Section 8.4.

(d) The Developer and the City shall have entered into **[RESERVED IF LICENSE, RIGHT OF ENTRY OR EASEMENT IS NEEDED]**, substantially, in the form of the attached Exhibit F.

(e) The following documents shall have been recorded in the Official Records of Monterey County: Affordable Housing Agreement (if applicable for the Lot closing escrow).

(f) There shall exist no condition, event or act which would constitute a

breach or default under this Agreement, or any other Disposition Document or which, upon the giving of notice or the passage of time, or both, would constitute such a breach or default.

(g) All representations and warranties of the Parties contained in any Disposition Document shall be true and correct as of the Close of Escrow.

Ad valorem taxes, if any, shall be prorated as of the date of conveyance of the Property from the City to the Developer. The Developer shall pay the cost of an ALTA standard owner's policy of title insurance, transfer tax, Title Company document preparation, recordation fees, premiums of owners and lenders title insurance and the escrow fees of the Title Company, if any, and any additional costs to close the escrow. The costs borne by the Developer are in addition to the Purchase Price for the Property.

Section 5.4. Condition of Title.

Upon the Close of Escrow, the Developer shall have insurable title, pursuant to an ALTA standard owner's policy, to the Property which shall be free and clear of all liens, encumbrances, clouds and conditions, rights of occupancy or possession, except:

(a) applicable building and zoning laws and regulations;

(b) the standard conditions and exceptions contained in an ALTA standard owner's policy of title insurance that is regularly issued by the Title Company in transactions similar to the one contemplated by this Agreement.

(c) The Affordable Housing Agreement;

(d) the Grant Deed;

(e) any lien for current taxes and assessments or taxes and assessments accruing subsequent to recordation of the Grant Deed; and

(f) any title exceptions approved by the Developer in writing.

Section 5.5. Condition of Property.

(a) "AS IS" PURCHASE. PRIOR TO THE CLOSE OF ESCROW, THE DEVELOPER WAS PROVIDED THE OPPORTUNITY TO INVESTIGATE THE PROPERTY, AND HAS APPROVED THE PHYSICAL AND ENVIRONMENTAL CONDITION OF THE PROPERTY. THE DEVELOPER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT THE CITY IS SELLING AND THE DEVELOPER IS BUYING THE PROPERTY ON AN "AS IS WITH ALL FAULTS" BASIS AND THAT THE DEVELOPER IS NOT RELYING ON ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, FROM THE CITY AS TO ANY MATTERS CONCERNING THE PROPERTY, INCLUDING WITHOUT LIMITATION: (1) THE QUALITY, NATURE, ADEQUACY AND PHYSICAL CONDITION OF THE PROPERTY (INCLUDING, WITHOUT LIMITATION,

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TOPOGRAPHY, CLIMATE, AIR, WATER RIGHTS, WATER, GAS, ELECTRICITY, UTILITY FACILITIES AND SERVICES, GRADING, DRAINAGE, SEWERS, ACCESS TO PUBLIC ROADS AND RELATED CONDITIONS); (2) THE QUALITY, NATURE, ADEQUACY, AND PHYSICAL CONDITION OF SOILS, GEOLOGY AND GROUNDWATER; (3) THE EXISTENCE, QUALITY, NATURE, ADEQUACY AND PHYSICAL CONDITION OF UTILITIES SERVING THE PROPERTY; (4) THE DEVELOPMENT POTENTIAL OF THE PROPERTY, AND THE PROPERTY'S USE, HABITABILITY, MERCHANTABILITY, OR FITNESS, SUITABILITY, VALUE OR ADEQUACY OF THE PROPERTY FOR ANY PARTICULAR PURPOSE; (5) THE ZONING OR OTHER LEGAL STATUS OF THE PROPERTY OR ANY OTHER PUBLIC OR PRIVATE RESTRICTIONS ON THE USE OF THE PROPERTY; (6) THE COMPLIANCE OF THE PROPERTY OR ITS OPERATION WITH ANY APPLICABLE CODES, LAWS, REGULATIONS, STATUES, ORDINANCES, COVENANTS, CONDITIONS AND RESTRICTIONS OF ANY GOVERNMENTAL OR QUASI-GOVERNMENTAL ENTITY OR OF ANY OTHER PERSON OR ENTITY; (7) THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS OR HAZARDOUS WASTE AS DEFINED BY STATE AND FEDERAL LAW, ON, UNDER OR ABOUT THE PROPERTY OR THE ADJOINING OR NEIGHBORING PROPERTY; AND (8) THE CONDITION OF TITLE TO THE PROPERTY. THE DEVELOPER AFFIRMS THAT THE DEVELOPER HAS NOT RELIED ON THE SKILL OR JUDGMENT OF THE CITY OR ANY OF ITS RESPECTIVE AGENTS, EMPLOYEES OR CONTRACTORS TO SELECT OR FURNISH THE PROPERTY FOR ANY PARTICULAR PURPOSE, AND THAT THE CITY MAKES NO WARRANTY THAT THE PROPERTY IS FIT FOR ANY PARTICULAR PURPOSE. THE DEVELOPER ACKNOWLEDGES THAT IT SHALL USE ITS INDEPENDENT JUDGMENT AND MAKE ITS OWN DETERMINATION AS TO THE SCOPE AND BREADTH OF ITS DUE DILIGENCE INVESTIGATION WHICH IT SHALL MAKE RELATIVE TO THE PROPERTY AND SHALL RELY UPON ITS OWN INVESTIGATION OF THE PHYSICAL, ENVIRONMENTAL, ECONOMIC AND LEGAL CONDITION OF THE PROPERTY (INCLUDING, WITHOUT LIMITATION, WHETHER THE PROPERTY IS LOCATED IN ANY AREA WHICH IS DESIGNATED AS A SPECIAL FLOOD HAZARD AREA, DAM FAILURE INUNDATION AREA, EARTHQUAKE FAULT ZONE, SEISMIC HAZARD ZONE, HIGH FIRE SEVERITY AREA OR WILDLAND FIRE AREA, BY ANY FEDERAL, STATE OR LOCAL CITY). THE DEVELOPER UNDERTAKES AND ASSUMES ALL RISKS ASSOCIATED WITH ALL MATTERS PERTAINING TO THE PROPERTY'S LOCATION IN ANY AREA DESIGNATED AS A SPECIAL FLOOD HAZARD AREA, DAM FAILURE INUNDATION AREA, EARTHQUAKE FAULT ZONE, SEISMIC HAZARD ZONE, HIGH FIRE SEVERITY AREA OR WILDLAND FIRE AREA, BY ANY FEDERAL, STATE OR LOCAL AGENCY.

(b) Survival. The terms and conditions of this Section 5.5 shall survive the Close of Escrow, shall not merge with the provisions of the Grant Deed, or any other closing documents and shall be deemed to be incorporated by reference into the Grant Deed. The City is not liable or bound in any manner by any oral or written statements, representations or information pertaining to the Property furnished by any contractor, agent, employee, servant or other person. The Developer acknowledges that the Purchase Price reflects the "as is" nature of this sale and any faults, liabilities, defects or

other adverse matters that may be associated with the Property, including without limitation those identified in this Section 5.5. The Developer has fully reviewed the disclaimers and waivers set forth in this Agreement with the Developer's counsel and understands the significance and effect thereof.

(c) Acknowledgment. The Developer acknowledges and agrees that (i) to the extent required to be operative, the disclaimers of warranties contained in this Section 5.5 are "conspicuous" disclaimers for purpose of all applicable laws and other legal requirements, and (ii) the disclaimers and other agreements set forth in such sections are an integral part of this Agreement, that the Purchase Price has been adjusted to reflect the same and that the City would not have agreed to sell the Property to the Developer for the Purchase Price without the disclaimers and other agreements set forth in this Section 5.5.

(d) Developer's Release of the City. The Developer, on behalf of itself and anyone claiming by, through or under the Developer, hereby waives its right to recover from and fully and irrevocably releases the City and their council members, board members, employees, consultants, contractors, officers, directors, representatives, and agents ("Released Parties") from any and all claims, responsibility and/or liability that the Developer may have or hereafter acquire against any of the Released Parties for any costs, loss, liability, damage, expenses, demand, action or cause of action arising from or related to (i) the condition (including any construction defects, errors, omissions or other conditions, latent or otherwise), valuation, salability or utility of the Property, or its suitability for any purpose whatsoever, (ii) any presence of Hazardous Materials, and (iii) any information furnished by the Released Parties under or in connection with this Agreement.

(e) Scope of Release. The release set forth in Section 5.5(d) hereof includes claims of which the Developer is presently unaware or which the Developer does not presently suspect to exist which, if known by the Developer, would materially affect the Developer's release of the Released Parties. The Developer specifically waives the provision of any statute or principal of law that provides otherwise. In this connection and to the extent permitted by law, the Developer agrees, represents and warrants that the Developer realizes and acknowledges that factual matters now unknown to the Developer may have given or may hereafter give rise to cause of action, claims, demands, debts, controversies, damages, costs, losses and expenses which are presently unknown, unanticipated and unsuspected, and the Developer further agrees, represents and warrants that the waiver and releases herein have been negotiated and agreed upon in light of that realization and that the Developer nevertheless hereby intends to release, discharge and acquit the City from any such unknown causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses. Accordingly, the Developer, on behalf of itself and anyone claiming by, through or under the Developer, hereby assumes the above-mentioned risks and herby expressly waives any right the Developer and anyone claiming by through or under the Developer, may have under Section 1542 of the California Civil Code, which reads as follows:

"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her would have materially affected his or her settlement with the debtor or released party."

Developer's Initials: _____

Notwithstanding the foregoing, this release shall not apply to, nor shall the City be released from, the City's actual fraud or misrepresentation.

(f) Utility Relocation. Without limiting the other provisions of this Section 5.5, the City agrees to use its reasonable good faith efforts to support any utility relocation request submitted by Developer to applicable utility providers.

(g) Soils Removal. Without limiting the other provisions of this Section 5.5 or the provisions of Section 8.3, the City agrees to reasonably consider any reasonable request by Developer to move low-level contaminated soils from the Property to other City-owned properties to the extent such removal is consistent with all statutory and regulatory requirements and provided that the City shall not bear any cost or liability for such removal, transportation or storage, including any liability as result of placing such soils on another property owned by the City or liability for any required additional transport from such other property.

ARTICLE 6.
POST-DISPOSITION AND PRE-CONSTRUCTION CONDITIONS

Section 6.1. Conditions Subsequent After Conveyance of Property.

The requirements set forth in this Article 6 are conditions subsequent after the conveyance of the Property until they are completed or waived by the City in the manner set forth below and within the timeframes set forth below and in the Schedule of Performance and are conditions precedent to Developer's commencement of construction of the Project.

Section 6.2. Governmental Project Approvals.

In order to develop the Project as contemplated in this Agreement, the Project will require land use approvals, entitlements, development permits, and use and/or construction approvals, which may include, without limitation: vesting tentative maps, development plans, conditional use permits, variances, subdivision approvals, street abandonments, design review approvals, demolition permits, improvement agreements, infrastructure agreements, grading permits, and _____, and amendments thereto and to the Project Approvals; and excluding building permits, _____, and _____. For purposes of this Agreement, the term "Project Approvals" means all of the approvals, plans and agreements described in this Section 6.2. The Developer shall apply for all Project Approvals related to Lot 12 within one (1) year of the Effective Date, and the Developer shall apply for all Project Approvals related to Lot 8 within five (5)

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years of the Effective Date. The City and the Developer agree to work diligently and in good faith toward processing Project Approvals. If the Developer closes escrow on the Lots, the Developer shall commence construction of the multifamily housing and retail/commercial use on Lot 12 within 1-5 years of receiving the Project Approvals, and the Developer shall commence construction of the hotel/retail commercial use on Lot 8 within 3-8 years of receiving the Project Approvals. Both Parties acknowledge that the timeframes set forth herein may be subject to change due to forces outside the Parties' control as set forth in Section 11.3.

Section 6.3. Vested Rights.

(a) The Developer shall have the vested right to proceed with development of the Property in accordance with Existing City Laws and to have all Project Approvals considered by the City in accordance with the Existing City Laws and this Agreement.

(b) Permitted Uses, Density and Intensity, Maximum Height and Size of Structures, and Reservation or Dedication of Land Vested. The permitted uses of the Property, the density and intensity of use, the maximum height and size of proposed buildings, set-backs, provisions for reservation or dedication of land or payment of fees in lieu of dedication for public purposes, the location and maintenance of on-site and off-site improvements, the location of public utilities, and other terms and conditions of Development shall be those set forth in the Existing City Laws.

(c) Vested Against Moratorium, Quotas, Restrictions or Other Growth Limitations. Subject to applicable law relating to the vesting provisions of development agreements, City agrees that, except as otherwise provided in or limited by the provisions of this Agreement, any City ordinances, resolutions, rules, regulations, initiatives, and official policies and orders enacted after the Effective Date that directly or indirectly limit the rate, timing, or sequencing of Development, or prevent or conflict with the Existing City Laws, shall not be applied by the City to the Project Approvals. To the extent allowed by the laws pertaining to development agreements, however, Developer will be subject to any growth limitation ordinance, resolution, rule, regulation, policy or order which is adopted on a uniformly applied, Citywide or area-wide basis, and directly concerns an imminent public health or safety condition, in which case City shall treat in a uniform, equitable, and proportionate manner all properties, public and private, which are impacted by that public health or safety issue.

(d) Vested Rights Exclude Design and Construction. All ordinances, resolutions, rules, regulations, initiatives, and official policies governing design, improvement, and construction standards and specifications applicable to the Project, and any public improvements to be constructed by the Developer shall be those in force and effect at the time the applicable Project Approval is granted.

(e) Vested Rights Exclude Changes in State or Federal Law. This Agreement shall not preclude the application to the Project Approvals of changes in City laws, regulations, plans or policies, the terms of which are specifically mandated and

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required by changes in state or federal law or regulation. In the event that state or federal laws or regulations enacted after the Effective Date of this Agreement prevent or preclude compliance with one or more provisions of this Agreement or any Project Approvals, such provisions of the Agreement shall be modified or suspended insofar as it is necessary to comply with such state or federal laws, regulations, plans, or policies. Any such amendment or suspension of this Agreement or Project Approvals shall be approved by the City Council in accordance with the Municipal Code and this Agreement.

(f) Vested Rights Exclude Building and Fire Codes. The Project shall be constructed in accordance with all applicable local, state, and federal building codes and standards, including the Building, Mechanical, Plumbing, Electrical, and Fire Codes, City standard construction specifications, and Title 24 of the California Code of Regulations (collectively "Building Code"), in effect at the time the Project Approval is granted. If no permits are required for infrastructure improvements, such improvements will be constructed in accordance with the provisions of the Building Code in effect at the time of approval by City of the improvement plans for such infrastructure. If a permit that has been granted expires, the Project shall be required to be constructed in accordance with the provisions of the Building Code in effect at the time the applicable replacement permit to the expired building, grading, encroachment or other construction permit is granted for the Project.

(g) Vested Rights Exclude Processing Fees and Charges. Developer shall pay those processing, inspection, and plan check fees and charges required by City under ordinances, resolutions, rules, regulations, initiatives, and official policies which are in effect when such fees or charges are due at the time they are charged to the Developer.

(h) Vested Rights for Development Impact Fees, Exactions and Dedications. Development impact fees, exactions and dedications required by City to be paid or provided by Developer shall only be those that were in effect on the Effective Date.

Section 6.4. Building Permits.

No later than one (1) year after the City provides the Project Approvals for Lot 12 and prior to commencement of construction of the Project, the Developer shall apply for building permits for the multifamily housing and retail/commercial use for Lot 12. Not later than three (3) years after the City provides the Project Approvals for Lot 8 and prior to commencement of the part of the Project on Lot 8, the Developer shall apply for building permits for the hotel/retail commercial use for Lot 8. After receiving the applications for these building permits, the City shall exercise diligent good faith efforts to process such applications. Both Parties acknowledge that the timeframes set forth herein may be subject to change due to forces outside the Parties' control as set forth in Section 11.3.

Section 6.5. CEQA.

This Agreement is not intended to limit in any manner the discretion of City or other agency, as applicable, in connection with the issuance of approvals and entitlements for the Property, including, without limitation, the undertaking and completion of any required environmental review pursuant to the California Environmental Quality Act ("CEQA") and the National Environmental Policy Act ("NEPA"), as applicable, and the review and approval of plans and specifications relating to the Property. Prior to approval of any Project Approval for the Property, City, acting as lead agency or co-lead agency, shall complete any environmental review required under CEQA or NEPA.

Section 6.6. City Review and Approval.

Nothing in this Agreement shall be construed as the City's approval of any or all of the Project Approvals. This Agreement does not require that City comply with the implied covenant of good faith and fair dealing in reviewing and approving or disapproving Project Approvals and other required submittals with respect to the Project.

Section 6.7. Defects in Plans.

The City shall not be responsible either to the Developer or to third parties in any way for any defects in the Plans, nor for any structural or other defects in any work done according to the approved Plans, nor for any delays reasonably caused by the review and approval processes established by this Article 6.

Section 6.8. Tenant Commitments.

As the Project is better defined during the entitlement process, the Developer shall provide the City regular and at least quarterly status updates on retail and other office prospective tenants through the Term of this Agreement.

Section 6.9. Extension of Time.

The Developer shall have the right to extend each of the deadlines set forth in Section 6.2 and 6.3 for up to one hundred and eighty (180) days. To exercise its right to extend, the Developer shall send written notice to the City Manager at least fifteen (15) days before the applicable deadline.

Section 6.10. Annual Review.

(a) Annual Review. City shall annually monitor and review each Developer's good faith compliance with the terms of this Agreement and the Project Approvals.

(b) Monitoring. City has discretion to monitor the continuing compliance of the terms of this Agreement and the Project Approvals by updating

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decision-makers, conducting field inspections in compliance with applicable laws, implementing and interpreting requirements, monitoring any litigation relating to the Property, and taking any other actions that are within the City's exercise of its legal, permit or contractual obligations.

(c) Annual Review Date. City intends to conduct an annual review each year during the term of this Agreement on the date this Agreement is executed, each year after the Effective Date.

(d) Initiation of Review. The City Planner will initiate the annual review by giving Developer written notice that City will conduct the annual review. The City Planner's written notice will include an estimate of the total costs City expects to incur in connection with the review. Within thirty (30) days of City's notice, Developer must provide evidence to the City Planner to demonstrate good faith compliance with this Agreement. The burden of proof, by substantial evidence of compliance, is upon the Developer. City's failure to timely initiate the annual review is not a waiver of the right to conduct a review at a later date or otherwise enforce the provisions of this Agreement. Developer is not in default under this Agreement by virtue of a failure by City to timely initiate review.

(e) Costs. Costs reasonably and directly incurred by City in connection with the annual review and monitoring shall be paid by Developer in accordance with the City's schedule of fees and billing rates in effect at the time of review.

(f) Non-compliance with Agreement; Hearing. If the City Planner determines, on the basis of substantial evidence, that Developer has not complied in good faith with the terms and conditions of this Agreement during the period under review, the City Council may initiate proceedings to modify or terminate the Agreement, at which time an administrative hearing shall be conducted before the City Council in accordance with the procedures of state law (Government Code sections 65090 and 65091). As part of that final determination, the City Council may impose conditions on the Project that it considers necessary and appropriate to protect the interests of City. The City Council may refer the matter to the planning commission for further proceedings or for report and recommendations. Developer shall notify the City in writing at least seven (7) days before the hearing of any and all issues of non-compliance by City with the terms of this Agreement, and the City Council shall review and make findings concerning the compliance of all Parties to the Agreement. If the City contends that Developer has not complied in good faith with the terms and conditions of this Agreement, City shall provide Developer in writing the basis for that conclusion no later than seven (7) business days before the hearing of any and all issues of noncompliance by the City Council.

(g) Appeal of Determination. The decision of the City Council as to a Developer's compliance shall be final. Any court action or proceeding to challenge, review, set aside, void, or annul any compliance determination by the City Council must be commenced within ninety (90) days of the final decision of the City Council in accordance with the California Code of Civil Procedure, or the Developer forfeits the

right to seek judicial review. Modification or termination of the development agreement by the City Council shall be filed by the city clerk for recordation with the Monterey County recorder's office.

ARTICLE 7.
CONSTRUCTION OF PROJECT

Section 7.1. Construction Pursuant to Plans.

The Project shall be constructed substantially in accordance with the terms and conditions of the City's land use permits and approvals and building permits, including and variances granted and in accordance with Exhibit C "Scope of Development".

Section 7.2. Commencement of Project.

The Developer shall commence construction of the Project no later than the dates in Section 6.2.

Section 7.3. Completion of the Project.

Developer shall complete the Project in accordance with the timelines in Section 6.2 of this Agreement. Equal Opportunity.

During the construction of the Project, the Developer, the contractor and their successors, assigns and subcontractors shall not discriminate against any employee or applicant for employment in connection with the construction of the Project because of race, color, religion, ethnic group identification, sex, sexual preference, marital status, ancestry or national origin, in all construction activities.

Section 7.4. Construction Pursuant to Laws.

(a) Developer shall cause all work performed in connection with the Property to be performed in compliance with all applicable laws, ordinances, rules and regulations of federal, state, county or municipal governments or agencies now in force or that may be enacted hereafter.

(b) Cost-effective energy conservation standards, including provision of renewable energy sources, are encouraged. The Developer shall use Green Building Code standards as required by the Salinas Municipal Code.

Section 7.5. Persons with Disabilities.

The Property shall be constructed to comply with all applicable federal, state, and local requirements for access for disabled persons.

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Section 7.6. Progress Reports.

Until such time as the Developer has completed construction of the Project, as evidenced by the Certificate of Completion for the Project, the Developer shall provide the City with regular and at least quarterly progress reports in form and detail reasonably acceptable to the City.

Section 7.7. Compliance with Mitigation Measures.

During the construction of the Project and thereafter during the operation of the Project, the Developer shall comply with the requirements, mitigation measures and conditions of approval, as set forth in the any governmental approvals and/or the Construction Plans.

Section 7.8. Certificate of Completion.

Promptly after completion of the Project in accordance with those provisions of this Agreement relating solely to the obligations of Developer to construct the Project, the City will provide a Certificate of Completion so certifying. Such certification shall be conclusive determination that certain covenants in this Agreement with respect to the obligations of the Developer to construct the Project have been satisfied. Such certification shall be in such form as will enable it to be recorded among the Official Records. Such certification and determination shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any holder of deed of trust securing money loaned to finance the Project or any part thereof and shall not be deemed a notice of completion under the California Civil Code.

ARTICLE 8.
ONGOING DEVELOPER OBLIGATIONS

Section 8.1. Applicability.

The conditions and obligations set forth in this Article 8 shall apply throughout the Term, unless a different period of applicability is specified for a particular condition or obligation.

Section 8.2. Taxes and Assessments.

The Developer shall require that the contractor and its subcontractors exercise their option to obtain a California Department of Tax and Fee Administration sub permit for the jobsite and allocate all eligible use tax payments to the City. Prior to beginning the construction of the Project, the Developer shall require that the contractor and subcontractors provide the City with either a copy of the sub permit or a statement that use tax does not apply to their portion of the job. The Developer shall review the direct payment process established under California Revenue and Taxation Code 7051.3 and, if eligible, use the permit so that the local share of its use tax payments is allocated to the City. The Developer shall provide the City with either a copy of the direct payment

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permit or a statement certifying ineligibility to qualify for the permit.

Section 8.3. Hazardous Materials.

(a) Compliance with Laws. The Developer hereby covenants and agrees to comply with all Hazardous Laws applicable to it.

(b) Indemnity. Without limiting the generality of the indemnification set forth in Section 11.6 below, the Developer hereby agrees to indemnify, protect, hold harmless and defend (by counsel reasonably satisfactory to the City) the City, their council and board members, officers, contractors, consultants, agents, and employees from and against any and all claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement action of any kind, and all costs and expenses incurred in connection therewith (including, but not limited to, reasonable attorney's fees and expenses), arising directly or indirectly, it not limited to, reasonable attorney's fees and expenses), arising directly or indirectly, in whole or in part, whether arising or accruing before, on, or after the Close of Escrow, and whether attributable to events or circumstances which arise or occur before, on or after the Close of Escrow, including, without limitation: (i) any and all liabilities with respect to the physical or environmental condition of the Property, including, without limitation, all liabilities relating to the release, presence, discovery or removal of any hazardous or regulated substance, chemical, waste or material, including any Hazardous Material that may be located in, at, about or under the Property, or connected with or arising out of any and all claims or causes of action based upon any Environmental Laws (defined in this Agreement), or any other related claims or causes of action; and (ii) any implied or statutory warranties or guaranties of fitness, merchantability or any other statutory or implied warranty or guaranty of any kind or nature regarding or relating to any portion of the Property. The provisions of this subsection shall survive expiration of the Term or other termination of this Agreement, and shall remain in full force and effect.

(c) Developer specifically waives the provision of California Civil Code Section 1542, which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY." Developer has been advised by its legal counsel and understands the significance of this waiver of section 1542 relating to unknown, unsuspected and concealed claims. By executing this Agreement, Developer acknowledges that it fully understands, appreciates and accepts all of the terms of this section.

(d) No Limitation. The Developer hereby acknowledges and agrees that the Developer's duties, obligations and liabilities under this Agreement, including, without limitation, under subsections (a), (b), and (c) above, are in no way limited or otherwise affected by any information the City may have concerning the Property and/or

the presence within the Property of any Hazardous Materials, whether the City obtained such information from the Developer or from its own investigations.

Section 8.4. Insurance Requirements.

(a) Developer's Insurance. Concurrently with the execution hereof, Developer shall obtain or cause to be obtained and filed with the Risk Manager, all insurance required under this paragraph, and such insurance shall have been approved by the Risk Manager of City, as to form, amount and carrier. Prior to the commencement of work under this Agreement, Developer's contractor(s) shall obtain or cause to be obtained and filed with the Risk Manager, all insurance required under this paragraph, and such insurance shall have been approved by the Risk Manager of City, as to form, amount and carrier. Developer shall not allow any contractor(s) to commence work under this Agreement until all insurance required for Developer and Developer's contractor(s) shall have been so obtained and approved. Said insurance shall be maintained in full force and effect until the completion of work under this Agreement and the final acceptance thereof by City. All requirements herein provided shall appear either in the body of the insurance policies or as endorsements and shall specifically bind the insurance carrier.

(b) Minimum Scope of Insurance. Coverage shall be at least as broad as:

1. Insurance Services Office form number GL 0002 (Ed. 1/73) covering comprehensive General Liability and Insurance Services Office form number GL 0404 covering Broad Form Comprehensive General Liability; or Insurance Services Office Commercial General Liability coverage ("occurrence" form CG 0001.)

2. Insurance Services Office form number CA 0001 (Ed. 1/78) covering Automobile Liability, code 1 "any auto" and endorsement CA 0025.

3. Workers' Compensation insurance as required by the Labor Code of the State of California and Employers Liability Insurance.

(c) Minimum Limits of Insurance. Developer shall maintain limits no less than (unless otherwise approved by the City's Risk Manager):

1. General Liability: $3,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage. If commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

2. Automobile Liability: $2,000,000 combined single limit per accident for bodily injury and property damage.

3. Workers' Compensation and Employers Liability: Workers' compensation limits as required by the Labor Code of the State of California and

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Employers Liability limits of $1,000,000 per accident.

(d) Deductibles and Self-Insurance Retentions. Any deductibles or self-insured retentions must be declared to and approved by the City. At the option of the City, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the City, its officers, officials and employees; or the Developer shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

(e) Other Insurance Provisions. The policies are to contain, or be endorsed to contain, the following provisions:

1. General Liability and Automobile Liability Coverages.

a. The City, its officers, agents, officials, employees and volunteers shall be named as additional insureds as respects: liability arising out of activities performed by or on behalf of the Developer; products and completed operations of the Developer, premises owned, occupied or used by the Developer, or automobiles owned, leased, hired or borrowed by the Developer. The coverage shall contain no special limitations on the scope of the protection afforded to the City, its officers, officials, employees or volunteers.

b. The Developer's insurance coverage shall be primary insurance as respects the City, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees or volunteers shall be excess of the Developer's insurance and shall not contribute with it.

c. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the City, its officers, officials, employees or volunteers.

d. The Developer's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

2. Workers' Compensation and Employers Liability Coverage.

The insurer shall agree to waive all rights of subrogation against the City, its officers, officials, employees and volunteers for losses arising from work performed by the Developer for the City.

3. All Coverages.

Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, cancelled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the City.

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(f) Acceptability of Insurers. Insurance is to be placed with insurers with an A.M. Best rating of A- or better.

(g) Verification of Coverage. Developer shall furnish City with certificates of insurance and with original endorsements effecting coverage required by this clause. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements are to be received and approved by the City before work commences. The City reserves the right to require complete, certified copies of all required insurance policies, at any time. The City reserves the right to modify these insurance requirements as the best interests of the City dictate.

(h) Subcontractors. Developer and/or Developer's contractor(s) shall provide separate certificates and endorsements subject to all of the requirements stated herein.

ARTICLE 9.
ASSIGNMENT AND TRANSFERS

Section 9.1. Definitions.

As used in this Article 9, the term "Transfer" means

(a) 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 Agreement or of the Development or any Party thereof or any interest therein or any contract or agreement to do any of the same during the Term of this Agreement, except where such assignment is to an entity controlled by Developer; or

(b) Any significant change of ownership without the prior written approval of City, which approval shall not be unreasonably withheld, conditioned or delayed. For purposes of this Agreement, a "significant change of ownership" shall mean a transfer of the beneficial interest of more than fifty percent (50%) in aggregate of the present ownership and /or control of Developer in the Project, taking all transfers into account on a cumulative basis; provided however, neither the admission of investor limited partners, nor the transfer of beneficial or ownership interests by an investor limited partner to subsequent limited partners shall be restricted by this provision, nor shall the admission of a Passive Investor Member nor the transfer of a beneficial or ownership interest by a Passive Investor Member to another Passive Investor Member be restricted by this provision. "Passive Investor Member" means a member who pursuant to Developer's operating agreement is not authorized to actively manage or otherwise operate the business of the company; or

(c) Any merger, consolidation, sale or lease of all or substantially all of the assets of Developer during the Term of this Agreement.

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Section 9.2. Transfer Restrictions.

The Parties understand and anticipate that Developer may seek to Transfer its rights and responsibilities under this Agreement with respect to one or more specific elements of the Project to a person or entity with experience in the development of the type of element proposed to be transferred. Developer shall not, except as expressly permitted by this Agreement, directly or indirectly, voluntarily, involuntarily or by operation of law make or attempt any Transfer of the whole or any part of the Property, the Project, or this Agreement prior to the completion of the Project, without the prior written approval of City, which approval shall not be unreasonably withheld by the City Council.

Section 9.3. Process for City Approval of Transfer.

Prior to any Transfer hereunder, Developer shall submit to City detailed written information regarding the proposed transferee's development experience as relevant to the proposed Transfer, detailed information with respect to the financial capacity of the proposed transferee, and the form of a proposed assignment and assumption agreement which requires the assignee to comply with the assigned sections of this Agreement. Upon receipt of Developer's submission City may request further information regarding the experience and financial capacity of the proposed transferee in the City's reasonable discretion.

Section 9.4. Purpose of Restrictions on Transfer.

This Agreement is entered into solely for the purpose of the conveyance of the Property and the development of the Project. The Developer recognizes that the qualifications and identity of Developer are of particular concern to the City, in view of:

(a) The importance of the Development to the general welfare of the community; and

(b) The reliance by the City upon the unique qualifications and ability of the Developer to serve as the catalyst for the Development and upon the continuing interest which the Developer will have in the Property to assure the quality of the use, operation and maintenance deemed critical by the City in the development of the Property; and

(c) The fact that a change in ownership or control of the Developer as owner of the Property, or of a substantial part thereof, or any other act or transaction involving or resulting in a significant change in ownership or with respect to the identity of the parties in control of the Developer or the degree thereof during the Term of this Agreement, is for practical purposes a transfer or disposition of the Property; and

(d) The fact that the portion of the Property utilized for the Project is not to be acquired or used for speculation, but only for development and operation by the Developer in accordance with the Agreement; and

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(e) The importance to the City and the community of the standards of use, operation and maintenance of the Property.

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

Section 9.5. Assignment and Assumption Agreement.

Any such assignment made in compliance with this Article shall be evidenced by a written assignment and assumption agreement in a form approved by the City Attorney, which agreement shall set forth in detail the assignee's specific duties under this Agreement.

Section 9.6. Covenants Binding on Successors and Assigns.

All of the provisions, agreements, rights, powers, standards, terms, covenants and obligations contained in this Agreement shall be binding upon the Parties and their respective successors (by merger, reorganization, consolidation, or otherwise) and assigns, devisees, administrators, representatives, lessees, and all of the persons or entities acquiring the Property or any portion thereof, or any interest therein, whether by operation of law or in any manner whatsoever, and shall inure to the benefit of the Parties and their respective successors (by merger, consolidation or otherwise) and assigns.

Section 9.7. Prohibited and Permitted Transfers.

The limitations on Transfers set forth in this Article shall apply throughout the Term of this Agreement and the Affordable Housing Agreement, and are extinguished thereafter. The Developer represents and agrees that the Developer 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 that, without the prior written approval of the City, creates any Transfer that shall be deemed a default of this Article 9, whether or not the Developer knew of or participated in such Transfer. All other Transfers shall be permitted and are hereby approved by the City. Any approval of a Transfer by City shall not be deemed a release of the Developer from its obligations under this Agreement.

ARTICLE 10.
DEFAULT AND REMEDIES

Section 10.1. General Applicability.

The provisions of this Article 10 shall govern the Parties' remedies for breach or failure of this Agreement.

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Section 10.2. Meet and Confer.

During the time periods specified in this Article 10 for cure of a failure of performance, the Parties shall meet and confer in a timely and responsive manner, to attempt to resolve any matters prior to litigation or other action being taken, including without limitation any action in law or equity; provided, however, nothing herein shall be construed to extend this time period for this meet and confer obligation beyond the cure periods in this Article 10, unless the Parties agree otherwise in writing.

Section 10.3. No Fault of Parties.

The following event constitutes a basis for a Party to terminate this Agreement without the fault of the other: The City, despite good faith and diligent effort, is unable to convey the Property to the Developer or perform any other of its obligation under this Agreement, and the Developer is otherwise entitled to such conveyance.

Upon the happening of the above-described event and at the election of either Party, this Agreement may be terminated by written notice to the other Party. After such termination of this Agreement, neither Party shall have any rights against or liability to the other under this Agreement, except those provisions as specified in this Agreement that shall survive such termination and remain in full force and effect.

Section 10.4. Fault of City.

Except as to the event constituting a basis for termination under Section 10.3, the following events each constitute a "City Event of Default" and a basis for the Developer to take action against the defaulting entity:

(a) The City, without good cause, fails to convey the Property to the Developer within the time and in the manner set forth in Article 5 and the Developer is otherwise entitled by this Agreement to such conveyance; or

(b) City breaches any other material provision of this Agreement.

Upon the happening of any of the above-described events, the Developer shall first notify the City in writing of the purported breach or failure, giving the City forty-five (45) days from receipt of such notice to cure or, if cure cannot be accomplished within forty-five (45) days, to commence to cure such breach, failure, or act. In the event the City does not then so cure within said forty-five (45) days, or if the breach or failure is of such a nature that it cannot be cured within forty-five (45) days, the City fails to commence to cure within such forty-five (45) days and thereafter diligently complete such cure within a reasonable time thereafter but in no event later than one hundred twenty (120) days, then the Developer shall be afforded only the following remedies: (1) terminating in writing this Agreement (provided, however, that the indemnification provisions of this Agreement shall survive such termination); and (2) instituting an action for specific performance and/or declaratory relief, concerning the terms of this Agreement. In no event shall the Developer have the right, and the Developer

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expressly waives the right, to seek consequential damages and lost profits.

Section 10.5. Fault of Developer.

The following events each constitute a "Developer Event of Default" and a basis for the City to take action against the Developer:

(a) The Developer fails to exercise diligent good faith efforts to satisfy one or more of the conditions, within the time and in the manner, set forth in Article 3, 5 and 6; or

(b) The Developer refuses to accept conveyance from the City of the Property within the time periods and under the terms set forth in Article 5; or

(c) Unless otherwise excused or allowed an extension through Section 11.3, the Developer has not satisfied all preconditions set forth in this Agreement to commencement of construction of the Project by the date set in Section 7.2 of this Agreement, or fails to commence or complete construction of the Project by the date set forth in 7.3 of this Agreement, or abandons or suspends construction of any portion of the Project by the dates set forth in Section 7.3 prior to completion of all construction for a period of sixty (60) days after written notice by the City of such abandonment or suspension; or

(d) The court having jurisdiction shall have made or entered any decree or order (1) adjudging the Developer to be bankrupt or insolvent, (2) approving as properly filed a petition seeking reorganization of the Developer or seeking any arrangement for the Developer under the bankruptcy law or any other applicable debtor's relief law or statute of the United States or any state or other jurisdiction, (3) appointing a receiver, trustee, liquidator, or assignee of the Developer in bankruptcy or insolvency or for any of their properties, or (4) directing the winding up or liquidation of the Developer, if any such decree or order described in clauses (1) to (4), inclusive, shall have continued unstayed or undischarged for a period of ninety (90) days unless a lesser time period is permitted for cure under any other mortgage on the Property, in which event such lesser time period will apply under this subsection (d) as well; or the Developer shall have admitted in writing its inability to pay its debts as they fall due or shall have voluntarily submitted to or filed a petition seeking any decree or order of the nature described in clause (1) to (4), inclusive; or

(e) The Developer shall have assigned its assets for the benefit of its creditors or suffered a sequestration or attachment of or execution on any substantial part of its property, unless the property so assigned, sequestered, attached or executed upon shall have been returned or released within ninety (90) days after such event (unless a lesser time period is permitted for cure under any other mortgage on the Property, in which event such lesser time period shall apply under this subsection (e) as well) or prior to sooner sale pursuant to such sequestration, attachment, or execution. In the event that the Developer, is diligently working to obtain a return or release of the Property and the City's interests under the Disposition Documents are not immediately

threatened, in the City's reasonable business judgment, the City shall not declare a default under this subsection; or

(f) The Developer shall have voluntarily suspended its business or, the Developer shall have been dissolved or terminated; or

(g) The Developer breaches any material provision of this Agreement or any other Disposition Document.

Upon the happening of any of the above-described events, the City shall first notify the Developer in writing of its purported breach, failure or act above described, giving the Developer forty-five (45) days from receipt of such notice to cure, or, if cure cannot be accomplished within said forty-five (45) days, to commence to cure such breach, failure, or act. In the event the Developer fails to cure within said forty-five (45) days, or if such breach is of a nature that it cannot be cured within forty-five (45) days, Developer fails to commence to cure within said forty-five (45) days and diligently complete such cure within a reasonable time thereafter, then the City shall be afforded only the following remedies:

1. Termination of this Agreement by written notice to the Developer; provided, however, that the City's remedies pursuant to this Article 10 or any other Disposition Document and the provisions as specified in this Agreement shall survive such termination; and

2. Any of the remedies specified in Section 10.6 and 10.7.

Notwithstanding the notice and cure periods set forth above, if a lesser cure period or notice requirement is allowed before a default occurs under any other Disposition Document, such periods shall control in this Agreement as well.

Section 10.6. Termination

(a) Expiration of Term. Except as otherwise provided in this Agreement, this Agreement shall be deemed terminated and of no further effect upon the expiration of the Term of this Agreement as set forth in Section 1.1(ii).

(b) Survival of Obligations. Upon the termination or expiration of this Agreement as provided herein, neither Party shall have any further right or obligation with respect to the Property under this Agreement except with respect to any obligation that is specifically set forth as surviving the termination or expiration of this Agreement. The termination or expiration of this Agreement shall not affect the validity of the Project Approvals.

Section 10.7. Option to Repurchase, Reenter and Repossess.

(a) The City shall have right at its option to repurchase, reenter and take possession of the Property or any portion thereof owned by the Developer, if after conveyance of title to Lot 8 and/or Lot 12 and prior to the start of construction of the

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conveyed Lot at issue, there is an uncured Developer Event of Default pursuant to Section 10.5.

(b) To exercise its right to repurchase, reenter and take possession with respect to the Property owned by the Developer, the City shall pay to the Developer in cash an amount equal to:

1. the Purchase Price paid to the City for the applicable portion of the Property pursuant to Section 2.1; less

2. the value of any unpaid liens or encumbrances on the applicable portion of the Property which the City assumes or takes subject to said encumbrances.

Section 10.8. Construction Plans.

If the Agreement is terminated pursuant to Section 10.3 or 10.5, the Developer, at no cost to the City, shall deliver to the City copies of any Construction Plans and studies in the Developer's possession or to which Developer is entitled related to development of the Project on the Property.

Section 10.9. Waiver of Terms and Conditions.

The City Manager may at his or her discretion, on behalf of the City, waive in writing any of the terms and conditions of this Agreement, or the other Disposition Documents, without the City and the Developer completing an amendment to this Agreement. No waiver of any default or breach by the Developer hereunder shall be implied from any omission by the City to take action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the waiver and such waiver shall be operative only for the time and to the extent therein stated. Waivers of any covenant, term, or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term, or condition. The consent or approval by the City to or of any act by the Developer requiring further consent or approval shall not be deemed to waive or render unnecessary the consent or approval to, or of any, subsequent similar act. The exercise of any right, power, or remedy shall in no event constitute a cure or waiver of any default under this Agreement or the Disposition Documents, nor shall it invalidate any act done pursuant to notice of default, or prejudice the City in the exercise of any right, power, or remedy hereunder or under the Disposition Documents, unless in the exercise of any such right, power, or remedy all obligations of the Developer to City are paid and discharged in full.

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ARTICLE 11.
GENERAL PROVISIONS

Section 11.1. Notices, Demands and Communications.

Formal notice, demands, and communications between the City and the Developer shall be sufficiently given if, and shall not be deemed given unless, dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered by reputable overnight delivery service, or delivered personally, to the principal offices of the City and the Developer as follows:

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

With a copy to:
City Attorney
City of Salinas
200 Lincoln Avenue
Salinas, California 93901

Developer:
Taylor Fresh Foods, Inc.
911-B Blanco Circle
Salinas, CA 93902
Attention: Chief Financial Officer

With a copy to
Anthony Lombardo and Associates, PC
144 West Gabilan Street
Salinas, CA 93901
Attention: Anthony L. Lombardo, Esq.

Such written notices, demands and communications may be sent in the same manner to such other addresses as the affected party may from time to time designate by mail as provided in this Section 11.1.

Section 11.2. Non-Liability of City Officials, Employees and Agents.

No member, official, employee, consultant or agent of the City shall be personally liable to the Developer, on behalf of itself and anyone claiming by, through or under the Developer, or any successor in interest, in the event of any default or breach by the City or for any amount which may become due to the Developer or successor or on any obligation under the terms of this Agreement.

Section 11.3. Forced Delay.

In addition to specific provisions of this Agreement, the time period for performance by either Party hereunder shall be extended where delays or defaults are

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due to events beyond a Party's reasonable control, including but not limited to due to war; insurrection; strikes or other labor disputes; civil disobedience or disturbance; lock-outs; riots; accident; floods; earthquakes; fires; casualties; acts of God; or other deities; acts of terrorism or the public enemy; pandemics or epidemics; quarantine restrictions; freight embargoes; governmental restrictions or priority; governmental or judicial actions; litigation (including suits filed by third parties concerning or arising out of this Agreement); weather conditions which, in the opinion of the Developer's commercially reasonable judgement, will necessitate delays; delays of any contractor, sub-contractor or supplier; inability to secure necessary labor, materials or tools; acts of the other Party that constitute a default under this Agreement or Disposition Documents; acts or failure to act of any public or governmental agency or entity (other than an act or failure to act of the City which shall give rise to the delaying act described above); or any other causes (other than Developer's inability to obtain financing for the Project). An extension of time for any cause shall be for the period of the delay and will be deemed granted if notice by the Party claiming such extension is sent to the other within ten (10) days from the date the Party seeking the extension first discovered the cause and such extension of time is not rejected in writing by the other Party within ten (10) days of receipt of the notice. If a notice under this Section 11.3 is timely rejected in writing, then the Parties shall meet and confer under Section 10.2 and mediate the matter under Section 11.11 before pursuing their rights under Article 10. Times of performance under this Agreement may also be extended in writing by the City Manager and the Developer, and a Party's consent to such extension shall not be unreasonably withheld, conditioned or delayed. In no event shall the total extensions granted under this Section 11.3 exceed one (1) year.

Wherever this Agreement refers to performance by a specific time, or in accordance with the Schedule of Performance, such times shall include any extensions pursuant to this Section 11.3. Subject to this Section 11.3, time is of the essence with respect to each provision of this Agreement.

Section 11.4. Provision Not Merged with Deeds.

None of the provisions of this Agreement are intended to or shall be merged by any grant deed transferring title to any real property which is the subject of this Agreement from City to Developer or any successor in interest, and any such grant deed shall not be deemed to affect or impair the provisions and covenants of this Agreement.

Section 11.5. Title of Parts and Sections.

Any titles of the articles, sections or subsections of this Agreement are inserted for convenience of reference only and shall not be disregarded in construing or interpreting any part of its provision.

Section 11.6. General Indemnification.

(a) Except for claims described in (b) below, the Developer, for itself

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and all assigns hereunder, hereby agrees to indemnify, defend (with counsel reasonably selected by the City) and hold the City and its City council members, officers, directors, representatives, contractors, consultants, employees and agents ("Indemnitees") harmless against any and all claims, suits, actions, losses and liability of every kind, nature and description made against all or any of the Indemnitees, and expenses (including the City's attorneys' fees and attorney's fees awarded to the plaintiff in any litigation) which arise out of or in connection with this Agreement.

(b) The provisions of this Section 11.6 survive both the issuance of a Certificate of Completion by the City and the expiration of the term or other termination of this Agreement, and shall remain in full force and effect.

Section 11.7. Applicable Law.

This Agreement shall be interpreted under and pursuant to the laws of the State of California.

Section 11.8. No Brokers.

Each Party represents to the other that it has not had any contact or dealings regarding the Property, or any communication in connection with the subject matter of this transaction, through any real estate broker or other person who can claim a right to a commission or finder's fee. If any broker or finder makes a claim for a commission or finder's fee based upon a contact, dealings, or communications, the Party through whom the broker or finder makes this claim shall indemnify, defend with counsel of the indemnified party's choice, and hold the indemnified party harmless from all expense, loss, damage and claims, including the indemnified Party's reasonable attorneys' fees, if necessary, arising out of the broker's or finder's claim. The provisions of this Section 11.8 shall survive expiration of the Term or other termination of this Agreement, and shall remain in full force and effect.

Section 11.9. Conflict of Interest.

(a) Except for approved eligible administrative or personnel costs, no person described in Section 11.9(b) below who exercises or has exercised any functions or responsibilities with respect to the activities funded pursuant to this Agreement or who is in a position to participate in a decision-making process or gain inside information, including confidential closed session or privileged 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. Developer shall exercise due diligence to ensure that the prohibition in this Section 11.9(a) is followed.

(b) The conflict of interest provisions of Section 11.9(a) above 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.

(c) In accordance with 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 Developer, 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 Developer. 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.

(d) In accordance with the Levine Act, Government Code Section 84308 *et seq.*, no person who is a director, officer, partner, trustee or employee or consultant of the Developer has contributed over five hundred dollars ($500), as that amount may be amended, over the last twelve (12) months, and any such person will not contribute for twelve (12) months following a final decision on this Agreement, to any public official of the City.

Section 11.10. Severability.

If any term, provision, covenant or condition of this Agreement 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 11.11. Mediation. The Parties agree to mediate any dispute or claim arising between them out of this Agreement before resorting to court action; provided, however, the filing of a court action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies, shall not constitute a waiver nor violation of the requirements of this Section 11.11. The mediation shall be conducted in accordance with JAMS Rules, with a JAMS neutral. The Parties will cooperate with one another in selecting a mediator and in scheduling the mediation proceedings. The Parties agree that they will participate in the mediation in good faith and that they will share equally in the costs and fees of the mediator. Any Party refusing to mediate shall not be entitled to receive its attorneys' fees, even if deemed the prevailing party pursuant to Section 11.12. All applicable statutes of limitation, defenses based upon the passage of time, and the time periods under within this Agreement shall be tolled while the mediation is pending and for 15 calendar days thereafter. The Parties will take such action, if any, required to effectuate such tolling.

Section 11.12. Legal Actions and Attorneys' Fees.

Any legal action commenced to interpret or to enforce the terms of this Agreement shall be filed in the Superior Court of the County of Monterey. In the event of

any action of proceeding brought by either Party against the other under this Agreement, the prevailing Party shall be entitled to recover all costs and expenses including its attorneys' fees in such action or proceeding in such amount as the court may adjudge reasonable. Attorneys' fees for in-house City Attorney staff, if awarded, shall be calculated at the market rate. The provisions of this Section 11.12 shall survive the expiration of the Term or other termination of this Agreement.

Section 11.13. Binding Upon Successors.

This Agreement shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors in interest and assigns of each of the Parties hereto, except that there shall be no transfer of any interest of the Developer except pursuant to the terms of this Agreement or Disposition Documents. Any reference in this Agreement to a specifically named Party shall be deemed to apply to any successor, heir, administrator, executor or assign of such party who has acquired an interest in compliance with the terms of this Agreement, or under law.

The covenants and restrictions set forth in this Agreement shall run with the land, and shall bind all successors in title to the Property. However, on the expiration of the Term or other termination of this Agreement, such covenants and restrictions shall expire, except as provided herein in Sections ___, ___,_____ and _____. Each and every contract, deed, or other instrument hereafter executed covering or conveying the Property shall be held conclusively to have been executed, delivered, and accepted subject to such covenants and restrictions, regardless of whether such covenants or restrictions are set forth in such contract, deed, or other instrument, unless the City expressly releases the Property from the requirements of this Agreement.

Section 11.14. Parties Not Co-Venturers.

Nothing in this Agreement is intended to or does establish the Parties as partners, co-venturers, or principal and agent with one another.

Section 11.15. Time of the Essence.

In all matters under this Agreement, the Parties agree that time is of the essence.

Section 11.16. Action by the City Manager.

Except as may be otherwise specifically provided in this Agreement or another Disposition Document, whenever any approval, notice, direction, finding, consent, request, waiver, or other action by the City is required or permitted under this Agreement or another Disposition Document, 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 Developer by the City Manager without further approval by the City Council. Any such action shall be in writing.

Section 11.17. Representations and Warranties of Developer.

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

(a) Organization. The Developer is a duly organized, validly existing Delaware corporation, 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 and now being conducted.

(b) Authority of Developer. The Developer has full power and authority to execute and deliver this Agreement, or to be executed and delivered, pursuant to this Agreement, and to perform and observe the terms and provisions of all of the above.

(c) Authority of Persons Executing Documents. This Agreement and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement , including the Disposition Documents, have been executed and delivered by persons who are duly authorized to execute and deliver the same for and on behalf of Developer, and all actions required under the Developer's organizational documents and applicable governing law for the authorization, execution, delivery and performance of this Agreement and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement, have been duly taken.

(d) Valid Binding Agreements. This Agreement and all other documents or instruments which have been executed and delivered pursuant to or in connection with this Agreement, including the Disposition Documents, constitute or, if not yet executed or delivered, will when so executed and delivered constitute, legal, valid and binding obligations of the Developer enforceable against it in accordance with their respective terms.

(e) No Breach of Law or Agreement. Neither the execution nor delivery of this Agreement or of any other documents or instruments executed and delivered, or to be executed or delivered, pursuant to this Agreement, including the Disposition Documents, 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 Developer, or any provision of the organizational documents of the Developer, or will conflict with or constitute a breach of or a default under any agreement to which the Developer is a party, or will result in the creation or imposition of any lien upon any assets or property of the Developer, other than liens established pursuant hereto.

(f) Compliance With Laws: Consents and Approvals. The construction of the Project will comply with all applicable laws, ordinances, rules and regulation 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 Developer is not in default under any law or regulation or under any order of any court, board, commission or agency which would materially affect the Developer's ability to develop the Project, and there are no claims, actions, suits or proceedings pending or, to the knowledge of the Developer, threatened against or affecting the Developer, at law or in equity, before or by any court, board, commission or agency whatsoever which might, if determined adversely to the Developer, materially affect the Developer's ability to develop the Project.

Section 11.18. Conflict Among Disposition Documents.

In the event of a conflict between the terms of this Agreement and any other Disposition Document, the terms of this Agreement shall control to the extent of such conflict.

Section 11.19. Entry by the City.

The Developer shall permit the City, through its officers, agents, or employees, upon twenty-four (24) hours written notice, to enter into the Development to inspect the work of construction to determine that the same is in conformity with the requirements of this Agreement and Disposition Documents, and following completion of construction to inspect the ongoing operation and management of the Project to determine that the same is in conformance with the requirements of this Agreement. The Developer acknowledges that the City is under no obligation to supervise, inspect, or inform the Developer of the progress of construction, or operations and the Developer shall not rely upon the City thereof. Any inspection by the City, in its role as City, during the construction is entirely for its purposes in determining whether the Developer is in compliance with this Agreement and is not for the purpose of determining or informing the Developer of the quality or suitability of construction. The Developer shall rely entirely upon its own supervision and inspection in determining the quality and suitability of the materials and work, and the performance of architects, subcontractors, and material suppliers. This Section shall in no way limit the Annual Review procedures in Section 6.10 of this Agreement.

Section 11.20. Confidentiality of Information.

While desiring to preserve its rights with respect to treatment of certain information on a confidential or proprietary basis, the Developer acknowledges that the City will need sufficient, detailed information about the proposed development of the Property to make informed decisions about the Property and the Project. The City will use its best efforts to maintain the confidentiality of proprietary information subject to the requirements imposed on the City by the Public Records Act (Government Code Section 7920.000 *et seq.*). The Developer acknowledges that the City may share information provided by the Developer of a financial and potential proprietary nature with third party consultants who have been contractually engaged to advise the City concerning matters related to this Agreement and to City Council as part of its decision-making process. If any litigation is filed seeking to make public any information Developer submitted to the City in confidence, the City and Developer shall cooperate in

defending the litigation. The Developer shall indemnify and pay the City's costs of defending such litigation and shall indemnify the City against all costs and attorney's fees awarded to the plaintiff in any such litigation pursuant to Section 11.6.

Section 11.21. Entire Understanding of the Parties.

This Agreement constitutes the entire understanding and agreement of the Parties. All prior discussions, understandings and written agreements are superseded by this Agreement. The Developer and the Developer's counsel have read and reviewed this Agreement and agree that any rule of constitution (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 Agreement.

Section 11.22. Operation Memoranda: Implementation Agreements.

(a) The Parties acknowledge that the provisions of this Agreement require a close degree of cooperation and that new information and future events may demonstrate that changes are appropriate with respect to the details of performance of the Parties under this Agreement. The Parties desire, therefore, to retain a certain degree of flexibility with respect to the details of performance for those items covered in general terms under this Agreement and may include extensions of time to perform as specified in the Schedule of Performance. If and when, from time to time, the Parties find that refinements or adjustments are desirable, such refinements or adjustments shall be accomplished through operating memoranda or implementation agreements approved by the Parties which, after execution shall be attached to this Agreement as addenda and become a part hereof. This Agreement describes some, but not all, of the circumstances in which the preparation and execution of operating memoranda or implementation agreements may be appropriate.

(b) Operating memoranda or implementation agreements may be executed on the City's behalf by the City Manager, or his or her designee. In the event a particular subject requires notice or hearing, such notice or hearing shall be appropriately given. Any significant modification to the terms of performance under this Agreement, including but not limited to amendments or modifications to the Purchase Price, actions that materially or substantially change the uses or construction permitted on the Property, or materially or substantially add to the costs incurred or to be incurred by the City as specified herein, shall be processed as an amendment of this Agreement in accordance with Section 11.23 and must be approved by the City Council. Notwithstanding the foregoing, the City Manager shall maintain the right to submit to the City Council for consideration or action any matter under the City Manager's authority if the City Manager desires to do so.

Section 11.23. Amendments.

The Parties can amend this Agreement only by means of a writing executed by the Developer and the City, which execution is subject to the approval by the City

Council, which may be granted or denied in the City Council's sole discretion. The City Manager (or designee) shall be authorized to enter into certain amendments to this Agreement on behalf of the City in accordance with Section 11.22 hereof.

Section 11.24. Counterparts: Multiple Originals.

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

IN WITNESS WHEREOF, the City and the Developer have executed this Agreement as of the Effective Date.

CITY:

CITY OF SALINAS, a municipal corporation

By: _____
Rene Mendez
City Manager

DEVELOPER:

TAYLOR FRESH FOODS, INC., a Delaware corporation

By: _____
Thomas M. Bryan
Chief Financial Officer

APPROVED AS TO FORM:

_____
Christopher A. Callihan, City Attorney

Note: Section 5.5 Requires the Developer's Initials (Page 13)

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EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

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EXHIBIT B

FORM OF GRANT DEED

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EXHIBIT C

SCOPE OF DEVELOPMENT

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EXHIBIT D

SCHEDULE OF PERFORMANCE

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EXHIBIT E

PROJECT RENDERINGS

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EXHIBIT F

LICENSE AGREEMENT

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EXHIBIT G

PROJECT AREA

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Salinas Planning Commission
NOTICE OF PUBLIC HEARING

WEDNESDAY, NOVEMBER 5, 2025, at 4pm
Salinas Council Chamber Rotunda
200 Lincoln Avenue, Salinas CA

A public hearing will be held before the Salinas Planning Commission on Wednesday **November 5, 2025, at 4:00 pm** in the Council Chamber Rotunda, 200 Lincoln Avenue, Salinas, to consider a Land Disposition and Development Agreement between the City of Salinas and Taylor Fresh Foods, Inc., related to the City-owned parking lots located at Lincoln Avenue and West Gabilan Street (Parking Lot 8 APN 002-244-098-000 and Parking Lot 12 APNs 022-245-002-000, 022-245-003-000, 022-245-004-000, 022-245-005-000, 022-245-006-000, 022-245-007-000, and 022-245-008-000). Approval of the Land Disposition and Development Agreement does not commit the City to approving or proceeding with development of these parcels. Future approval of any development will be subject to appropriate environmental review.

The environmental impacts of this project have been analyzed in accordance with the California Environmental Quality Act. The project is found to be exempt from further environmental analysis pursuant to CEQA Guidelines Section 15060(c), 15061(b)(3) and/or 15378 as it does not constitute a "project," does not commit the City to a definite course of action, does not constitute discretionary approval of a specific project, and will not result in a direct or reasonably foreseeable indirect physical change in the environment, and in the alternative is exempt from CEQA as it falls within the "common sense" exemption set forth in CEQA Guidelines Section 15061(b)(3), excluding projects where "it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment." This determination reflects the City's independent judgment and analysis. Individual projects will undergo CEQA analysis as necessary.

If you challenge the final decision on the Land Disposition and Development Agreement in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, subsequent appeal hearings, or in written correspondence delivered to the reviewing body at, or prior to, the public hearing. Subject to exhaustion of administrative remedies, Code of Civil Procedure Section 1094.6 requires you to initiate such a proceeding in court within 90 days of the final decision in this matter.

Further information on this matter may be obtained by contacting Courtney Grossman, City of Salinas, Community Development Department, 65 West Alisal Street, Salinas, CA 93901, or (831)758-7206, or at currplanwebmail@ci.salinas.ca.us. Disabled persons requiring accommodation in order to participate in the public hearing may contact the Community Development Department, City of Salinas, 65 West Alisal Street, Salinas, CA 93901, (831)758-7206. Hearing impaired or TTY/TDD text telephone users may contact the City by dialing 711 for the California Relay Service (CRS) or by telephoning any other service providers' CRS telephone number.

COURTNEY GROSSMAN
Planning Manager

AVISO IMPORTANTE DE AUDENCIA PUBLICA. SI DESEA UNA TRADUCCION DE ESTE AVISO, FAVOR LLAMAR AL NUMERO (831)758-7206 DENTRO LAS HORAS DE 8:00 am Y 5:00 pm, Lunes - Viernes

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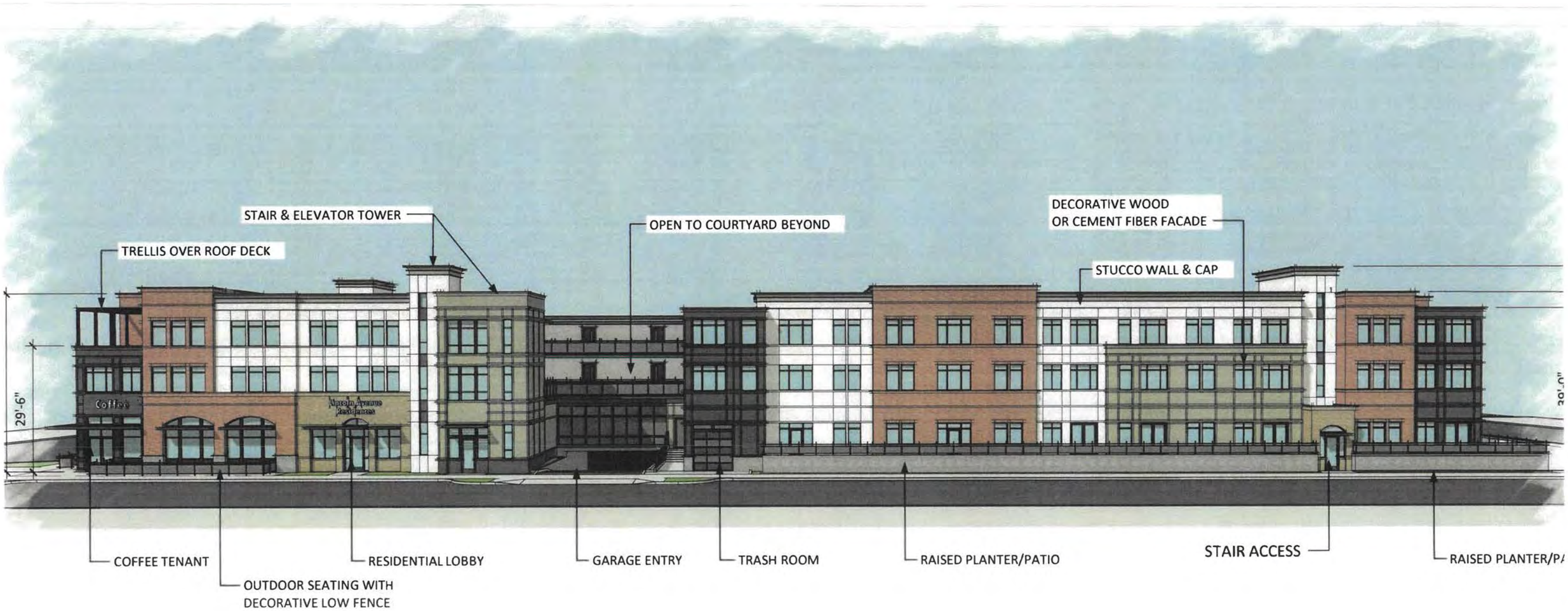
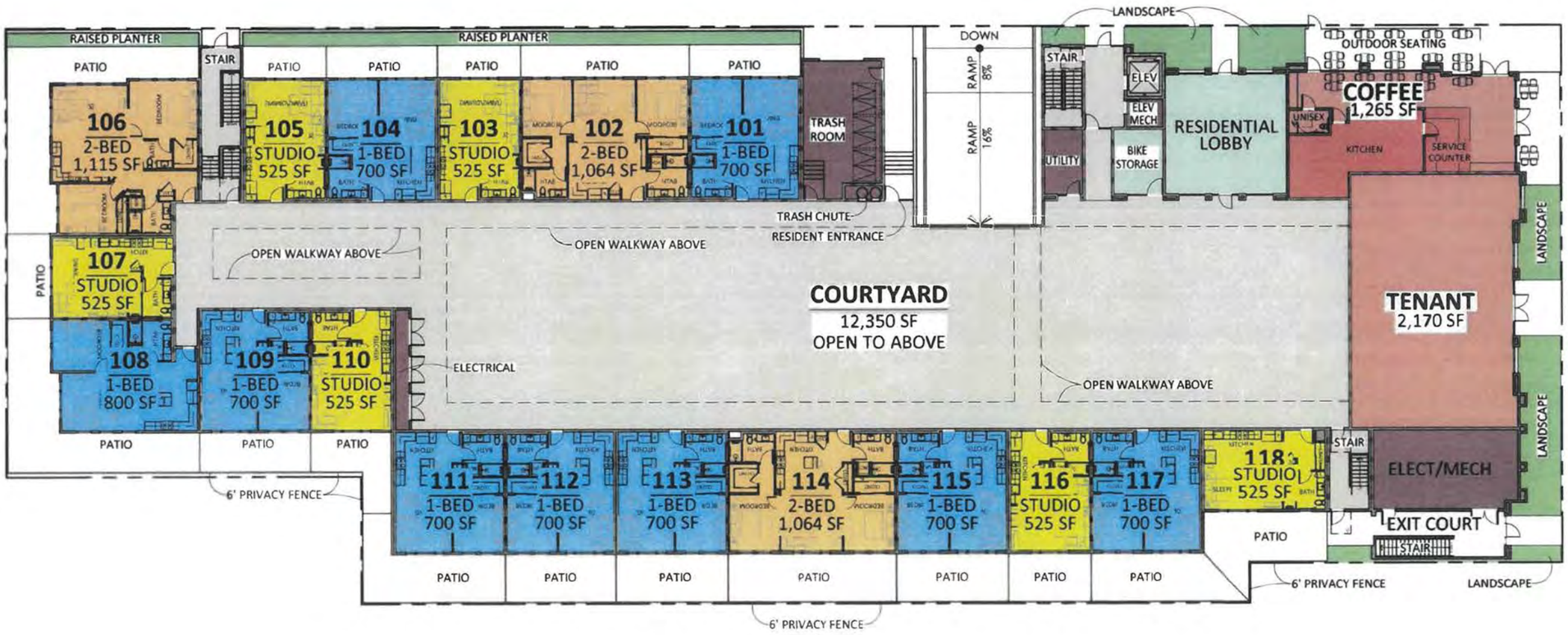
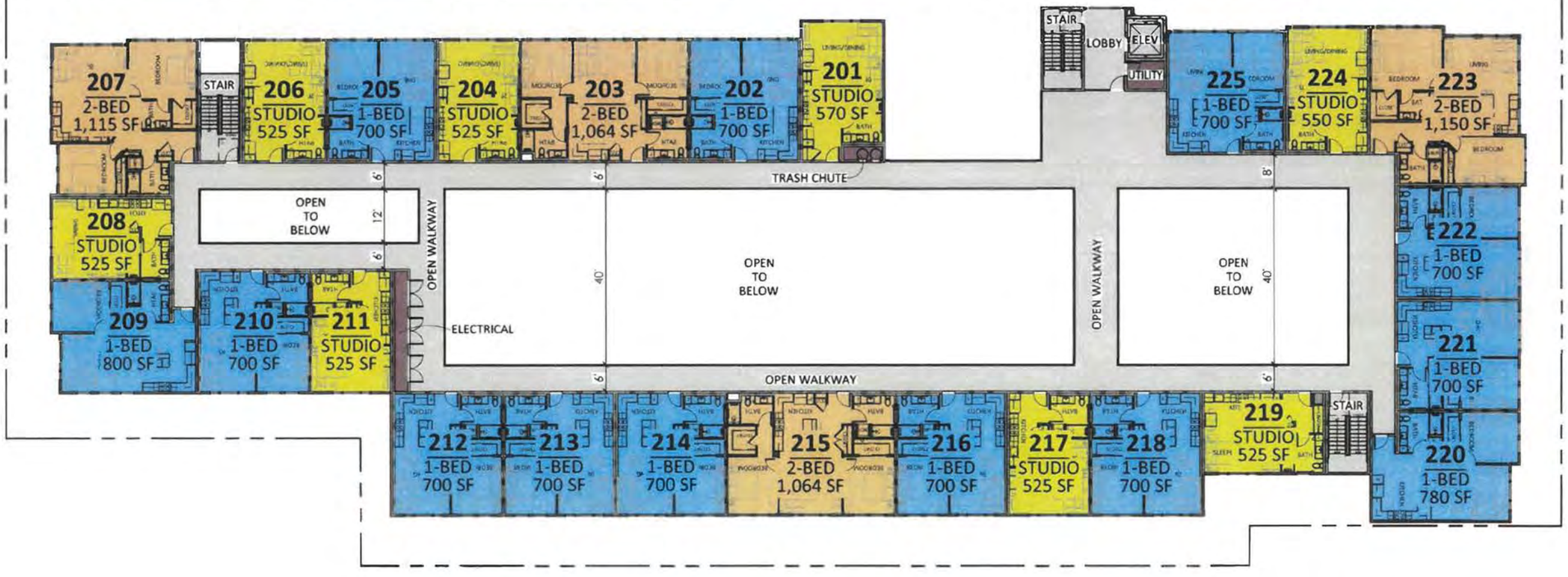
Exhibit D

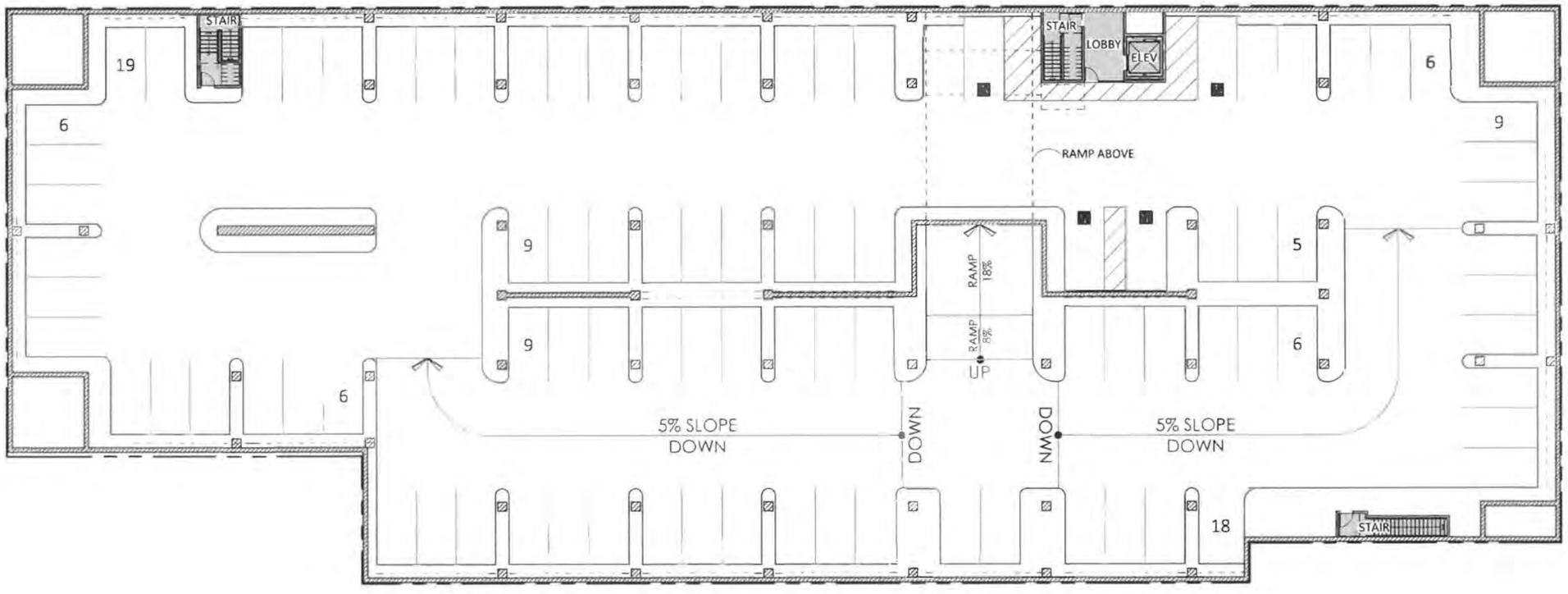
Coffee
Coffee
LINCOLN AVE.


STAIR & ELEVATOR TOWER
TRELLIS OVER ROOF DECK
OPEN TO COURTYARD BEYOND
DECORATIVE WOOD
OR CEMENT FIBER FACADE
STUCCO WALL & CAP
29'-6"
Coffee
Lincoln Avenue
Residences
COFFEE TENANT
OUTDOOR SEATING WITH
DECORATIVE LOW FENCE
RESIDENTIAL LOBBY
GARAGE ENTRY
TRASH ROOM
RAISED PLANTER/PATIO
STAIR ACCESS
RAISED PLANTER/PA


RAISED PLANTER
RAISED PLANTER
PATIO
STAIR
PATIO
PATIO
PATIO
PATIO
PATIO
106
2-BED
1,115 SF
105
STUDIO
525 SF
104
1-BED
700 SF
103
STUDIO
525 SF
102
2-BED
1,064 SF
101
1-BED
700 SF
TRASH ROOM
DOWN
RAMP 8%
RAMP 16%
LANDSCAPE
STAIR
ELEV
ELEV MECH
UTILITY
BIKE STORAGE
RESIDENTIAL LOBBY
OUTDOOR SEATING
COFFEE
1,265 SF
UNISEX
KITCHEN
SERVICE COUNTER
TRASH CHUTE
RESIDENT ENTRANCE
OPEN WALKWAY ABOVE
OPEN WALKWAY ABOVE
107
STUDIO
525 SF
COURTYARD
12,350 SF
OPEN TO ABOVE
TENANT
2,170 SF
PATIO
108
1-BED
800 SF
109
1-BED
700 SF
110
STUDIO
525 SF
ELECTRICAL
OPEN WALKWAY ABOVE
LANDSCAPE
PATIO
PATIO
PATIO
111
1-BED
700 SF
112
1-BED
700 SF
113
1-BED
700 SF
114
2-BED
1,064 SF
115
1-BED
700 SF
116
STUDIO
525 SF
117
1-BED
700 SF
118
STUDIO
525 SF
STAIR
ELECT/MECH
EXIT COURT
STAIR
6' PRIVACY FENCE
PATIO
PATIO
PATIO
PATIO
PATIO
PATIO
PATIO
6' PRIVACY FENCE
6' PRIVACY FENCE
LANDSCAPE


207
2-BED
1,115 SF
STAIR
206
STUDIO
525 SF
205
1-BED
700 SF
204
STUDIO
525 SF
203
2-BED
1,064 SF
202
1-BED
700 SF
201
STUDIO
570 SF
STAIR
LOBBY
ELEV
UTILITY
225
1-BED
700 SF
224
STUDIO
550 SF
223
2-BED
1,150 SF
TRASH CHUTE
6'
8'
OPEN
TO
BELOW
12'
40'
OPEN WALKWAY
208
STUDIO
525 SF
209
1-BED
800 SF
210
1-BED
700 SF
211
STUDIO
525 SF
ELECTRICAL
222
1-BED
700 SF
221
1-BED
700 SF
220
1-BED
780 SF
212
1-BED
700 SF
213
1-BED
700 SF
214
1-BED
700 SF
215
2-BED
1,064 SF
216
1-BED
700 SF
217
STUDIO
525 SF
218
1-BED
700 SF
219
STUDIO
525 SF
STAIR

307
2-BED
1,115 SF
STAIR
306
STUDIO
525 SF
305
1-BED
700 SF
304
STUDIO
525 SF
303
2-BED
1,064 SF
302
1-BED
700 SF
301
STUDIO
570 SF
STAIR
LOBBY
ELEV
UTILITY
324
1-BED
700 SF
323
STUDIO
550 SF
ROOF
DECK
AMENITY
SPACE
6'
6'
TRASH CHUTE
8'
OPEN
TO
BELOW
12'
6'
OPEN WALKWAY
40'
OPEN
TO
BELOW
OPEN WALKWAY
40'
OPEN
TO
BELOW
308
STUDIO
525 SF
309
1-BED
800 SF
310
1-BED
700 SF
311
STUDIO
525 SF
ELECTRICAL
6'
OPEN WALKWAY
6'
322
1-BED
700 SF
321
1-BED
700 SF
320
1-BED
780 SF
312
1-BED
700 SF
313
1-BED
700 SF
314
1-BED
700 SF
315
2-BED
1,064 SF
316
1-BED
700 SF
317
STUDIO
525 SF
318
1-BED
700 SF
319
STUDIO
525 SF
STAIR


STAIR
19
6
STAIR
LOBBY
ELEV
6
9
RAMP ABOVE
9
9
6
RAMP 18%
RAMP 8%
UP
5
6
5% SLOPE DOWN
DOWN
DOWN
5% SLOPE DOWN
18
STAIR

SALINAS

RICH IN LAND | RICH IN VALUES

Land Disposition and Development Agreement:

City Parking Lots 8 and 12

November 18, 2025

City Council

Lisa Brinton,
Community
Development Director

Background

- City-owned Parking Lots 8 and 12
  - Determined to be surplus land (2020)
  - Land use and zoning amendments to Mixed-Use (2021)
- Taylor Fresh Foods Proposes
  - Multi-Family Residential/Retail/Commercial use (Lot 12)
  - Hotel/Retail/Commercial Use (Lot 8)

Land Disposition and Development Agreement (Government Code section 65864)

Land Use and Entitlement Process

- Residential/Retail/Commercial Use
  - Approximately 66 residential units
  - Administrative Site Plan Review
  - Affordable Housing Plan
- Hotel/Retail/Commercial Use
  - Administrative Site Plan Review – Retail/Commercial Use
  - Administrative Conditional Use Permit – Hotel use

Land Disposition and Development Agreement (Government Code section 65864)

Peformance Schedule

- Lot 12
  - Apply for project approvals within 1 year
  - Commence development within 1-5 years of project approval
- Lot 8
  - Apply for project approvals within 5 years
  - Commence development within 5-8 years of project approval

Land Disposition and Development Agreement (Government Code section 65864)

Monitoring

- Developer: Minimum quarterly progress reports
- City: Annual progress reports

Purchase Price

- Negotiated through an appraisal process.
- Agreement can be terminated if purchase price not reached.
- Agreed Purchase Price to be paid in cash to City at close of escrow.

Multi- Family Residential/Retail/ Commercial Use Lot 12

Multi- Family Residential/Retail/ Commercial Use Lot 12

3D EXTERIOR RENDERING - VIEW FROM CORNER OF W. GABILAN ST. / SALINAS ST.

PROPOSED HOTEL CONCEPTUAL DESIGN (OPTION 2)
- LOT 8 -

Hotel/Retail/ Commercial Use Lot 8

Exempt

- California Environmental Quality Act (CEQA) Guidelines sections 15060(c), 15061(b)(3), and/or 15378
- Proposed Land Disposition and Development Agreement
  - does not constitute a "project"
  - does not commit the City to a definite course of action
  - does not constitute discretionary approval of a specific project
  - will not result in a direct or reasonably foreseeable indirect physical change in the environment

CEQA Consideration

Strategic Plan Initiative (2025-2028)

Economic Development

- Support and engage with both new and established businesses to revive economic growth and job creation
- Revitalize residential and commercial blighted areas through targeted initiatives, private investment, and community partnerships
- Strategically explore and expand economic development opportunities throughout the city

Housing

- Facilitate the addition of workforce, low-income, farmworker housing, and ADU development, while minimizing impacts to neighborhoods

Fiscal Impact

No immediate impact to the City's General Fund.

Should negotiations progress to the sale of the two lots, the City would receive one-time sale proceeds.

It is further anticipated that the future proposed development would result in increased property and sales tax revenue.

Recommendations

- It is recommended that the City Council take the following actions:
  - Find the project exempt from environmental analysis pursuant to Sections 15060(c), 15061(b)(3), and/or 15378 of the CEQA Guidelines
  - Adopt an ordinance approving a Land Disposition and Development Agreement [Development Agreement 2025-001 (DA 2025-001)] between the City of Salinas and Taylor Fresh Foods

Questions?