



Council Agenda Report

From: Meg Williamson, Assistant City Manager

Subject: Approval of an Agreement with the 16th District Agricultural Association for the Sale of a Portion of Pioneer Park Property

Date: November 15, 2016

Facts

1. Pioneer Park is owned and operated by the City. The total acreage of publicly-owned park area is approximately 7 acres. The portion proposed for sale is 5.6 acres.
2. The 16th District Agricultural Association operates under the auspices of the California Department of Food and Agriculture, Division of Fairs and Expositions, for the primary purpose of producing the annual California Mid-State Fair (the "Fair").
3. The Fair, which started in 1946 and is held in the Paso Robles Event Center each year, is a major regional event, and serves to preserve, promote, and showcase agriculture and the traditions of San Luis Obispo County.
4. Per the California Department of Food and Agriculture, Division of Fairs and Expositions 2012 Economic Impact Study, more than 500,000 visitors attend events each year at the Paso Robles Event Center (PREC). The direct and indirect economic impact of the PREC is approximately \$59 million for the local economy, generating the equivalent of 484 jobs for an aggregate of \$16.5 million in overall salary and benefits for employees. Tax revenues (i.e., sales, possessory interest and business licenses) are approximately \$783,000 annually.
5. The PREC's goals include expansion and reorientation of the grandstand arena and full demolition and remodel of the Paso Robles Pavilion (Livestock) buildings at the north end of the grounds. Acquisition of a portion of Pioneer Park will aid in achieving those goals by providing additional area for staging and operations that otherwise would have been required to fit within the remodel footprint.
6. The approximate 5.6 acre "eastern half" of Pioneer Park was appraised in August 2015 by Chris Smith & Associates. The appraisal, which was based on the assumption of non-restricted use (full market value), was \$1.42 million.
7. The sale property currently is home to a lighted softball/baseball field and a basketball court. (The skate park, restrooms, and open space at the southwest side of the park are not part of the proposed sale.) The proposed sale will necessitate the replacement of the current ballfield elsewhere. Opportunities for replacement exist on City-owned park space at either Larry Moore Park or Sherwood Park.
8. There are currently significant deferred maintenance needs for the Pioneer Park ballfield. Renovation of the field facilities would cost approximately \$350,000-\$500,000.

9. The attached Purchase and Sale Agreement (the "Agreement") provides for a purchase price of \$800,000, and the grant deed explicitly restricts the future use of the property to those uses that are consistent with the Agricultural Association's mission and purpose. The Agreement also recognizes the magnitude of the PREC's economic benefit to the community and the intrinsic value of the Agricultural District's mission/vision to preserve the heritage of California agriculture. The deed would include a reversionary clause in the event of a use change. Escrow is expected to take 120 days, and the Association would make an initial deposit into escrow of \$50,000, which is applicable toward the Purchase Price. The PREC Board has endorsed these basic business terms, but is reliant on the State Department of General Service (DGS) to provide its approval of the Agreement and terms.
10. The City would abandon a portion of the Gregory Avenue right-of-way, east of the PREC's "Flower Gate," as a condition of the Agreement. It is anticipated that such an abandonment will mutually benefit the PREC and the adjacent property owned by the Paso Robles Museum Foundation.
11. In addition, the Agreement provides that the City would continue to have use of the Pioneer ballfield for the initial 3 years, to allow the time necessary for construction of a replacement field. The terms and conditions of the continued use of the ballfield will be addressed through a separate License Agreement. The City will remove the ballfield improvements at the termination of the 3-year license.
12. A Parcel Map will be prepared in connection with the sale. The remaining 1.6-acre parcel of the Pioneer Park property will stay in use as a public park until such time the Paso Robles Museum Foundation is able to expand, as depicted in the Uptown/Town Center Specific Plan.
13. Pursuant to state law, the PREC has initiated the purchase process through the state Department of General Services. The City Council's approval of the Purchase and Sale Agreement will allow the City and the PREC to open escrow as soon as the State Department of General Services provides formal authorization to proceed.

Options

1. Take no action.
2. Approve the Purchase and Sale Agreement as presented.
3. Recommend a modified Purchase and Sale Agreement with new terms for consideration by the PREC Board.

Analysis and Conclusions

Option 1: No action on the Purchase and Sale Agreement will preserve the status quo for this property. The Pioneer ballfield will require renovation in the near future and a proposal for that work, including associated costs, would be presented to the City Council for consideration at a later date.

Option 2: The proposed Purchase and Sale Agreement represents a significant beneficial opportunity for the community. The additional property will enhance PREC's success, which will have both financial and cultural benefits for Paso Robles. The PREC's activities currently infuse more than \$57 million annually into the Paso Robles economy, and its agricultural mission is directly aligned with the City's Economic Strategy of positioning our local brand. The land sale will facilitate the PREC's goal to further expand and improve their grounds. The proceeds of the land sale can be used towards developing a new ballfield that is modern and user friendly, while avoiding the significant renovation costs of the aging Pioneer Park facility.

Option 3: Should the City Council identify additional terms for the Purchase and Sale Agreement sale terms, they can be formally proposed to the PREC Board for consideration. If the Board accepts those

terms, a modified Purchase and Sale Agreement will be brought back for the City Council's consideration and action.

Fiscal Impact

Property sale income will be \$800,000 to the General Fund. The estimated cost to replace the Pioneer ballfield with a ballfield constructed to current standards at another location is \$1.6 million, which includes acquisition, design, and construction costs. The balance of construction costs would be from both the City's General Fund reserves and the Park Development Fund (to the extent it can be shown that the improvements would enhance/expand the current scope of the ballfield facility). The replacement site options and costs would be formally presented to the City Council in the next 6 months. The costs for design and development of the replacement field would be spread over three budget years, with project completion in FY18/19.

Recommendation

Approve Resolution 16-XXX authorizing the City Manager to enter into a Purchase and Sale Agreement with the 16th District Agricultural Association for the sale of a portion of Pioneer Park, and authorize the City Manager and City Attorney to make any minor, technical, or non-substantive changes as appropriate.

Attachments

1. Resolution 16-XXX approving the Purchase and Sale Agreement and authorizing its execution
2. Draft Purchase and Sale Agreement with the 16th District Agricultural Association
3. Mission/Vision/Values/Belief Statements of the 16th District Agricultural Association
4. Economic Impact of the California Mid State Fair - 2012
5. Parcel Map exhibit

RESOLUTION NO. 16-XXX

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES
APPROVING AND AUTHORIZING THE EXECUTION OF A PURCHASE AND SALE
AGREEMENT WITH THE 16TH DISTRICT AGRICULTURAL ASSOCIATION FOR A PORTION
OF PIONEER PARK

WHEREAS, Pioneer Park is owned and operated by the City and has a total acreage of approximately 7 acres; and

WHEREAS, the 16th District Agricultural Association (“Association”) operates under the auspices of the California Department of Food and Agriculture, Division of Fairs and Expositions, for the primary purpose of producing the annual California Mid-State Fair (the “Fair”) on property adjacent to Pioneer Park; and

WHEREAS, the Fair which started in 1946 and is held in the Paso Robles Event Center (“PREC”) each year, is a major regional event, and serves to preserve, promote, and showcase agriculture and the traditions of San Luis Obispo County; and

WHEREAS, per the California Department of Food and Agriculture, Division of Fairs and Expositions 2012 Economic Impact Study, more than 500,000 visitors attend events each year at the PREC resulting in an annual direct and indirect economic impact to the local economy of approximately \$59 million, generating the equivalent of 484 jobs for an aggregate of \$16.5 million in overall salary and employee benefits, and additional tax revenues of approximately \$783,000 annually; and

WHEREAS, the Association’s goals include expansion and reorientation of the grandstand arena and full demolition and remodel of the Paso Robles Pavilion (Livestock) buildings at the north end of the fairgrounds; and

WHEREAS, wherein acquisition of a portion of Pioneer Park will aid in achieving the Association’s goals by providing additional area for staging and operations that otherwise would have to be accommodated within the remodel footprint; and

WHEREAS, an approximate 5.6-acre portion of Pioneer Park (the “Property”) was appraised in August 2015 by Chris Smith & Associates, based on its non-restricted use (full market value), at \$1.42 million; and

WHEREAS, the Property currently houses a lighted softball/baseball field and a basketball court which require approximately \$350,000 for renovation and rehabilitation work; and

WHEREAS, replacement fields could be provided at the City-owned Larry Moore Park or Sherwood Park; and

WHEREAS, the proposed Purchase and Sale Agreement would permanently restrict the use of the Property to those uses that are consistent with the Association’s mission and purpose, with a right of reverter in the event the uses changed; and

WHEREAS, the Agreement allows the City to have 3 years of continued use of the Pioneer Park ballfield, thus allowing the time for design and construction of a replacement field; and

WHEREAS, a Parcel Map will be prepared to create the legal parcel depicted in the sale documents; and

WHEREAS, the PREC Board has endorsed the basic business terms of the Purchase and Sale Agreement, but is reliant on the State Department of General Services (DGS) to provide their approval of the Agreement and its terms; and

WHEREAS, the PREC Board has initiated the purchase process through the State Department of General Services.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The City Council of the City of El Paso de Robles does hereby approve the Purchase and Sale Agreement and Joint Escrow Instructions, in substantially the form attached hereto as Exhibit A and incorporated herein by reference, and authorizes the City Manager to execute the Agreement, subject to any minor, technical and non-substantive changes as approved by the City Attorney, and authorizes the City Manager to execute any other documents necessary to effectuate the sale of the City property or implement the Purchase and Sale Agreement.

APPROVED this 15th day of November, 2016, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Steven W. Martin, Mayor

ATTEST:

Kristen L. Buxkemper, Deputy City Clerk

EXHIBIT A

PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS
[to be inserted]

PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

THIS PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS (this “**Agreement**”) is made and entered into as of _____, 2016 (the “**Effective Date**”), by and between CITY OF EL PASO DE ROBLES, a municipal corporation (“**City**”), and THE STATE OF CALIFORNIA, acting by and through the 16TH DISTRICT AGRICULTURAL ASSOCIATION, with the approval of the Department of Food and Agriculture and the Department of General Services (“**Association**”).

IN CONSIDERATION of the respective agreements hereinafter set forth, City and Association hereby agree as follows:

1. Background. The 16th District Agricultural Association operates under the auspices of the California Department of Food and Agriculture, Division of Fairs and Expositions, for the primary purpose of producing the annual California Mid-State Fair (the “**Fair**”). The Fair started in 1946, is a major regional event, and serves to preserve, promote, and showcase agriculture and the traditions of San Luis Obispo County. The Fair is held in the Paso Robles Event Center, located next to Pioneer Park in El Paso de Robles, California.

Pioneer Park is owned and operated by the City. The Association desires to acquire and the City desires to sell a portion of Pioneer Park to the State of California, acting through the Association, pursuant to the terms and conditions set forth in this Agreement. These terms require the Association to use the land to further the Association’s purpose of sponsoring California’s Mid-State Fair.

2. Purchase and Sale of Property; Consideration.

(a) City hereby agrees to sell “AS-IS” and convey to Association, and Association hereby agrees to purchase from City, subject to the terms and conditions set forth herein, that certain real property of approximately 246,556 square feet which is a portion of Assessor’s Parcel Number 008-254-002, located in the City of Paso Robles, County of San Luis Obispo, State of California and shown on the Map attached hereto and incorporated herein as **Exhibit A** located generally along Riverside Avenue, Gregory Avenue and 19th Street, including the sports facilities and landscaping improvements located thereon (the “**Property**”). Prior to the Closing, the City shall cause a parcel map to be created with a final legal description, which legal description shall be attached to this Agreement and made a part hereof as **Exhibit B** at such time as the final map is recorded with the County Recorder of San Luis Obispo County.

(b) Consideration.

(i) The purchase price for the Property (“**Purchase Price**”) shall be Eight Hundred Thousand Dollars (\$800,000.00), which amount represents the fair reuse value in light of the covenants, conditions, and restrictions placed upon the Property through this Agreement.

(ii) Use of the Baseball Diamond. City shall be entitled to access and use, at no cost to City, the existing sports facilities improvements on the Property (the “**Baseball**”).

Diamond) (as depicted on the Map, attached hereto as **Exhibit A**) for three years from the date of the Closing (as defined in Section 2(e) below), except for a period of fifty-four (54) days each year, to be set forth in the License Agreement (defined below), which shall be reserved for the Fair, including time for preparation, operation and shutting down (“Fair Operation Period”). The exact dates of each Fair Operation Period shall be determined each year by Association. The City’s right to use the Baseball Diamond shall be memorialized in a License Agreement (the “**License Agreement**”), which shall be executed by the parties prior to Closing (as defined in Section 2(e) below).

(c) Within five (5) days following the Effective Date, City and Association shall open an escrow in connection herewith (“**Escrow**”) with First American Title Insurance Company (“**Escrow Holder**”), with Shelly McGill as Escrow Officer. Association shall deposit Fifty Thousand Dollars (\$50,000) (“**Deposit**”) into Escrow. The Deposit shall be refundable to Association unless Association waives all contingencies by the expiration of the Due Diligence Period. If the Closing of the transaction contemplated by this Agreement occurs, the Deposit shall be disbursed to Seller and applied to the Purchase Price at Closing.

(d) The Purchase Price shall be deposited with Escrow Holder. Subject to adjustment by the amount of the Deposit, within two (2) days prior to the Closing (as defined in Section 2(e), below) in cash or other immediately available funds.

(e) At the Closing, City shall cause to be conveyed to Association fee simple title to the Property by duly executed and acknowledged grant deed substantially in the form attached hereto as **Exhibit C** and incorporated herein by reference (the “**Deed**”). As used in this Agreement, closing (the “**Closing**”) shall be deemed to occur upon the recording of the Deed, but shall occur within 120 days of the date of this Agreement, unless said date is extended by mutual agreement of the parties. The Deed shall contain a covenant for the use of the Property for purposes consistent with the Association’s policies, as provided for in Section 3, below.

3. Use of the Property; Deed Restrictions.

(a) The Property shall be conveyed to Association and used in conformance with the Association’s Mission/Vision/Values/Beliefs as stated in the “Preamble of the 16th District Agricultural Association’s Strategic Plan” (the “**Strategic Plan**”), attached hereto and incorporated herein as **Exhibit D**. (hereinafter referred to as the “**Use Covenant**”). The Deed conveying the Property to Association shall expressly recite that the Deed is subject to the Use Covenant.

4. Reversion; Power of Termination.

(a) City shall have the right, at its option, to terminate the estate conveyed to Association, to reenter and take possession of the Property, with all improvements thereon and to revest in City the estate theretofore conveyed to Association, if at any time after conveyance of title to Association, any of the following shall occur:

(i) Association shall abandon the Property and such abandonment or failure has not been cured within one hundred eighty (180) days after notice thereof from City, provided however, if Association has begun to cure such abandonment within such one hundred

eighty (180) day period and diligently pursues to cure such abandonment to completion City shall not have the right to terminate such estate; or

(ii) Upon commencement of any foreclosure proceedings under any encumbrance or lien affecting the Property; provided, however, if Association cures such foreclosure proceedings, the City's rights shall not vest.

(b) In the event Association, or its successor and assigns, at any time uses Property for purposes inconsistent with the Use Covenant, ownership of the Property shall revert to City at City's option. If City exercises this option, City shall pay Association the Purchase Price of Eight Hundred Thousand Dollars (\$800,000). Additionally, City shall pay the depreciated market value of any improvements constructed by Association as agreed to by the parties or as established by an appraiser appointed by mutual agreement.

The interest created pursuant to this Paragraph 4 shall be a "Power of Termination" as defined in California Civil Code Section 885.010, and shall be separate and distinct from any other right of City. The City's Power of Termination, and any such reversion of title to the Property to Association shall be free and clear of any liens or encumbrances, and shall not be limited by or be subject to any mortgage, deed of trust or other security instrument, or any rights or interest that may be provided for the protection of the holder of such mortgages, deeds of trust or other security instruments, unless otherwise expressly approved by City in writing.

The Grant Deed shall create the City's Power of Termination upon the terms and conditions of this Paragraph 4.

5. Right of First Refusal.

(a) If Association desires to sell Property, and the sale of Property is consistent with the Use Covenant, Association shall not sell or agree to sell the Property without first offering the Property to City. The word "sell" shall include any transfer, conveyance, assignment, lease, hypothecation, or pledge of all or any portion of the Property or Association's interest in the Property.

(b) Before Association sells or agrees to sell the Property, Association shall offer ("**First Offer**") to sell the Property to City, in writing and on terms and conditions substantially identical to those proposed for the sale of the Property to a third party. The First Offer shall, at a minimum, include the following information, as applicable: (i) the name of the proposed purchaser; (ii) the proposed purchaser's intended use of the Property; (iii) the purchase price proposed for the sale to the third party; (iv) the method of purchase price payment; (v) the amount of any earnest money deposit; (vi) the time and location for the close of escrow; (vii) the other material terms and conditions of the proposed sale of the Property.

(c) City shall have forty-five (45) days from the date of the First Offer to accept the First Offer ("**Acceptance Period**") by delivering to Association the acceptance on or before 5:00 p.m. Pacific Time on the last day of the Acceptance Period. If Association fails to accept the First Offer on or before the last day of the Acceptance Period, the First Offer shall be deemed to be rejected.

(d) If City responds to the First Offer with anything other than an unequivocal, unconditional acceptance or rejection, the right of first refusal shall terminate and the response shall be deemed an offer to purchase the Property on the terms and conditions in the response (“**Counter Offer**”). Association shall be entitled to accept or reject the Counter Offer at Association’s sole discretion.

(e) If City accepts the First Offer, City shall consummate the purchase of the Property pursuant to the terms and conditions of the First Offer. If City fails to consummate the purchase of the Property pursuant to the terms and conditions of the First Offer, the agreement to purchase the Property shall be terminated. After that termination, Association shall be free to enter into an agreement concerning the sale of the Property with any third party on whatever terms Association may choose.

(f) If within One Hundred Eighty (180) days after City rejects the First Offer, Association enters into negotiations with a third party and is otherwise willing to enter into an agreement with that third party on terms substantially less favorable to Association than those contained in the First Offer, then Association shall offer to sell the Property to City on those new terms by giving City written notice (“**Second Offer**”). City shall have thirty (30) days from receipt of the Second Offer to accept the new terms. If City fails to accept the new terms or rejects the new terms in writing, Association shall be free to consummate the transaction with the third party, without any liability to City. If City accepts the new terms, then City shall consummate the transaction with Association on the terms and conditions specified in the Second Offer.

6. Title Policy.

(a) Evidence of delivery of fee simple title shall be the issuance by Escrow Holder to Association of a CLTA standard coverage owner’s policy of title insurance in the amount of the Purchase Price, insuring fee simple title to the Property in Association, subject only to such exceptions as Association shall have approved as provided below (the “**Title Policy**”). The Title Policy shall provide full coverage against mechanics’ and materialmen’s liens and shall contain such special endorsements as Association may reasonably require, including, without limitation, any endorsements required as a condition to Association’s approval of any title exceptions (the “**Endorsements**”).

(b) Within five (5) business days following the opening of Escrow, City shall order the issuance of a preliminary title report with respect to the Property, together with copies of all underlying documents referenced therein (collectively, the “**Preliminary Report**”), to be prepared by the Escrow Holder and delivered to Association. No later than ten (10) days after receipt of the Preliminary Report, Association shall give written notice to City of any items contained in the Preliminary Report which Association disapproves (“**Association’s Disapproval Notice**”). Failure of Association to notify City of Association’s disapproval of all or any item on the Preliminary Report shall be deemed to be an approval by Association of such item(s).

(c) Removal of Exceptions, Disapproved Liens. City covenants to remove as exceptions to title prior to the Closing, any mortgages, deeds of trust, or any monetary indebtedness (collectively, “**Disapproved Liens**”) shown on the Preliminary Report except for real property taxes or assessments not delinquent. City shall notify Association no later than five (5) business

days after receipt of Association's Disapproval Notice whether it elects to remove such other items disapproved by Association. If City elects not to remove any such other items disapproved by Association, then Association may elect to do either of the following: (i) accept such exceptions and proceed to take title to the Property subject to such exception(s); or (ii) this Agreement may be terminated in accordance with Section 7(b). In the event Association elects to terminate this Agreement by the expiration of the Feasibility Period pursuant to Section 7(b), the Deposits shall be returned to Association and neither party shall have any further obligations to the other hereunder (except under provisions of this Agreement which specifically state that they survive termination).

7. Feasibility Period.

(a) Association shall have fifteen (15) days from and after the Effective Date (the "**Feasibility Period**") to conduct such physical inspections and investigations of the Property as Association deems necessary (the "**Inspections**"). The Inspections and investigations may include, without limitation, (i) a review of existing zoning, entitlement, planning or similar issues applicable to the Property; (ii) a review of the physical condition of the Property and the systems serving the Property; and (iii) a review of the environmental condition of the Property, including a Phase I environmental site assessment and any proposal regarding a Phase II environmental site assessment. Association agrees not to conduct or cause to be conducted a Phase II environmental site assessment without the prior written consent of City. No borings, tests or samples shall be taken or made without City's prior written approval, which approval shall not be unreasonably withheld. Association's Inspections and investigations shall be governed by the indemnity provisions in Section 16. Association agrees that prior to Closing, Association shall provide City with copies of all studies, reports, appraisals and other materials commissioned by or prepared for Association relating to or regarding the Property ("**Association's Reports**"), at no cost to City.

(b) Association may elect, by written notice to City at any time prior to the expiration of the Feasibility Period, to terminate this Agreement, which election shall be in Association's sole and absolute discretion. If Association desires to terminate this Agreement pursuant to this Section 7(b), then before the expiration of the Feasibility Period, Association shall deliver written notice to City of Association's election to terminate (the "**Association's Notice to Terminate**"). If Association fails to deliver Association's Notice to Terminate to City prior to the expiration of the Feasibility Period, then Association shall be deemed to have elected to proceed with this Agreement and the Closing. In the event of the termination of this Agreement pursuant to this Section 7(b), and subject to paragraph (c), below), neither party shall have any further obligations to the other hereunder (except under provisions of this Agreement which specifically state that they survive termination).

(c) In the event Association elects to terminate this Agreement pursuant to Section 7(b), or if Closing does not occur for any reason, then Association shall return all City's Deliveries (as defined below) to City, as well as Association's Reports and Association shall be entitled to a return of the Deposit.

8. City's Deliveries. Within five (5) business days following the Effective Date, City shall deliver to Association a copy of all documents, studies, reports or other materials regarding the condition of the Property, in City's possession or control, or to which City has access

(collectively, the “**City’s Deliveries**”). City makes no representation whatsoever about the content, accuracy, completeness or value of any of City’s Deliveries. All City’s Deliveries will be provided to Association without warranty from City regarding the accuracy or completeness of the information contained therein, and such documents may or may not be assignable to Association. The delivery of such reports and studies shall be subject to the proprietary rights of any engineer or other consultant preparing the same and any limitations on use imposed by them. Association assumes all risk of reviewing and understanding any and all information contained in City’s Deliveries. City shall deliver a Natural Hazards Disclosure Report with City’s Deliveries.

9. Conditions to City’s Obligations. City’s obligations hereunder, including, but not limited to, its obligation to consummate the purchase transaction provided for herein, are subject to the satisfaction, in City’s sole and absolute discretion, of each of the following conditions, each of which is for the sole benefit of City and, except for item 9(c), may be waived by City in writing:

(a) Association shall not be in default under this Agreement.

(b) Association shall have complied with all of Association’s duties and obligations contained in this Agreement and all of Association’s representations and warranties made in this Agreement shall be true and correct in all material respects at the time as of which the same is made and as of the Closing.

(c) The City shall have completed and approved any environmental review documentation that may be required for the sale of the Property to Association.

10. Conditions Precedent to Closing. The following are conditions precedent to Association’s obligation to purchase the Property (the “**Conditions Precedent**”). The Conditions Precedent are intended solely for the benefit of Association and may be waived only by Association in writing. In the event any Condition Precedent is not satisfied, Association may, in its sole and absolute discretion, terminate this Agreement, subject to the provisions of this Agreement (including those provisions which specifically state that they survive termination).

(a) Association’s inspection, review and approval, within the Feasibility Period, of the physical characteristics and condition of the Property and City’s Deliveries.

(b) Escrow Holder shall be unconditionally committed to issue the Title Policy to Association upon the Closing in the form and with such exceptions and endorsements as have been approved, or are deemed approved, by Association as provided in Section 6 above.

(c) City shall have complied with all of City’s duties and obligations contained in this Agreement, including, but not limited to, the creation of a parcel map for the Property, and all of City’s representations and warranties contained in or made pursuant to this Agreement shall have been true and correct when made.

(d) City shall have completed the abandonment procedures for a portion of Gregory Avenue, as depicted on the Map, attached hereto as Exhibit B.

(e) Association and City shall have agreed upon the terms of the License Agreement.

11. Escrow; Closing; Prorations.

(a) Upon mutual execution of this Agreement, the parties hereto shall deposit an executed counterpart of this Agreement with Escrow Holder and this Agreement shall serve as instructions to Escrow Holder for consummation of the purchase contemplated hereby. City and Association shall execute such supplemental Escrow instructions as may be appropriate to enable Escrow Holder to comply with the terms of this Agreement, provided such supplemental Escrow instructions are not in conflict with this Agreement as it may be amended in writing from time to time. In the event of any conflict between the provisions of this Agreement and any supplementary Escrow instructions signed by Association and City, the terms of this Agreement shall control.

(b) The Closing shall take place on or before _____, or such later date as may be mutually approved by the parties (the “**Closing Date**”).

(c) At or before the Closing, City shall deliver to Escrow Holder or Association the following:

(i) the duly executed and acknowledged Deed for the Property and License Agreement;

(ii) a duly executed affidavit that City is not a “foreign person” within the meaning of Section 1445(f)(3) of the Internal Revenue Code of 1986, together with a duly executed non-foreign person affidavit and evidence that City is exempt from the withholding obligations imposed by California Revenue and Taxation Code Sections 18805, 18815, and 26131, in forms provided by or acceptable to the Escrow Holder;

(iii) any other documents which the Escrow Holder may reasonably require from City in order to close Escrow which do not increase City’s liability or obligations hereunder;

(iv) a closing statement in form and content satisfactory to Association and City (the “**Closing Statement**”) duly executed by City; and

(v) any other instruments, records or correspondence called for hereunder which have not previously been delivered.

(d) At or before the Closing, Association shall deliver to Escrow Holder or City the following:

(i) the Closing Statement and License Agreement, both duly executed by Association;

(ii) the Purchase Price (less an adjustment for the Deposit) , together with any other amounts required for the close of Escrow and conveyance of the Property to Association; and

(iii) evidence reasonably acceptable to City that the documents delivered to City by Association have been duly authorized and executed on behalf of Association and constitute valid and binding obligations of Association.

(e) City and Association shall each deposit such other instruments as are reasonably required by Escrow Holder or otherwise required to close the Escrow and consummate the purchase of the Property in accordance with the terms hereof.

(f) The following are to be paid by Association or City or apportioned as of the Closing Date, as follows:

(i) Taxes. General real property taxes for the year in which Closing occurs together with assessments, property operating expenses, utilities and other recurring costs relating to the Property shall be apportioned as of the Closing Date on the basis of a thirty (30)-day month.

(ii) Escrow Costs. Because of Association's status as a public agency, no documentary transfer tax will be payable with respect to the conveyance contemplated by this Agreement, pursuant to California Revenue and Taxation Code Section 1192. Similarly, no recording fees will be payable with respect to the recording of the Grant Deed, pursuant to California Government Code Section 27383. Association shall pay all Escrow fees and costs attributable to conveyance of the Property pursuant to this Agreement and the cost of the Title Policy (collectively, "**Closing Costs**"). Escrow Holder shall provide an estimated closing costs statement to Association and City at least three (3) days prior to the Closing Date.

(iii) The provisions of this Subparagraph (f) shall survive the Closing.

12. Representations, Warranties and Covenants of City. As of the Effective Date, City represents and warrants to Association as follows:

(a) City is a public agency formed under the laws of the State of California. This Agreement and all documents executed by City which are to be delivered to Association at the Closing are and at the time of Closing will be duly authorized, executed and delivered by City, are and at the time of Closing will be legal, valid and binding obligations of City enforceable against City in accordance with their respective terms. City has obtained all necessary authorizations, approvals and consents to the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

(b) No Action. No attachments, execution proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization or other proceedings are pending against City, nor are any such proceedings contemplated by City;

(c) No Representations as to Property. There are no representations, agreements, arrangements, or circumstances, oral or written, between the parties relating to the subject matter contained in this Agreement that are not fully expressed in the Agreement, and City has not made and does not make any representation or warranty concerning any matter or thing affecting or relating to the Property, including but not limited to its fitness for a particular use, its physical condition or any other matter; and

(d) Sale “AS-IS”. Subject to City’s representations and warranties contained herein, Association’s election to purchase the Property will be based upon and will constitute evidence of Association’s independent investigation of the Property, its use, development potential and suitability for Association’s intended use, including (without limitation) the following: the feasibility of operating and maintaining the Property in compliance with the Use Covenant and Operating Covenant; the size and dimensions of the Property; the availability, cost and adequacy of water, sewerage and any utilities serving or required to serve the Property; the presence and adequacy of current or required infrastructure or other improvements on, near or affecting the Property; any surface, soil, subsoil, fill or other physical conditions of or affecting the Property, such as climate, geological, drainage, air, water or mineral conditions; the condition of title to the Property; the existence of governmental laws, statutes, rules, regulations, ordinances, limitations, restrictions or requirements concerning the use, density, location or suitability of the Property for any existing or proposed development thereof including but not limited to zoning, building, subdivision, environmental or other such regulations; the necessity or availability of any general or specific plan amendments, rezoning, zoning variances, conditional use permits, building permits, environmental impact reports, parcel or subdivision maps and public reports, requirements of any improvement agreements; requirements of the California Subdivision Map Act, and any other governmental permits, approvals or acts; the necessity or existence of any dedications, taxes, fees, charges, costs or assessments which may be imposed in connection with any governmental regulations or the obtaining of any required permits; and all of the matters concerning the condition, use, development or sale of the Property. City will not be liable for any loss, damage, injury or claim to any person or property arising from or caused by the use of the Property by Association.

Except with respect to a default by City hereunder (including a breach of City’s warranties and representations), Association at the Closing expressly waives its rights granted under California Civil Code Section 1542, which provides 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.”

Association’s Initials: _____ City’s Initials: _____.

13. Representations, Warranties and Covenants of Association. As of the Effective Date, Association hereby represents and warrants to City as follows:

(a) Association is acting on behalf of the State of California and is duly organized, validly existing and in good standing under the laws of the State of California. This Agreement and all documents executed by Association which are to be delivered to City at the Closing are and at the time of Closing will be duly authorized, executed and delivered by Association, are and at the time of Closing will be legal, valid and binding obligations of Association enforceable against Association in accordance with their respective terms, and do not and at the time of Closing will not violate any provision of any applicable law, any agreement or

judicial order to which Association is subject. Association shall comply with all applicable laws during the Feasibility Period with regard to the Property, Buildings, investigation activities, and any interaction, agreement or understanding with City. Association has obtained all necessary authorizations, approvals and consents to the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

(b) Association warrants that Association is a sophisticated owner and operator of real property, familiar and experienced with requirements for the investment, ownership, management and operation of real property. Association has examined the Property or will have done so by Closing, is or will be familiar with its physical condition, and accepts the Property in an “AS-IS” condition.

(c) Association has conducted or by the expiration of the Feasibility Period will conduct an independent investigation with respect to the use and improvement of the Property, and is, or by the expiration of the Feasibility Period will be, satisfied with the results of such investigation.

(d) The Property is being sold “AS-IS” and with all faults.

14. Environmental Matters/Release. As used in this Agreement, “**Hazardous Materials**” includes petroleum, asbestos, radioactive materials or substances defined as “hazardous substances,” “hazardous materials” or “toxic substances” (or words of similar import) in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Section 9601, et seq.), the Hazardous Materials Transportation Act (49 U.S.C. Section 1801, et seq.), the Resource Conservation and Recovery Act (42 U.S.C. Section 6901, et seq.), and under the applicable laws of California. Association must rely on its own investigation and not on any representation by City regarding Hazardous Materials. Association shall rely solely upon its own investigation and inspection of the Property and the improvements thereon and upon the aid and advice of Association’s independent expert(s) in purchasing the Property, and shall take title to the Property without any warranty, express or implied, by City or any employee or agent of City. City makes no representations regarding Hazardous Materials in, on or under the Property. City’s knowledge and disclosures regarding Hazardous Materials are limited to the contents of City’s Deliveries.

Accordingly, Association hereby expressly waives and relinquishes any and all rights and remedies Association may now or hereafter have against City, whether known or unknown, with respect to any past present, or future presence of Hazardous Materials on, under or about the Property or with respect to any past, present or future violations of any rules, regulations or laws, now or hereinafter enacted, regulating or governing use, handling, storage or disposal of Hazardous Materials, including, without limitation (i) any and all remedies Association may now or hereafter have under the Comprehensive Environmental Response Compensation and Liability Act of 1980 (“**CERCLA**”), as amended, and any similar law, rule or regulation, (ii) any and all rights Association may now or hereafter have against City under the Carpenter-Presley-Tanner Hazardous Substance Account Act (California Health and Safety Code, Section 25300 et seq.), as amended and any similar law, rule or regulation, and (iii) any and all claims, whether known or unknown, now or hereafter existing, with respect to the Property under Section 107 of CERCLA (42 U.S. C.A. § 9607).

ASSOCIATION HEREBY ACKNOWLEDGES THAT IT HAS READ AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542 (“SECTION 1542”), WHICH IS SET FORTH BELOW

“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.”

BY INITIALING BELOW, ASSOCIATION HEREBY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE MATTERS WHICH ARE THE SUBJECT OF THE FOREGOING WAIVERS AND RELEASES.

(Association’s Initials)

15. Continuation and Survival. All representations, warranties and covenants by the respective parties contained herein or made in writing pursuant to this Agreement are intended to and shall be deemed made as of the Effective Date or at such other dates as provided in this Agreement, shall be deemed to be material, and unless expressly provided to the contrary shall survive the execution and delivery of this Agreement, the Deed and the Closing for twelve (12) months.

16. Indemnity. Association agrees to indemnify City and the Property against, and to hold and save City and the Property harmless from, all claims, demands, suits, actions, damages, obligations, liabilities, losses, costs and expenses, including but not limited to attorneys’ fees and court costs, as a result of the Inspections; provided, however, that Association will not be obligated to indemnify City with respect to City’s own negligence. The foregoing indemnity shall survive termination of this Agreement. Association shall not suffer or permit any mechanic’s or materialmen’s or other lien to stand against the Property in connection with any labor, materials or services furnished or claimed to have been furnished by or on behalf of Association in connection with or as a result of any Inspections. If any such lien shall be filed against the Property, Association shall cause such lien to be discharged or bonded within thirty (30) days after such filing. Following any Inspections Association shall restore the Property to substantially its physical condition as existed prior to such inspection (except for any changes to the Property caused by City, or its agents or employees). Prior to any entry on the Property, Association and any consultants shall each at its sole cost provide proof of liability coverage with a combined single limit in an amount not less than One Million Dollars (\$1,000,000); City, its officers, directors, employees and agents, shall be named an additional insured on said policy; and Association and

its consultants shall furnish to City a certificate of insurance confirming such coverage prior to each party's entry on the Property.

17. Condemnation.

(a) City shall notify Association of any condemnation proceeding of which notice is received prior to the Closing. In the event a governmental entity other than City commences eminent domain proceedings to take any portion of the Property after the date hereof and prior to the Closing, then Association shall have the option to terminate this Agreement by written notice to City within ten (10) business days after Association first receives written notice from City of such condemnation notice. In the event of any such termination, Association and City shall each be liable for one-half of any escrow fees or charges, and neither party shall have any further liability or obligation under this Agreement.

(b) In the event a governmental entity other than City commences eminent domain proceedings to take any part of the Property after the date hereof and prior to the Closing, or in the event of any casualty to a material portion of the Property, and this Agreement is not terminated pursuant to Section 17(a), then the Closing shall occur as scheduled notwithstanding such proceeding or casualty; provided, however, that City's interest in all awards arising out of such proceedings or casualty shall be assigned to Association as of the Closing or delivered to Association at Closing if previously received by City. City's obligations pursuant to this Section 17(b) shall survive the Closing.

18. City's Cooperation with Association. At no cost to City, City shall cooperate and do all acts as may be reasonably required or requested by Association, with regard to the fulfillment of any Condition Precedent. City hereby authorizes Association and its agents to make all inquiries with and applications to any third party, including any governmental authority, as Association may reasonably require to complete its due diligence and satisfy the Conditions Precedent.

19. Brokers and Finders. Neither City nor Association has employed any real estate broker or other person or firm in connection with the purchase and sale of the Property or has had any contact or dealings regarding the Property, or had any communication in connection with the subject matter of this transaction, through any person who can claim a right to a commission or finder's fee in connection with the sale contemplated herein. In the event that any such broker or finder claims a commission or finder's fee based upon any contact, dealings or communication, the party through whom the broker or finder makes its claim shall be responsible for said commission or fee and all costs and expenses (including, without limitation, reasonable attorneys' fees) incurred by the other party in defending against the same. The party through whom any such other broker or finder makes a claim shall hold harmless, indemnify and defend the other party hereto, its successors and assigns, agents, employees, officers and directors, and the Property from and against any and all obligations, liabilities, claims, demands, liens, encumbrances and losses (including, without limitation, attorneys' fees), arising out of, based on, or incurred as a result of such claim. The provisions of this section shall survive the Closing or termination of this Agreement.

20. Dispute Resolution. All claims, disputes and matters and questions arising out of or relating to this Agreement or the breach thereof shall be resolved by mediation or arbitration in accordance with the following procedures.

a. Prior to demand for arbitration, the parties shall proceed as follows, as an express condition precedent to commencing formal claims against the other relating to or arising out of a dispute concerning this Agreement: The parties shall attempt in good faith to resolve any dispute arising out of or relating to this Agreement promptly by negotiation between executives who have authority to settle the controversy and who are at a higher level of management than the persons with direct responsibility for administration of this Agreement. Any party may give the other party written notice of any dispute not resolved in the normal course of business. Within 15 days after delivery of the notice, the receiving party shall submit to the other a written response. The notice and response shall include with reasonable particularity (a) a statement of each party's position and a summary of arguments supporting that position, and (b) the name and title of the executive who will represent that party and of any other person who will accompany the executive. Within 30 days after delivery of the notice, the executives of both parties shall meet at a mutually acceptable time and place.

b. Unless otherwise agreed in writing by the negotiating parties, the above-described negotiation shall end at the close of the first meeting of executives described above ("First Meeting"). Such closure shall not preclude continuing or later negotiations, if desired.

c. All offers, promises, conduct and statements, whether oral or written, made in the course of the negotiation by any of the parties, their agents, employees, experts and attorneys are confidential, privileged and inadmissible for any purpose, including impeachment, in arbitration or other proceeding involving the parties, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the negotiation.

d. At no time prior to the First Meeting shall either side initiate an arbitration or litigation related to this Agreement except to pursue a provisional remedy that is authorized by law or by JAMS Rules or by agreement of the parties. However, this limitation is inapplicable to a party if the other party refuses to comply with the requirements of this Section.

e. All applicable statutes of limitation and defenses based upon the passage of time shall be tolled while the procedures specified in Section 20(a) through 20(d), above, are pending and for 15 calendar days thereafter. The Parties will take such action, if any, required to effectuate such tolling.

f. If the dispute has not been resolved pursuant to the aforesaid negotiation or mediation procedure within sixty (60) days of commencement of such procedure (which period may be extended by mutual agreement), or if either Party will not participate in good faith in a mediation, then such dispute shall be resolved exclusively by binding arbitration administered by JAMS in accordance with its comprehensive arbitration rules (the "Rules"). The dispute shall be submitted to a sole arbitrator, which arbitrator shall be an individual skilled in the legal and business aspects of the subject matter of this Agreement and recommended by JAMS.

g. The Party desiring arbitration shall so notify the other Party and the JAMS in writing in accordance with the aforesaid Rules. The parties will cooperate with JAMS and with one another in selecting an arbitrator from the JAMS panel of neutrals and in scheduling the arbitration proceedings. The parties agree that they will participate in the arbitration in good faith and that they will share equally in its costs, subject to the Professional Fees provision (Section 21) of this Agreement.

21. Professional Fees. If arbitration or legal action is commenced to enforce or interpret any of the terms or provisions of this Agreement, the prevailing party in such action shall be entitled to an award of reasonable attorney's fees and costs incurred in connection with the prosecution or defense of said action. In addition, the prevailing party shall be entitled to recover any actual accounting, engineering or other professional fees reasonably incurred in said action or proceeding.

22. Miscellaneous.

(a) Notices. Any notice, consent or approval required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been given upon (i) hand delivery, (ii) one (1) business day after being deposited with Federal Express or another reliable overnight courier service for next day delivery, (iii) upon e-mail or facsimile transmission (except that if the date of such transmission is not a business day or if such transmission is made after 5:00 p.m. on a business day, then such notice shall be deemed to be given on the first business day following such transmission), or (iv) two (2) business days after being deposited in the United States mail, registered or certified mail, postage prepaid, return receipt required, and addressed as follows (or such other address as either party may from time to time specify in writing to the other in accordance herewith):

If to City: City of El Paso de Robles
1000 Spring Street
Paso Robles, CA 93446
Attn: Meg Williamson, Assistant City Manager
Phone: (805) 237-3888
Email: mwilliamson@prcity.com

With a copy to: Best Best & Krieger LLP
Attn: Iris P. Yang, City Attorney
500 Capitol Mall, Suite 1700
Sacramento, CA 95814
Phone: (916) 325-4000
Email: iris.yang@bbklaw.com

If to Association: 16th District Agricultural Association
PO Box 8
Paso Robles, CA 93447

Attn: Michael H. Bradley, Chief Executive Officer

(b) Successors and Assigns. Association shall not assign this Agreement or any rights of Association hereunder without City's prior written consent or approval, which approval shall be at City's sole discretion. City shall have the right to assign this Agreement. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors, heirs, administrators and assigns.

(c) Amendments. This Agreement may be amended or modified only by a written instrument executed by City and Association.

(d) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, and venue for any action related to the Property or this Agreement shall be in San Luis Obispo County.

(e) Construction. Headings at the beginning of each Section and subparagraph are solely for the convenience of the parties and are not a part of the Agreement. This Agreement shall not be construed as if it had been prepared by one of the parties, but rather as if both parties had prepared the same. Unless otherwise indicated, all references to Sections and subparagraphs are to this Agreement. All exhibits referred to in this Agreement are attached and incorporated by this reference.

(f) No Joint Venture. This Agreement shall not create a partnership or joint venture relationship between Association and City.

(g) Merger of Prior Agreements. This Agreement and the exhibits attached hereto constitute the entire agreement between the parties and supersede all prior agreements and understandings between the parties relating to the subject matter hereof, including without limitation, any letters of intent previously executed or submitted by either or both of the parties hereto, which shall be of no further force or effect upon execution of this Agreement.

(h) Time of the Essence. Time is of the essence of this Agreement. As used in this Agreement, a "business day" shall mean a day which is not a Saturday, Sunday or holiday (as set forth in California Government Code Section 6700). If the last date for performance by either party under this Agreement occurs on a day which is not a business day, then the last date for such performance shall be extended to the next occurring business day.

(i) Severability. If any provision of this Agreement, or the application thereof to any person, place, or circumstance, shall be held by a court of competent jurisdiction to be invalid, unenforceable or void, the remainder of this Agreement and such provisions as applied to other persons, places and circumstances shall remain in full force and effect.

(j) Further Assurances. Each of the parties shall execute and deliver any and all additional papers, documents and other assurances and shall do any and all acts and things reasonably necessary in connection with the performance of their obligations hereunder and to carry out the intent of the parties.

(k) Counterparts/Electronic Transmission. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but any number of which, taken together, shall be deemed to constitute one and the same instrument. If any party

uses facsimile-transmitted signed documents, or documents that have been signed, electronically scanned and attached to an e-mail transmission, Escrow Holder and the other party are authorized to rely upon such documents as if they bore original signatures; provided, however, that facsimile transmitted signed documents will not be accepted for recordation by the San Luis Obispo County Recorder.

(l) Exhibits. All exhibits attached hereto and referred to herein are incorporated herein as though set forth at length.

(m) Captions. The captions appearing at the commencement of the sections and paragraphs hereof are descriptive only and for convenience in reference. Should there be any conflict between any such caption and the section at the head of which it appears, the section and paragraph and not such caption shall control and govern in the construction of this Agreement.

(n) No Obligation To Third Parties. Execution and delivery of this Agreement shall not be deemed to confer any rights upon, directly, indirectly or by way of subrogation, nor obligate either of the parties hereto to, any person or entity other than each other.

(o) Waiver. The waiver by any party to this Agreement of the breach of any provision of this Agreement shall not be deemed a continuing waiver or a waiver of any subsequent breach, whether of the same or another provision of this Agreement.

(p) Interpretation. This Agreement has been negotiated at arm's length and between persons (or their representatives) sophisticated and knowledgeable in the matters dealt with in this Agreement. Accordingly, any rule of law (including California Civil Code Section 1654 and any successor statute) or legal decision that would require interpretation of any ambiguities against the party that has drafted it is not applicable and is waived. The provisions of this Agreement shall be interpreted in a reasonable manner to effect the purpose of the parties and this Agreement.

[Signatures on following page]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date written below.

CITY:

CITY OF EL PASO DE ROBLES, a municipal corporation of the State of California

By: _____
Thomas Frutchey
City Manager

Date: _____

Attest:

By: _____
Kristen L. Buxkemper, Deputy City Clerk

Approved as to Form:

By: _____
Iris P. Yang, City Attorney

ASSOCIATION:

THE STATE OF CALIFORNIA, acting by and through the 16TH DISTRICT AGRICULTURAL ASSOCIATION with the approval of the Department of Food and Agriculture and the Department of General Services

By: _____
Michael H. Bradley
Chief Executive Officer

Date: _____

EXHIBIT A

MAP OF THE PROPERTY

[to be inserted]

[including depiction of baseball field and portion of Gregory Avenue to be abandoned]

EXHIBIT b

LEGAL DESCRIPTION OF THE PROPERTY
[to be inserted per Section 2 of the Agreement]

EXHIBIT C

FORM OF DEED

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO, AND
MAIL TAX STATEMENTS TO:

Exempt from recording fees pursuant
to Government Code Section 27383

(Space Above Line for Recorder's Use Only)

APN: _____

GRANT DEED
WITH POWER OF TERMINATION AND RIGHT OF REVERTER

The undersigned Grantor(s) declare(s): City of El Paso de Robles is exempt from property taxes
Documentary transfer tax is \$_____.

- Computed on full value of property conveyed, or
- Computed on full value less value of liens and encumbrances remaining at time of sale.
- Unincorporated area City of El Paso de Robles

FOR VALUE RECEIVED, the CITY OF EL PASO DE ROBLES, a municipal corporation and political subdivision of the State of California (“Grantor”), grants to THE STATE OF CALIFORNIA, acting by and through the 16TH DISTRICT AGRICULTURAL ASSOCIATION, with the approval of the Department of Food and Agriculture and the Department of General Services (“Grantee”), all that certain real property situated in the City of El Paso de Robles, County of San Luis Obispo, State of California, described on Schedule 1 attached hereto and by this reference incorporated herein (the “Property”).

1. Use Covenant. Grantee hereby covenants and agrees, for itself and its successors and assigns, that the Property shall be used solely for purposes consistent with the Association’s Mission/Vision/Values/Beliefs as stated in the “Preamble of the 16th District Agricultural Association’s Strategic Plan” (the “Use Covenant”), described on Schedule 2 and attached hereto and by this reference incorporated herein.

2. Power of Termination; Reverter. Grantor shall have the right, at its option, to terminate the estate conveyed to Grantee, to reenter and take possession of the Property, with all

improvements thereon and to revest in City the estate theretofore conveyed to Grantee, if at any time after conveyance of title to Grantee, any of the following shall occur:

(a) Grantee shall abandon the Property and such abandonment or failure has not been cured within one hundred eighty (180) days after notice thereof from Grantor, provided however, if Grantee has begun to cure such abandonment within such one hundred eighty (180) day period and diligently pursues to cure such abandonment to completion Grantor shall not have the right to terminate such estate; or

(b) Upon commencement of any foreclosure proceedings under any encumbrance or lien affecting the Property; provided, however, if Grantee cures such foreclosure proceedings, the Grantor's rights shall not vest.

In the event Grantee, or its successor and assigns, at any time uses Property for purposes inconsistent with the Policies in violation of the Use Restriction, ownership of the Property shall revert to Grantor at Grantor's option. If Grantor exercises this option, Grantor shall pay Grantee Eight Hundred Thousand Dollars (\$800,000), plus the depreciated market value of any improvements constructed by Grantee.

The interest created pursuant to this Section 2 shall be a "Power of Termination" as defined in California Civil Code Section 885.010, and shall be separate and distinct from any other right of Grantee herein or under law. Grantor's Power of Termination, and any such revestment of title to the Property to Grantor shall be free and clear of any liens or encumbrances, and shall not be limited by or be subject to any mortgage, deed of trust or other security instrument, or any rights or interest that may be provided for the protection of the holder of such mortgages, deeds of trust or other security instruments.

As set forth above, this Section is intended to create and reserve in the Grantor a "Power of termination" under California law, and not a forfeiture prohibited by California law. To the extent that a court of competent jurisdiction determines that this Section does involve a forfeiture, however, the terms and provisions of this Section shall be strictly construed to minimize or eliminate any such forfeiture in light of the fact that Grantor is conveying the Property to Grantee for the specific purpose of use consistent with the 16th District Agricultural Association's Mission/Vision/Values/Beliefs Statement and other related activities in compliance with the Use Covenant and Operating Covenant.

3. Obligation to Refrain from Discrimination. Grantee covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property, or any part thereof, that there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall Grantee or any person claiming under or through Grantee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Property. The foregoing covenants shall run with the land.

4. The covenants contained in this Grant Deed shall be binding for the benefit of the Grantor, its successors and assigns, and any successor in interest to the Property or any part thereof, and such covenants shall run in favor of the Grantor and such aforementioned parties without regard to whether the Grantor is or remains an owner of any land or interest therein to which such covenants relate. The Grantor and such aforementioned parties, in the event of any breach of any such covenants, shall have the right to exercise all of the rights and remedies and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach. The covenants contained in this Grant Deed shall be for the benefit of and shall be enforceable only by the Grantor, its successors and such aforementioned parties.

5. Further Assurances. Grantor and Grantee agree to take any actions or execute any documents as may be reasonably necessary to finalize and execute the rights and covenants contained in this Grant Deed.

6. Notices. All notices required to be provided under this Grant Deed shall be provided in writing.

IN WITNESS WHEREOF, the Grantor and Grantee have caused this instrument to be executed on their behalf by their respective and duly-authorized officers this _____ day of _____, 2016.

GRANTOR:

CITY OF EL PASO DE ROBLES, a municipal corporation and political division of the State of California

By: _____
Name: _____
Its: _____

The provisions of this Grant Deed are hereby approved and accepted.

GRANTEE:

THE STATE OF CALIFORNIA, acting by and through the 16TH DISTRICT AGRICULTURAL ASSOCIATION with the approval of the Department of Food and Agriculture and the Department of General Services

By: _____
Name: _____
Its: _____

Notary Acknowledgment

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA
COUNTY OF _____

On _____, 20____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- Individual
- Corporate Officer

Title(s)

Title or Type of Document

- Partner(s) Limited
- General

Number of Pages

- Attorney-In-Fact
- Trustee(s)
- Guardian/Conservator
- Other:

Date of Document

Signer is representing:
Name Of Person(s) Or Entity(ies)

Signer(s) Other Than Named Above

Notary Acknowledgment

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA
COUNTY OF _____

On _____, 20____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory

evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature of Notary Public

OPTIONAL

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CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- Individual
 Corporate Officer

Title(s)

Title or Type of Document

- Partner(s) Limited
 General

Number of Pages

- Attorney-In-Fact
 Trustee(s)
 Guardian/Conservator
 Other:

Date of Document

Signer is representing:
Name Of Person(s) Or Entity(ies)

Signer(s) Other Than Named Above

SCHEDULE 1
LEGAL DESCRIPTION OF THE PROPERTY

SCHEDULE 2

MISSION/VISION/VALUES/BELIEFS STATEMENT OF THE 16TH DISTRICT
AGRICULTURAL ASSOCIATION

EXHIBIT D

MISSION/VISION/VALUES/BELIEFS STATEMENT OF THE 16TH DISTRICT
AGRICULTURAL ASSOCIATION

[to be inserted]



California's
16th District Agricultural Association
October 2016



Mission Statement

To serve as a gathering place to celebrate our dynamic community

Vision Statement

The 16th District Agricultural Association produces the California Mid-State Fair, which preserves, promotes and showcases agriculture, other industries, the arts, the talents of our citizens, and the traditions of our region, and maintains a dynamic and solvent year-round event center

We Value

- ✓ Trust
- ✓ Respect
- ✓ Integrity
- ✓ Self-sufficiency
- ✓ Education
- ✓ Professionalism
- ✓ Flexibility
- ✓ Safety
- ✓ Family
- ✓ Fun

Slogan

“America’s Favorite Fair”

We Believe...

We Believe...

..that 4-H, FFA and all youth activities which showcase competition, recognizes excellence and achievement and fosters experience based learning, will provide for a better tomorrow.

We Believe...

..that the Fair’s core foundation is centered in the mission of showcasing farm products, food and beverage systems, farming and ranching lifestyles and the agricultural service economy, all of which provide for a sustainable and innovative future within and beyond our community.

We Believe...

..that the Fair is about traditions and family based experiences that reflect our greater community and should provide diverse and engaging programing which demonstrate today, yesterday and our future. We welcome the representation of the region’s natural beauty, the arts, education, diverse cultures, technologies, growth industries, our history and natural resources.

We Believe...

..in public and private strategic partnerships that create unique opportunities, innovation which drives progress, superior customer service for all, cultivating change to advance our mission and in sustaining a fiscally sound business model.

We Believe...

..that People and their talents are our greatest resource and that the Heritage Foundation is our most important partner.

We Believe...

..that the California Mid-State Fair has no physical borders and represents what is current and traditional within and beyond our vast American culture.

We Believe...

..that the Paso Robles Event Center is “THE” gathering place on the Central Coast for local, statewide and national events. The Paso Robles Event Center will grow, improve and innovate to provide more options and broader use environments for expanded business events, cultural activities and non-profit usage.

We Believe...

..that the 16th District Agricultural Association is a significant economic contributor to the Central Coast region and the state providing in excess of \$59 million in direct economic contributions.

We Believe...

..that the Fair and Event Center are in a unique position to produce World Class Entertainment, to provide a nationally recognized Equestrian facility, to showcase the state’s fastest growing wine region while celebrating a vibrant beef cattle business in addition to the cultivation and marketing of other Central Coast farm and ranch products.

We Believe...

..in providing new opportunities for youth to excel, developing guest experiences that are safe, fun and comfortable, and in showcasing new, traditional and innovative programing that entertains, educates, and engages the audience.

Produced by:



ECONOMIC IMPACT OF CALIFORNIA CALIFORNIA MID-STATE FAIR



California Department of Food and Agriculture
 Division of Fairs and Expositions
 2800 Gateway Oaks, Ste 257
 Sacramento, CA 95833
www.cdfa.ca.gov/fairs_&_expositions/

NOTES

¹ "Fairs: Exploring a California Gold Mine" prepared by KPMG LLP, 2003 and California Fairs Statewide Economic Impacts, 2009 report.

² Same formula as prepared by KPMG LLP, 2003 and California Fairs Statewide Economic Impacts, 2009 report.

³ The Consumer Price Index (CPI)-adjusted 2012 formula that is used to estimate the overall spending impact for the California Mid-State Fair is: fair and event attendance multiplied by 50.86, plus fair operating expenditures multiplied by 3.60, rounded to the nearest thousand. Link: www.dof.ca.gov/html.fs_data/latesconddata/fs_price.htm.

⁴ The CPI-adjusted 2012 formula that is used to estimate the number of jobs created, directly and indirectly, for the California Mid-State Fair is: fair and event attendance multiplied by 0.00041, plus fair operating expenditures multiplied by 0.000031.

⁵ The CPI-adjusted 2012 formula to estimate the overall income earned by workers, directly and indirectly, for the California Mid-State Fair is: fair and event attendance multiplied by 14.51, plus fair operating expenditures multiplied by 1.03, rounded to the nearest thousand.

⁶ The tax impacts estimating methodology was developed from the 2003 economic impact study and is unique for each fair – F&E estimates that the total tax revenue generated by the California Mid-State Fair for a given year is 1.35% of the total spending created for that year, rounded to the nearest hundred.

LOCAL FAIR AND ATTENDEES' SPENDING SNAPSHOT – BY THE DOLLAR

The California Mid-State Fair is an economic engine generating tangible benefits beyond the educational, cultural and agricultural tradition.

- The California Mid-State Fair generated approximately \$57,965,000 in spending activity alone in 2012 – benefiting the local economy and creating a ripple effect of economic benefit for the state.
- In 2012, the network of California fairs generated upwards of \$3.1 billion in economic activity benefiting the local, state and global economy.¹

The California Mid-State Fair creates California jobs through an economic ripple effect of fair patron spending and the business activity required in support of the fair's traditional agricultural educational activities.

- In 2012, the equivalent of 484 jobs were created as a result of spending by the California Mid-State Fair, its support businesses and its attendees.
- In 2012, the labor income generated by these additional jobs was approximately \$16,560,000.

The California Mid-State Fair

generates business tax revenue through the collection of state and local sales taxes, transient occupancy taxes, possessory interest taxes and other taxes and fees. These revenues further generate economic activity by providing for programs to benefit the local community.



ECONOMIC IMPACT OF CALIFORNIA FAIRS

CALIFORNIA MID-STATE FAIR

ECONOMIC IMPACTS

The California Mid-State Fair, as part of the network of California fairs, provides an enormous return on investment in economic and other terms. Fairs celebrate our history and heritage. Fairs are an educational opportunity for youth, and provide wholesome entertainment for families. Livestock and 4-H programs celebrate and support California's vibrant agriculture sector. Children and people of all ages enter their artwork, baked goods, photography and other homemade products in pursuit of coveted blue ribbons. Many non-profit and charity-based organizations raise substantial portions of their annual budgets through fundraising booths and activities at fairs. Fairgrounds are even used as staging sites and rescue locations during forest fires, floods, earthquakes and other emergencies.

The network of California fairs has a significant impact on our economy. In 2012, Fairs infused upwards of \$3.1 billion into the California economy benefiting the local, state and global economy.²



PERSONAL INCOME

Income earned by fair and event workers also has a ripple effect on the economy – dollars they spend become income for other workers in the local area. Fair and other events held at the California Mid-State Fairgrounds in 2012 created approximately \$16,560,000 in overall salary and benefits for employees.⁵

TAX REVENUE

The direct and indirect economic activity created by fair events leads to revenues for state and local governments. Sales tax, possessory interest tax for the use of government property, transient occupancy taxes and business license taxes are paid as a result of fair event activities. Tax revenues to state and local governments generated by fairs and events held at the California Mid-State Fair in 2012 are estimated at approximately \$783,000.⁶



SPENDING

In 2012, 548,205 people attended fairs and events at the California Mid-State Fair. Fairgoers spent money on tickets, food, carnivals and other fair products and services. As well, fair organizers, concessionaires and commercial exhibitors spent money on supplies, lodging and meals. These purchases have a ripple effect on the local economy by infusing dollars that are spent again by others. Together, direct spending and indirect ripple effect spending represent a significant economic impact. For the California Mid-State Fair, events created a total spending impact of approximately \$57,965,000 on the local economy.³

JOBS

Jobs are created directly by fair organizations, exhibitors, carnivals and commercial businesses. Jobs are also created by the ripple effect of fair spending, causing additional employment by vendors, suppliers and businesses where goods and services are purchased in the community. Events at the California Mid-State Fairgrounds created the equivalent of 484 jobs in 2012.⁴



SUMMARY

The formulas for estimating a fair's economic impacts for a given year were developed from the 2003 economic impact study, adjusted by the consumer price index (CPI) and factoring that year's overall event attendance and operating expenditures. As such, they are estimates; however, they are also a clear indication of the importance of the impact of fair events on state and local economies.

The California Department of Food and Agriculture, Division of Fairs and Expositions will continue to assess and monitor the economic impact of fair events in order to provide relevant information to fair organizers, elected officials and interested community representatives.



Parcel 1
94,865 sq.ft.

SALE PROPERTY

246,556 Sq. Ft.

Parcel 2
310,257 sq.ft.

71,035 Sq. Ft.
NOT A PART

SCALE AT FULL SIZE 1 INCH = 60 FT
0 30 60 120

0 50 100 200 Feet
SCALE: 1" = 50'