

PROPERTY EXCHANGE AGREEMENT

This Property Exchange Agreement (the "Agreement") is made as of _____, 2016 (the "Effective Date"), by and between the City of Salinas, a charter city and municipal corporation (the "City"), and the County of Monterey, a political subdivision of the State of California ("County").

RECITALS

- A. As of the Effective Date, each of the parties owns the following parcels:
1. The City owns the property known as 331 N. Sanborn Road in the City of Salinas, and more particularly described on the attached Exhibit A (the "City Property"); and
 2. The County owns its former public works yard located at 312 East Alisal Street in the City of Salinas, and more particularly described on the attached Exhibit B (the "County Property").
 3. Together, the City Property and County Property are collectively referred to the "Properties."
- B. Proposed uses for the Properties:
1. The City Property has been leased to the County for development and operation of a governmental purpose to be determined, dedicated solely to the public that includes those uses as defined by State Health and Safety Code Section 34181 (a), subject to City approval for that location, that would include health clinic or other County operated public service for the community (the "Lease").
 2. The County property has been leased to the City and the City has identified the County property as the preferred location to expand municipal services into east Salinas and is proposed to be the best location to develop a new City public safety facility.
- C. The City and the County desire to exchange the Properties.
- D. The Properties are of equal value after satisfying the various conditions of this Agreement that include demolition by the City.

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement, the City and the County agree as follows:

ARTICLE I DEFINITIONS

Section 1.1 Definitions. In addition to the terms defined elsewhere in this Agreement, the following definition shall apply:

- (a) "Agreement" means this Property Exchange Agreement, pursuant to which the Parties agree to convey to each other the City Property and the County Property, respectively.
- (b) "City" means the City of Salinas, California, a charter city and municipal corporation.
- (c) "City Council" means the City Council of the City of Salinas.
- (d) "City Property" has the meaning set forth in Recital A.1.
- (e) "City Property Grant Deed" means that certain grant deed pursuant to which the City will transfer ownership of the City Property to the County.
- (f) "City Property Permitted Exceptions" has the meaning set forth in Section 2.5(a).
- (g) "Close of Escrow" means the date on which all conditions contained in Section 2.4(a) and 2.4(b) have been fully satisfied or waived by the respective Parties and all documents required to be recorded have been recorded in the Official Records.
- (h) "County" means the County of Monterey, a political subdivision of the State of California, and its successors and assigns.
- (i) "County Board" means the Board of Supervisors of the County of Monterey.
- (j) "County Property" has the meaning set forth in Recital A.2.
- (k) "County Property Grant Deed" means that certain grant deed pursuant to which the County will transfer ownership of the County Property to the City.
- (l) "County Property Permitted Exceptions" has the meaning set forth in Section 2.5(b).
- (m) "Effective Date" has the meaning set forth in the first paragraph of this Agreement.
- (n) "Escrow Holder" means the Salinas, California, office of First American Title Company, or such other title company or qualified escrow holder upon which the Parties may subsequently agree, with which one (1) or more escrows shall be established by the Parties to accomplish the Property Exchange pursuant to this Agreement.
- (o) "Hazardous Materials" means any substance, material, or waste which is: (1) defined as a "hazardous waste," "hazardous material," "hazardous substance," "extremely hazardous waste," "restricted hazardous waste," "pollutant" or any other terms comparable to the foregoing terms under any provision of California law or federal law; (2) petroleum, or any petroleum-based product such as fuel for combustible engines, including, but not limited to, aircraft engines; (3) asbestos; (4) polychlorinated biphenyls; (5) radioactive materials; (6) mold;

or (7) determined by California, federal or local government authority to be capable of posing a risk of injury to health, safety or property. Without limiting the foregoing, Hazardous Materials means and includes any substance or material defined or designated as hazardous or toxic waste, hazardous or toxic material, a hazardous, toxic or radioactive substance, or other similar term, by any Hazardous Materials Laws including any federal, state or local environmental statute, regulation or ordinance presently in effect or that may be promulgated in the future, as such as statutes, regulations and ordinances may be amended from time to time. 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, rehabilitation, or management of commercial properties, buildings and grounds, or typically used in household activities, or (ii) certain substances which may contain chemicals listed by the State of California pursuant to California Health & 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 Improvements, including, but not limited to, alcoholic beverages, aspirin, tobacco products, Nutrasweet and saccharine, so long as such materials and substances are stored, used and disposed of in compliance with all applicable Hazardous Materials Laws.

(p) "Hazardous Materials Laws" means all federal, state, and local laws, ordinances, regulations, orders and directives pertaining to Hazardous Materials. Without limiting the foregoing, Hazardous Materials Laws include each of the following: Federal Resource Conservation Environmental Recovery Act of 1979, 42 U.S.C. Section 6901, et seq.; Federal Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 49 U.S.C. Section 1801, et seq.; Federal Clean Air Act, 42 U.S.C. Sections 7401-7626; Federal Water Pollution Control Act, Federal Clean Water Act of 1977, 33 U.S.C. Section 1251, et seq.; Federal Insecticide, Fungicide, and Rodenticide Act, Federal Pesticide Act of 1978, 7 U.S.C. Paragraph 13, et seq.; Federal Toxic Substances Control Act, 15 U.S.C. Section 2601, et seq.; Federal Safe Drinking Water Act, 42 U.S.C. Section 300(f), et seq.; California Health & Safety Code Section 25100, et seq.; Hazardous Substance Account Act, California Health & Safety Code Section 25300, et seq.; Hazardous Substance Cleanup Bond Act, California Health & Safety Code Section 25385, et seq.; Water Quality Control Act, California Health & Safety Code Section 13050, et seq.; California Environmental Quality Act, California Public Resources Code Section 21000, et seq.; California Radiation Control Law, California Health & Safety Code Section 25801, et seq.; Solid Waste Management and Resource Recovery Act, Government Code 66700, et seq.; Hazardous Waste Management Act of 1986, Health & Safety Code Section 25179.1, et seq.; Safe Drinking Water and Toxic Enforcement Act of 1986, Health & Safety Code Section 25249.5, et seq.

(q) "Lease" has the meaning set forth in Recital B.

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

(s) "Parties" means the City and the County collectively, and "Party" shall refer to either of the Parties individually.

(t) "Property Exchange" means the exchange of properties contemplated under and completed through this Agreement.

Section 1.2 Exhibits. The following Exhibits are attached to and incorporated into this Agreement:

- Exhibit A City Property Legal Description
- Exhibit B County Property Legal Description
- Exhibit C City Property Permitted Exceptions
- Exhibit D County Property Permitted Exceptions

ARTICLE II EXCHANGE

Section 2.1 Exchange of Properties. Provided the predisposition requirements set forth herein have been satisfied, the City shall convey the City Property to the County, and the County shall convey the County Property to the City pursuant to those intended uses described in Recital “B” and consistent with the terms, covenants, and conditions of this Agreement.

Section 2.2 Consideration.

(a) City Property. The purchase price for the City Property shall be One Dollar (\$1.00) and shall be paid by the County to the City at the Close of Escrow. As additional consideration for the conveyance of the City Property, following the conveyance of the City Property to County, the County shall develop, use, and operation of the City Property for a governmental purpose as described in Recital “B.1”. In addition, in consideration for the conveyance of the City Property, the County shall convey the County Property to the City. The County’s use of the City Property for that purpose described in Recital “B.1” shall also constitute consideration for the transfer of the City Property.

(b) County Property. The purchase price for the County Property shall be One Dollar (\$1.00) and shall be paid by the City to the County at the Close of Escrow. In addition, in consideration for the conveyance of the County Property, the City shall convey the City Property to the County. The City’s use of County Property shall be for a governmental purpose that includes but is not limited to the development of a public safety facility, as described in Recital “B.2”.

Section 2.3 Opening Escrow. To accomplish the Property Exchange, the Parties shall establish the escrow (the "Escrow") with the Escrow Holder. The Parties shall execute and deliver all written instructions to the Escrow Holder to accomplish the terms hereof, which instructions shall be consistent with this Agreement.

Section 2.4 Predisposition Requirements to Close of Escrow.

(a) County Conditions to Close of Escrow. The Closing Date shall occur, within thirty (30) days following the date on which all conditions precedent to conveyance set forth below have been satisfied, but in no event later than twelve (12) months after the Effective Date (_____, 2017), or such other date as may be established by the Parties, and only in the event that all conditions precedent to conveyance set forth herein have been satisfied or waived by the County in its sole discretion. In the event the Closing Date does not occur

within twelve (12) months after the Effective Date, then this Agreement shall automatically terminate and be of no further force or effect:

(1) The City shall have provided the County with certified copies of an authorizing resolution approving this Agreement, and any other documents and instruments required to be executed and delivered, all in the form and substance satisfactory to the County;

(2) Title to the City Property shall be in the condition specified in Section 2.5(a) below and the Escrow Holder shall be prepared to issue to the County at the Close of Escrow the policy of title insurance specified in Section 2.5(a) below, subject only to the City Property Permitted Exceptions;

(3) The City has executed and the Escrow Holder is prepared and fully authorized to record the City Property Grant Deed at the Close of Escrow;

(4) The City shall have relocated the cell tower currently located on the City Property which is the subject of that certain Rooftop Lease with Option in which Omnipoint Communications, Inc., c/d/a T-Mobile, a Delaware corporation, is the lessee.

(5) The City shall have caused the demolition of all the current improvements on the City Property, including the cell tower, and provided the County executes a mutually acceptable right of entry agreement for the County Property with the City or its agent, providing access by the City to the County property after which the City shall have caused the demolition of all the current improvements on the County Property;

(6) There shall exist no condition, event, or act which would constitute a breach or default under this Agreement; and

(7) All representations and warranties of the City contained in any part of this Agreement shall be true and correct in all material respects.

(b) City Conditions to Close of Escrow. The Closing Date shall occur, within thirty (30) days following the date on which all conditions precedent to conveyance set forth below have been satisfied, but in no event later than twelve (12) months from the Effective Date (_____, 2017), or such other date as may be established by the Parties, and only in the event that all conditions precedent to conveyance set forth herein have been satisfied or waived by the City in its sole discretion. In the event the Close Date does not occur within twelve (12) months after the Effective Date, then this Agreement shall automatically terminate and be of no further force or effect:

(1) The County shall have provided the City with certified copies of a corporate authorizing resolution, approving this Agreement, and any other documents and instruments required to be executed and delivered, all in the form and substance satisfactory to the City;

(2) Title to the County Property shall be in the condition specified in Section 2.5(b) below and the Escrow Holder shall be prepared to issue to the City at the Close of

Escrow the policy of title insurance specified in Section 2.5(b) below, subject only to County Property Permitted Exceptions;

(3) The County has executed and the Escrow Holder is prepared and fully authorized to record the County Property Grant Deed at the Close of Escrow;

(4) The County has provided a mutually acceptable right of entry for the City or its agent to enter the County Property to demolish the existing improvements on the County Property;

(5) A No Further Action letter has been issued for the County Property;

(6) There shall exist no condition, event, or act which would constitute a breach or default under this Agreement; and

(7) All representations and warranties of the County contained in any part of this Agreement shall be true and correct in all material respects.

Section 2.5 Condition of Title.

(a) City Property. At the Close of Escrow, the City shall execute and deliver insurable title to the City Property, and the Escrow Holder shall be prepared to issue to County a CLTA policy of title insurance in the amount of _____ Dollars (\$_____), insuring title to the City Property, reasonably acceptable to the County, free and clear of all liens, encumbrances, clouds and conditions, and rights of occupancy or possession except for the exceptions as shall be reasonably agreed upon by the Parties and listed in the attached Exhibit C (the "City Property Permitted Exceptions"), which shall be incorporated herein by this reference.

(b) County Property. At the Close of Escrow, the County shall deliver insurable title to the County Property, and the Escrow Holder shall be prepared to issue to the City a CLTA policy of title insurance in the amount of _____ Dollars (\$_____), insuring title to the County Property, reasonably acceptable to the City, free and clear of all liens, encumbrances, clouds and conditions, and rights of occupancy or possession except for the exceptions as shall be reasonably agreed upon by the Parties and listed in the attached Exhibit D (the "County Property Permitted Exceptions"), which shall be incorporated herein by this reference.

Section 2.6 Condition of City Property.

(a) "As Is" Conveyance. Except as to any matter contained in this Agreement, the County specifically acknowledges and agrees that the City is selling and County is buying, the City Property on an "as is with all faults" basis and, except as to the warranties and representations contained in this agreement, that County is not relying on any representations or warranties of any kind whatsoever, express or implied, from the City as to any matters concerning the City Property, including without limitation: (a) the quality, nature, adequacy and physical condition of the City Property (including, without limitation, topography, climate, air, water rights, water, gas, electricity, utility services, grading, drainage, sewers, access to public

roads and related conditions); (b) the quality, nature, adequacy, and physical condition of soils, geology and groundwater; (c) the existence, quality, nature, adequacy and physical condition of utilities serving the City Property; (d) the development potential of the City Property, and the City Property's use, habitability, merchantability, or fitness, suitability, value or adequacy of the City Property for any particular purpose; (e) the zoning or other legal status of the City Property or any other public or private restrictions on the use of the City Property; (f) the compliance of the City Property or its operation with any applicable codes, laws, regulations, statutes, ordinances, covenants, conditions and restrictions of any governmental or quasi-governmental entity or of any other person or entity; and (g) the condition of title to the City Property. The County affirms that the County 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 City Property for any particular purpose, and that the City makes no warranty that the City Property is fit for any particular purpose. The County 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 City Property and shall rely upon its own investigation of the physical, environmental, economic and legal condition of the City Property (including, without limitation, whether the City 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 agency). The County undertakes and assumes all risks associated with all matters pertaining to the City 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 2.6 shall expressly survive the Close of Escrow, shall not merge with the provisions of the City Property Grant Deed, defined above, or any other closing documents and shall be deemed to be incorporated by reference into the City Property Grant Deed. The City is not liable or bound in any manner by any oral or written statements, representations or information pertaining to the City Property furnished by any contractor, agent, employee, servant or other person. The County 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 City Property. The County has fully reviewed the disclaimers and waivers set forth in this Agreement with the County's counsel and understands the significance and effect thereof.

(c) Acknowledgment. The County acknowledges and agrees that: (i) to the extent required to be operative, the disclaimers of warranties contained in this Section 2.6 hereof are "conspicuous" disclaimers for purposes 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 reflects the same and that the City would not have agreed to convey the City Property to the County for the purchase price without the disclaimers and other agreements set forth in this Section 2.6.

(d) Release of the City. The County, on behalf of itself and anyone claiming by, through or under the County, hereby waives its right to recover from and fully and irrevocably releases the City, the City and their board members, council members, employees, officers, directors, representatives, and agents (the "City Released Parties") from any and all

claims, responsibility and/or liability that the County may have or hereafter acquires against any of the City 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 defects, errors, omissions or other conditions, latent or otherwise), valuation, salability or utility of the City Property, or its suitability for any purpose whatsoever, (ii) any presence of Hazardous Materials, and (iii) any information furnished by the City Released Parties under or in connection with this Agreement.

(e) Scope of Release. The release set forth in Section 2.6 hereof includes claims of which the County is presently unaware or which the County does not presently suspect to exist which, if known by the County, would materially affect the County's release of the City Released Parties. The County specifically waives the provision of any statute or principle of law that provides otherwise. In this connection and to the extent permitted by law, the County agrees, represents and warrants that the County realizes and acknowledges that factual matters now unknown to the County may have given or may hereafter give rise to causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses which are presently unknown, unanticipated and unsuspected, and the County further agrees, represents and warrants that the waivers and releases herein have been negotiated and agreed upon in light of that realization and that the County nevertheless hereby intends to release, discharge and acquit the City Released Parties from any such unknown causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses. Accordingly, the County, on behalf of itself and anyone claiming by, through or under the County, hereby assumes the above-mentioned risks and hereby expressly waives any right the County and anyone claiming by, through or under the County, may have under Section 1542 of the California Civil Code, which reads as follows:

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

County'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.

Section 2.7 Condition of County Property.

(a) "As Is" Conveyance. Except as to any matter contained in this Agreement and provided the County has provided a No Further Action letter for the County Property, the City specifically acknowledges and agrees that the County is selling and the City is buying the County Property on an "as is with all faults" basis and, except as to the warranties and representations contained in this agreement, that the City is not relying on any representations or warranties of any kind whatsoever, express or implied, from the County as to any matters concerning the County Property, including without limitation: (a) the quality, nature, adequacy and physical condition of the County Property (including, without limitation, topography, climate, air, water rights, water, gas, electricity, utility services, grading, drainage, sewers, access

to public roads and related conditions); (b) the quality, nature, adequacy, and physical condition of soils, geology and groundwater, (c) the existence, quality, nature, adequacy and physical condition of utilities serving the County Property; (d) the development potential of the County Property, and the County Property's use, habitability, merchantability, or fitness, suitability, value or adequacy of the County Property for any particular purpose; (e) the zoning or other legal status of the County Property or any other public restrictions on the use of the County Property; and (f) the compliance of the County Property or its operation with any applicable codes, laws, regulations, statutes, ordinances, covenants, conditions and restrictions of any governmental or quasi-governmental entity. The City affirms that the City has not relied on the skill or judgment of the County or any of its respective agents, employees or contractors to select or furnish the County Property for any particular purpose, and that the County makes no warranty that the County Property is fit for any particular purpose. The City 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 County Property and shall rely upon its own investigation of the physical, environmental, economic and legal condition of the County Property (including, without limitation, whether the County 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 agency). The City undertakes and assumes all risks associated with all matters pertaining to the County 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 2.7 shall expressly survive the Close of Escrow, shall not merge with the provisions of the County Property Grant Deed, defined above, or any other closing documents and shall be deemed to be incorporated by reference into the County Property Grant Deed. The County is not liable or bound in any manner by any oral or written statements, representations or information pertaining to the County Property furnished by any contractor, agent, employee, servant or other person. The City 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 County Property. The City has fully reviewed the disclaimers and waivers set forth in this Agreement with the City's counsel and understands the significance and effect thereof.

(c) Acknowledgment. The City acknowledges and agrees that: (i) to the extent required to be operative, the disclaimers of warranties contained in this Section 2.7 hereof are "conspicuous" disclaimers for purposes 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 reflects the same and that the County would not have agreed to convey the County Property to the City for the purchase price without the disclaimers and other agreements set forth in this Section 2.7.

(d) City's Release of County. The City, on behalf of itself and anyone claiming by, through or under the City, hereby waive their right to recover from and fully and irrevocably releases the County and its members, officers, directors, representatives, and agents (the "County Released Parties") from any and all claims, responsibility and/or liability that the City may have or hereafter acquire against any of the County 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 defects, errors, omissions or other conditions, latent or otherwise), valuation, salability or utility of the County Property, or its suitability for any purpose whatsoever, (ii) any presence of Hazardous Materials, and (iii) any information furnished by the County Released Parties under or in connection with this Agreement.

(e) Scope of Release. The release set forth in Section 2.7 hereof includes claims of which the City is presently unaware or which the City does not presently suspect to exist which, if known by them, would materially affect its release of the County Released Parties. The City specifically waives the provision of any statute or principle of law that provides otherwise. In this connection and to the extent permitted by law, the City agrees, represents and warrants that it realizes and acknowledges that factual matters now unknown to the City may have given or may hereafter give rise to causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses which are presently unknown, unanticipated and unsuspected, and the City further agrees, represents and warrants that the waivers and releases herein have been negotiated and agreed upon in light of that realization and that the City nevertheless hereby intends to release, discharge and acquit the County Released Parties from any such unknown causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses. Accordingly, the City, on its behalf and anyone claiming by, through or under the City, hereby assumes the above-mentioned risks and hereby expressly waives any right the City and anyone claiming by, through or under the City, may have under Section 1542 of the California Civil Code, which reads as follows:

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

City's Initials: _____

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

Section 2.8 County Representations and Warranties. The County hereby represents and warrants the matters set forth below to be true to the best of County's knowledge as of the Effective Date and as of the Close of Escrow. Such representations shall survive the Close of Escrow and conveyance of title to County Property from the County to the City until the first (1st) anniversary of the Close of Escrow.

(a) The County has the legal power, right and authority to enter into this Agreement, and the instruments and documents referenced herein, and to consummate the transactions contemplated hereby. The individuals executing this Agreement, and the instruments referenced herein on behalf of the County hereby represent and warrant that they have the power, right and authority to bind the County.

(b) To the best of the County's knowledge, neither the execution of this Agreement nor the consummation of the transactions contemplated hereby shall result in a

breach of or constitute a default under any agreement, instrument, or other obligation to which the County is a party or by which the County or the County Property may be bound.

(c) There is no claim, action, litigation, arbitration or other proceeding pending or, to the best of County's knowledge, threatened against the County which relates to County Property, the County's activities on the County Property or the transactions contemplated hereby or which could result in the imposition of a lien against the County Property or have a material adverse effect on the County Property or its operation. If the County receives notice of any such claim, litigation, arbitration or proceeding prior to the Close of Escrow, then the County shall promptly notify the City of the same in writing.

(d) There is no pending or, to the best of the County's knowledge, threatened condemnation or similar proceeding affecting the County Property (or any portion thereof) by any governmental or quasi-governmental agency, nor does the County have any knowledge that any such action is contemplated.

(e) There will be no management agreements, contracts, warranties, guaranties, bonds or other agreements which will affect or will be obligations of the City in connection with County Property which cannot be terminated on thirty (30) days prior notice, including without limitation, maintenance contracts, design services contracts, construction contracts, architect's agreements, or parking agreements, other than as approved by the City in writing, in the City's sole discretion.

(f) No person is occupying the County Property, or portion thereof, and no person currently has any lease, rental agreement, or other right to occupy the County Property, or portion thereof. In the event the foregoing warranty is breached, the County shall indemnify and hold harmless the City for all costs (including, but not limited to, reasonable attorneys' fees and costs and fees and costs of other professionals) and damages sustained or incurred by the City, including but not limited to, any compensation or benefits that the City is required to pay any person or entity under the Eminent Domain Law (Civil Procedure Code Sections 1230.010 et seq.), or the Relocation Law (Government Code Sections 7260 et seq.), in connection with the City's acquisition of that person's interest in the County Property and/or relocation from County Property.

(g) Prior to the Close of Escrow, there will be no substantial alterations or repairs made or undertaken on County Property (except for those required in an emergency and except for the demolition of existing improvements on the County Property by the City or its agent) without the prior written approval of the City, which shall not be unreasonably withheld, conditioned, or delayed.

(h) As of the Close of Escrow, there will be no personal property located on County Property.

(i) The County has not received any written notice of any violation of, any law, ordinance, regulation, order or requirement applicable to County Property including without limitation, requirements imposed under any recorded covenants, conditions, restrictions, easements or other rights affecting County Property. If the County receives such a notice prior to the Close of Escrow, the County shall immediately notify the City.

(j) The County is not aware of any Hazardous Materials on or about County Property, and the County has not received written notice of any Hazardous Materials located on County Property in violation of any Hazardous Materials Laws.

(k) The County is not a "foreign person" under Section 1445 of the Internal Revenue Code.

(l) The County is not the subject of bankruptcy, insolvency or probate proceedings.

(m) Prior to the Close of Escrow, the County shall have a continuing duty to notify the City of any material facts that may come to the knowledge of the County, with respect to the County Property or which would render any of the representations set forth above false. Such duty shall not, however abrogate, nor limit the City's independent obligation to perform its own investigation into the County Property.

Section 2.9 City Representations and Warranties. The City hereby represents and warrants the matters set forth below to be true to the best of the City's knowledge as of the Effective Date hereof and as of the Close of Escrow. Such representations shall survive the Close of Escrow and conveyance of title to the City Property from the City to the County until the first (1st) anniversary of the Close of Escrow.

(a) The City has the legal power, right and authority to enter into this Agreement, and the instruments and documents referenced herein, and to consummate the transactions contemplated hereby. The individuals executing this Agreement, and the instruments referenced herein on behalf of the City hereby represent and warrant that they have the power, right and authority to bind the City.

(b) Neither the execution of this Agreement or the consummation of the transaction contemplated hereby shall neither result in a breach of nor constitute a default under any agreement, or instrument, to which the City is a party nor which may bind the City or the City Property.

(c) There is no claim, action, litigation, arbitration or other proceeding pending or, to the best knowledge of the City, threatened against the City which relates to the City Property, the City's activities on the City Property or the transaction contemplated hereby or which could result in the imposition of a lien against the City Property or have an adverse effect on the City Property or its operation. If the City receives notice of any such claim, litigation, arbitration or proceeding prior to the Close of Escrow, the City shall promptly notify the County of the same in writing.

(d) There is no pending or, to the best knowledge of the City, threatened condemnation or similar proceeding affecting the City Property (or any portion thereof) or does the City have any knowledge that any such action is contemplated.

(e) There will be no management agreements, contracts, warranties, guaranties, bonds or other agreements which will affect or will be obligations of the County in connection with the City Property which cannot be terminated on thirty (30) days prior notice,

including without limitation, maintenance contracts, design services contracts, construction contracts, architects agreements, or parking agreements, other than as specifically approved by the County in writing, in the County's sole discretion.

(f) No person is occupying the City Property, or portion thereof, and no person currently has any lease, rental agreement, or other right to occupy the City Property, or portion thereof. In the event the foregoing warranty is breached, the City shall indemnify and hold harmless the County for all costs (including, but not limited to, reasonable attorneys' fees and costs and fees and costs of other professionals) and damages sustained or incurred by the County, including but not limited to, any compensation or benefits that the County is required to pay any person or entity under the Eminent Domain Law (Civil Procedure Code Sections 1230.010 et seq.), or the Relocation Law (Government Code Sections 7260 et seq.), in connection with the County's acquisition of that person's interest in the City Property and/or relocation from City Property

(g) Prior to the Close of Escrow, there will be no substantial alterations or repairs made or undertaken on the City Property (except for those required in an emergency except for the demolition of existing improvements on the City Property by the City or its agent) without the prior written approval of the County, which shall not be unreasonably withheld, conditioned or delayed.

(h) As of the Close of Escrow, there will be no personal property located on the City Property.

(i) The City has not received any written notice of any violation of, any law, ordinance, regulation, order or requirement applicable to the City Property including without limitation, requirements imposed under any recorded covenants, conditions, restrictions, easements or other rights affecting the City Property. If the City receives such a notice prior to the Close of Escrow, the City shall immediately notify the County.

(j) The City is not aware of any Hazardous Materials on or about City Property, and the City has not received written notice of any Hazardous Materials located on City Property in violation of any Hazardous Materials Laws.

(k) The City is not a "foreign person" under Section 1445 of the Internal Revenue Code.

(l) The City is not the subject of bankruptcy, insolvency or probate proceedings.

(m) Prior to the Close of Escrow, the City shall have a continuing duty to notify the County of any material facts in the City's knowledge, with respect to the City Property or which would render any of the representations set forth above false. Such duty shall not, however, abrogate nor limit County's independent obligation to perform its own investigation into the City Property.

Section 2.10 Costs of Escrow. Each Party shall bear the cost of title insurance for the property it is acquiring. Each Party shall bear the cost of delivering title to the property it is

conveying in the condition required by Section 2.5 above. All other costs of the Escrow shall be divided equally between the City and the County.

Section 2.11 Conveyance by Deed(s) and Delivery of Possession. At the Close of Escrow, the City shall convey title to the City Property from the City to the County pursuant to the City Property Grant Deed, and the County shall convey title to County Property from the County to the City pursuant to the County Property Grant Deed. Possession of the City Property and the County Property shall be delivered at the Close of Escrow subject only to those exceptions permitted under the City Property Permitted Restrictions and County Property Permitted Restrictions, as applicable. At the Close of Escrow, the Escrow Holder shall also record any other agreements or documents contemplated by this Agreement or otherwise agreed to by the Parties.

Section 2.12 Property Taxes and Assessments. Property taxes, assessments, utilities, rents and any other income or expense related to the City Property shall be prorated between the City and the County as of the date of Close of Escrow. Property taxes, assessments, utilities, rents and any other income or expense related to the County Property shall be prorated between the County and the City as of the date of the Close of Escrow. Such prorations shall be made on the basis of a 365-day year.

Section 2.13 Brokers. Each party represents to the other, that it has not authorized any other broker or finder to act on its behalf in connection with the transaction contemplated by this Agreement. Each party shall indemnify the other against any claims for broker fees, finder fees, real estate commissions or other similar claims arising as a result of the indemnifying party's relationship with a broker or other third party.

ARTICLE III MISCELLANEOUS

Section 3.1 Notices. Unless otherwise provided herein, any notice, tender or delivery to be given pursuant to this Agreement by either Party may be accomplished by personal delivery in writing or by first class certified mail, return receipt requested. Any notice by such mailing shall be deemed received two (2) business days after the date of mailing. Mailed notices shall be addressed as set forth below, but each Party may change its address by written notice in accordance with this Section 3.1

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

To the County: County of Monterey
 168 West Alisal Street, 2nd Floor
 Salinas, CA 93901
 Attn: RMA Director

Section 3.2 Title of Articles and Sections. The title and headings of the various articles and sections of this Agreement are intended for means of reference and are not intended to place any construction on the provisions of this Agreement.

Section 3.3 Severability. If any provision of this Agreement shall be invalid or unenforceable the remaining provisions shall not be affected thereby, and every provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

Section 3.4 Entire Understanding of Parties. The terms of this Agreement are intended by the Parties as a final expression of their agreement and may not be contradicted by evidence of any prior or contemporaneous agreement. The Parties further intend that this Agreement constitutes the exclusive statement of its terms and that no extrinsic evidence whatsoever may be introduced in any judicial proceedings involving this Agreement. No provision of this Agreement may be amended except by an agreement in writing signed by the Parties hereto or their respective successors in interest.

Section 3.5 Amendments, Modifications, and Waivers. This Agreement may not be amended, modified or changed, nor shall any waiver of any provision hereof be effective, except by an instrument in writing and signed by the County and the City.

Section 3.6 Approval. Whenever this Agreement calls for the City or the County's approval, consent, or waiver, the written approval, consent, or waiver of the City's City Manager or the County Administrative Officer, respectively, shall constitute the approval, consent, or waiver of the City or the County, respectively, without further authorization required from the City Council or the Board of Supervisors. The City and the County hereby respectively authorize the City Manager, or the City Manager's designee, and the County Administrative Officer, or the County Administrative Officer's designee, to deliver such approvals or consents as are required by this Agreement, or to waive requirements under this Agreement, on behalf of the City or the County, respectively.

Section 3.7 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the grantees, transferees, successors and assigns of the parties hereto.

Section 3.8 Time of the Essence. The Parties agree and acknowledge that time is of the essence in this Agreement.

Section 3.9 Cooperation of Parties. The City and the County shall, during the Escrow period, execute any and all documents reasonably necessary or appropriate to complete the Property Exchange contemplated herein pursuant to the terms of this Agreement.

Section 3.10 Governing Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to conflict of laws principles. In the event that suit shall be brought by either Party to this Agreement, the Parties agree that venue shall be exclusively vested in the state courts of the County of Monterey, and the Parties consent to the personal and exclusive jurisdiction and venue of such courts.

Section 3.11 Multiple Originals; Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be effective only upon delivery and thereafter

shall be deemed an original, and all of which shall be taken to be one and the same instrument, for the same effect as if all Parties hereto had signed the same signature page. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more additional signature pages.

REMAINDER OF PAGE LEFT INTENTIONALLY BLANK

IN WITNESS WHEREOF, the Parties are deemed to have executed this Agreement on or as of the Effective Date.

CITY:

CITY OF SALINAS,
a charter city and municipal corporation

By: _____
Ray Corpuz, City Manager

ATTEST:

Patricia M. Barajas, City Clerk

APPROVED AS TO FORM:

CITY ATTORNEY

Christopher A. Callihan

COUNTY:

COUNTY OF MONTEREY, a political subdivision
of the State of California

By: _____
Carl Holm, Director of the Resource
Management Agency

ATTEST:

Gail T. Borkowski, Clerk of the Board

APPROVED AS TO FORM:

COUNTY COUNSEL

Cynthia L. Hasson
Deputy County Counsel

EXHIBIT A

CITY PROPERTY LEGAL DESCRIPTION

LEGAL DESCRIPTION

EXHIBIT "A"

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

PARCEL I:

That portion of Block 1, as said block is shown on the Map entitled, "Tract No. 234, Moore Circle", filed September 23, 1953, in the Office of the County Recorder of the County of Monterey, State of California, in Map Book 6, Maps of "Cities and Towns", at Page 7 therein, described as follows:

Beginning at a point on the Southeasterly boundary of said Block 1, from which the most Southerly corner thereof bears along said boundary S. 30° 47' W., 416.47 feet; thence running along the Southeasterly, Northeasterly and Northwesterly boundaries of said Block 1,

- (1) N. 30° 47' E., 60.00 feet; thence tangentially,
- (2) Curving to the left on a circular arc of 20 feet radius for a distance of 31.42 feet; thence tangentially,
- (3) N. 59° 13' W., 210.0 feet; thence tangentially,
- (4) Curving to the left on a circular arc of 20 feet radius for a distance of 31.42 feet; thence tangentially,
- (5) S. 30° 47' W., 60.0 feet; thence leave last mentioned boundary and running,
- (6) S. 59° 13' E., 250.0 feet to the point of beginning.

PARCEL II:

That portion of Block 1, as said block is shown on the Map entitled, "Tract No. 234, Moore Circle", filed September 23, 1953, in the Office of the County Recorder of the County of Monterey, State of California, and now on file in said Office in Map Book 6, Maps of "Cities and Towns", at Page 7 therein, described as follows:

Beginning at a point on the Southeasterly boundary of said Block 1, from which the most Southerly corner thereof bears along said boundary S. 30° 47' W., 306.47 feet; thence running along said boundary,

- (1) N. 30° 47' E., 110.0 feet; thence leave said boundary and running,
- (2) N. 59° 13' W., 250.0 feet to a point in the Northwesterly boundary of said Block 1; thence along last mentioned boundary,
- (3) S. 30° 47' W., 110.0 feet; thence leave last mentioned boundary and running,
- (4) S. 59° 13' E., 250.00 feet to the point of beginning.

APN: 004-601-015

EXHIBIT B

COUNTY PROPERTY LEGAL DESCRIPTION

PARCEL I:

All that piece or parcel of land situated, lying and being in the Rancho El Sausal, Monterey County, California, and also within the corporate limits of the City of Salinas, described as follows, to wit:

Beginning at a point in the southerly line of Alisal Street at the most northerly corner of the lands of N. A. Holiday and also, at the most easterly corner of that tract of land conveyed to Victor Barlogio, et ux by deed recorded on the 14th day of March, A.D. 1919, in Vol. 161 of Deeds, at pages 450 and 451 in the office of the County Recorder of Monterey County, California; thence South 1 deg. 39 min. West along the line between the lands of Victor Barlogio and N. A. Holaday 726.1 feet to a point in the easterly line of the Southern Pacific Railroad Company's right of Way; thence South 34 deg. 49 min. East along the said easterly line of the Southern Pacific Railroad Company's right of way 166.9 feet to a point; thence North 1 deg. 39 min. East parallel to the said line between Victor Barlogio and N. A. Holaday 850.9 feet to a point in the said southerly line of Alisal Street; thence North 82 deg. 57 min. West along the said southerly line of Alisal Street, 100 feet to the place of beginning.

Excepting therefrom, all those portions conveyed to Salinas, a municipal corporation by deeds recorded April 6, 1961 in Volume 2137 OR 282 and recorded September 3, 1964, Reel 362 OR 466.

PARCEL II:

Certain real property situate, lying and being in the Rancho El Sausal within the corporate limits of the city of Salinas, in the County of Monterey, State of California, and being a part of that certain tract of land described in Deed of Trust, Talcott Lumber Company, Inc., a corporation, to Bank of America, dated March 21, 1950 and recorded in Volume 1203 of Official Records at page 411, Monterey County Records, said part being particularly described as follows, to-wit:

Beginning at a 1 inch diameter Iron pipe standing in the southerly line of Alisal Street (66.0 feet wide at the northwest corner of said tract of land and running thence along said street line,

(1) South 82 deg. 57 min. East, 175.0 feet at 135.0 feet a point herein and now designated as Point "A" for the purpose of reference thereto in further description hereinafter to be made, 175.0 feet to a 3/4 inch diameter Iron pipe; thence leave said line of Alisal Street and running
(2) South 1 deg. 41 1/2 min. West, 598.34 feet to a 1/2 inch diameter Iron pipe; thence
(3) North 88 deg. 40 min. West, 62.04 feet, at 41.20 feet to a point herein and now designated as Point "B" for the purpose of reference thereto in further description hereinafter to be made, 62.04 feet to a copper plug set in the concrete pavement; thence
(4) South 1 deg. 58 min. West, 48.22 feet, at 45.22 feet a copper plug, 48.22 feet to the northwest corner of the westerly rail of the spur track; thence
(5) North 88 deg. 04 min. West, 12.0 feet to a 1/2 inch diameter iron pipe; thence
(6) South 1 deg. 50 min. West, 188.54 feet to a 1/2 inch diameter iron pipe; thence
(7) North 88 deg. 12 min. West, 99.50 feet to the southwest corner of said tract of land described in said deed of trust; thence running along the west boundary of last mentioned tract of land

(8) North 1 deg. 41 1/2 min. East, 851.60 feet to the place of beginning.

Courses all true.

Also the right to use equally with the owners and/or tenants of that certain real property described in the deed from Talcott Lumber Company, Inc., a corporation, to Rudy R. Lamar, filed for record in the office of the Recorder of Monterey County, California, on October 17, 1951, in Volume 1335 Official Records at page 171, Monterey County Records, that certain spur track located upon said real property, for the purpose of receiving railroad cars on the extension of said spur track situated on that certain real property of the Diamond Match Company, its successors and assigns, described in the Deed from Talcott Lumber Company, a corporation, filed in the office of the Recorder of Monterey County, California, on August 11, 1952 in Volume 1398 Official Records at Page 327, Monterey County Records; the location of said spur track and extension being as shown on the plat designated "Southern Pacific Company Drawing No. 17107", attached to that certain deed recorded in Volume 1662 Official Records at Page 159, Monterey County Records.

APN: 003-041-039-000

EXHIBIT C

CITY PROPERTY PERMITTED EXCEPTIONS

[to be inserted]

EXHIBIT D

COUNTY PROPERTY PERMITTED EXCEPTIONS

[to be inserted]