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July 31, 2015

SENT VIA EMAIL

County of Monterey

Re: Twin Creeks Golf Course---\$8,005,000 City of Salinas Refunding Certificates of Participation (Twin Creeks Golf Course) Series 2005A

Dear Sir or Madam:

I write on behalf of the City of Salinas (the "City") to seek the consent of the County of Monterey (the "County") to a modification of a sublease agreement related to the City's Twin Creeks Municipal Golf Course. The County of Monterey ("County") is the owner of the real property which is the subject of that certain lease dated as of June 1, 1997 as amended (the "Ground Lease") between the City and the County. The City has constructed on the site of the Ground Lease the City's Twin Creeks Municipal Golf Course and has financed those improvements with the Certificates of Participation referenced above (the "2005 Certificates"). Since 2005, the golf course has been operated by Future Citizen's Foundation, dba The First Tee of Monterey County ("TFTMC"). TFTMC operates the property pursuant to that certain Sublease Agreement for Operation of Youth Golf Learning Center executed on November 5, 2004, as amended (the "Sublease Agreement") between the City and Future Citizen's Foundation, a California non-profit corporation and licensee of the First Tee, division of the World Golf Foundation, dba The First Tee of Monterey County ("TFTMC"). The County consented to the Sublease Agreement in that certain Estoppel Certificate and Non-Disturbance Agreement entered into as of August 1, 2005 (the "Estoppel Certificate") and consented to a modification of the Sublease by its Consent dated \_\_\_\_, 2005 (the "2005 Consent").

Pursuant to the Sublease Agreement, TFTMC may terminate the Sublease Agreement and its obligation to make payments at any time on twelve (12) months advance written notice. TFTMC provided such notice to be effective July 1, 2015.

The City and TFTMC have negotiated an arrangement under which the parties have agreed to extend the term of the Sublease through a maximum term of July 1, 2035 and to reduce the annual rent paid by TFTMC pursuant to the Sublease in future years, in exchange for TFTMC's agreement (1) to not terminate the Sublease Agreement for certain periods referenced in the Modification Agreement pursuant to Section 15.03 of the Sublease Agreement and (2) to construct a learning center on the premises. The City has determined that this arrangement is preferable to accepting TFTMC's termination of the Sublease Agreement at this time, with the attendant loss of the management and youth community services which the Sublease Agreement provides. The City asks for the County's consent pursuant to paragraph 8 of the Ground Lease.

The specific changes to the Sublease are set forth in that certain Agreement dated December \_\_, 2015, a copy of which is attached hereto as Attachment 1 (the "Modification Agreement"). By its terms, County consent is required for the Modification Agreement to be effective.

As a point of further information, we note that the City is concurrently processing a refinancing of the 2005 Certificates and the lease documents related to that financing are expected to be retired on or about September 1, 2015, to be replaced with lease financing documents encumbering other City assets. After the refinancing, the Twin Creeks golf course will not be encumbered by the 2005 Certificates.

To facilitate your review, we have attached in PDF form to this email consent request copies of the following instruments (where unexecuted copies of prior agreements are attached, we will follow up with executed copies):

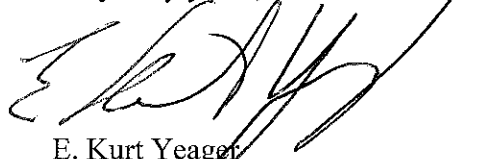
1. Modification Agreement
2. form of requested County Consent
3. Ground Lease, as amended, with 2005 County Estoppel Certificate
4. Sublease Agreement, as amended by 2012 modification
5. 2012 County Consent

If the consent form is satisfactory to you, please execute the consent and return it to the undersigned.

Please feel free to call or email me with any further questions or concerns. I have copied Matt Pressey and Jim Pia of the City, in case you wish to direct any questions or comments to them as well.

Thank you in advance for your courtesy and cooperation with respect to this matter.

Very truly yours,



E. Kurt Yeager  
STRADLING YOCCA CARLSON & RAUTH, P.C.

Attachments

EKY:ja

cc: Matt Pressey

County of Monterey  
July 31, 2015  
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Jim Pia