

agf 01-194  
File# 16643

DGS RESD FILE NO. 5078-001  
DGS RESD RP NO. 63  
DGS RESD TRANSACTION NO. 110713

FL-007  
Fairgrounds  
State Trans #981101  
110713

LEASE AGREEMENT

THIS LEASE is made and entered into this 5<sup>th</sup> day of June, 2001,

by and between the COUNTY OF FRESNO, a political subdivision of the State of California, hereinafter referred to as "LESSOR," 2220 Tulare Street, 16th Floor, Fresno, California, 93721 and the STATE OF CALIFORNIA acting by and through the 21st District Agricultural Association, 1121 Chance Avenue, Fresno, CA 93702, hereinafter referred to as "LESSEE," with the approval of the California Department of General Services and the California Department of Food and Agriculture.

WITNESSETH:

WHEREAS, the property of the LESSOR hereinafter described is not now, and will not during the period of this Lease, be needed for County purposes, except as provided for herein.

WHEREAS, the LESSEE has used and desires to continue to use the real property hereinafter described for the purpose of holding agricultural fairs and other activities authorized by law for LESSEE to participate in or conduct, and;

WHEREAS, LESSEE is entitled to receive, has received, and does receive from time to time, various sums of money for the construction of buildings and permanent improvements and for the purpose of conducting and participating in various agricultural activities in accordance with the provisions of the Agricultural Code of the State of California in such case made and provided (Sections 4051 of the Agricultural Code), and as provided in other statutes applicable thereto; and,

WHEREAS, the Department of General Services and said Department of Food and Agriculture require that LESSEE have a lease of the premises upon which LESSEE erects improvements from the funds received by LESSEE in virtue of the provisions of law hereinabove referred to.

NOW, THEREFORE, in consideration of the covenants and agreements hereinafter contained and upon the terms and conditions set forth herein, LESSOR hereby leases to

1 LESSEE, and LESSEE hereby takes and hires from the LESSOR, those certain premises  
2 hereinafter described:

3 1. DESCRIPTION - The property known as the "Fresno County Fairgrounds," as  
4 more particularly shown <sup>OUTLINED IN RED</sup> ~~marked with dots~~ on the plat marked Exhibit "A," attached hereto  
5 and made a part hereof by reference, hereinafter referred to as the "premises."

6 2. TERM AND TERMINATION - The primary term of this Lease shall be for a period  
7 of twenty (20) years commencing on July 1, 2001, and terminating on June 30, 2021. It is  
8 further understood and agreed that LESSOR gives to LESSEE an option to continue on the  
9 premises under the same terms and conditions for an additional term of five (5) years after  
10 the primary term. Said option will be automatically exercised unless either LESSOR or  
11 LESSEE advises the other to the contrary by giving written notification not less than three  
12 hundred and sixty five (365) days before the last day of the primary lease term.

13 Furthermore, LESSOR and LESSEE may mutually terminate this lease at any  
14 time during the primary lease term, or additional term, upon the mutual written approval of  
15 such termination by duly authorized representatives of the parties.

16 3. MANNER OF GIVING NOTICE - All notices herein provided to be served, or  
17 which may be served, by either party to the other, shall be deemed complete when served  
18 personally on LESSOR or LESSEE, as applicable, or when made in writing and deposited  
19 in the United States mail, registered and postage prepaid, and addressed at the address  
20 stated above. The address to which the notices shall be mailed as aforementioned to  
21 either party shall be changed by written notice given by such party to the other, as  
22 hereinbefore provided.

23 4. COMPENSATION - The monetary consideration for this Lease is One and  
24 No/100 (\$1.00) Dollar per year paid annually in advance beginning July 1, 2001 and every  
25 year thereafter on the anniversary date of this Lease.

26 5. IMPROVEMENTS AND USE - LESSEE shall use the premises for the sole  
27 purpose of holding agricultural fairs and other activities authorized by law for LESSEE to  
28 participate in or conduct. LESSEE agrees to comply with all applicable laws, ordinances

1 and regulations in connection with its use of the premises. LESSOR makes no guarantee,  
2 representation, or warranty that said premises are safe or suitable for LESSEE'S intended  
3 use, or are in compliance with any or all applicable laws, ordinances and regulations for  
4 said use.

5 LESSEE agrees that subject to the provisions of Section 4051 of the  
6 Agricultural Code of the State of California, as amended from time to time, and to such  
7 other laws in such case made and provided, that LESSEE, subject to the approval of its  
8 annual operating budget by the Board of Directors of the 21<sup>st</sup> District Agricultural  
9 Association, will expend during the current operating year its budgeted improvement funds  
10 and any special allocated improvement project funds for construction and improvement in  
11 constructing buildings and improvements on the leased premises, all subject to the  
12 approval of the proper agency of the State of California and/or such other agencies of the  
13 State of California as shall have jurisdiction of supervision over the acts and functions of  
14 LESSEE.

15 All buildings existing on the premises as of the date of this Lease were erected  
16 upon the premises in accordance with the master plan for the development and  
17 improvement of the premises prepared or approved by the Department of General  
18 Services of the State of California, or such other State agency as was charged with the  
19 supervision of LESSEE'S functions, per the terms of the Lease Agreement entered into  
20 between LESSOR and LESSEE dated March 16, 1948. Any other improvements to be  
21 erected on or removed from the premises shall first be approved by the Board of Directors  
22 of the 21st District Agricultural Association.

23 It is agreed that the provisions of this Lease are subject to any existing leases  
24 or occupancy rights existing with respect to any portion of the premises.

25 LESSOR agrees that during the term of this Lease it will not, without the written  
26 consent of LESSEE, establish or be a party to the establishment of a county fair, at any  
27 location within the County of Fresno, as that term is used in the Agricultural Code of the  
28 State of California, save and except the fair conducted by LESSEE on the premises

1 pursuant to the terms hereof.

2 LESSOR agrees to permit LESSEE to remove all improvements constructed by  
3 LESSEE on the premises, with or without the prior permission of LESSOR, within ninety  
4 (90) days of expiration of this Lease, or service of written notice of termination of this  
5 Lease by LESSOR upon LESSEE, whichever is sooner, otherwise said improvements  
6 shall become the sole property of the LESSOR upon termination of this Lease.

7 6. MAINTENANCE OF LEASED PREMISES - The LESSEE agrees not to  
8 commit, suffer or permit any waste or nuisance on said premises, and not to use or permit  
9 the use of said premises for any illegal or immoral purposes. LESSEE further agrees to  
10 comply with all applicable State and Federal laws, and other governmental regulations.  
11 The LESSEE agrees to permit the LESSOR or its agents to enter said premises at any  
12 reasonable time to inspect same.

13 At the conclusion of any fair held by LESSEE or any other function held by  
14 LESSEE, LESSEE shall forthwith cause the premises to be put in a neat, clean and tidy  
15 condition, and shall at its own cost and expense dispose of all debris or rubbish resulting  
16 therefrom.

17 7. LESSOR'S USE OF PREMISES - LESSEE shall make available for LESSOR'S  
18 use those parking lots labeled Kings Canyon Avenue Parking Lot and Hamilton Avenue  
19 Parking Lot as shown cross-hatched on Exhibit "A," attached hereto and incorporated  
20 herein by reference. Said use shall be for LESSOR'S employee parking on Mondays  
21 through Fridays and at such times as such property is not used by LESSEE for its annual  
22 agricultural fair and/or scheduled interim events. Upon request, LESSOR agrees to  
23 vacate said property seven days before commencement of LESSEE'S annual agricultural  
24 fair until seven days after the fair's conclusion and one day before scheduled interim  
25 events. For any requested parking lot vacation, LESSEE agrees to relocate LESSOR'S  
26 employee parking to the fenced lot on the southeast corner of Butler and Maple. Should  
27 the Butler/Maple lot be unavailable, LESSEE shall provide a comparable location for  
28 LESSOR'S employee parking. LESSOR shall be notified in writing two (2) weeks in

1 advance of any scheduled interim event that will result in an interference with LESSOR'S  
2 use of the parking lots as provided herein. LESSEE will provide security for LESSOR'S  
3 vehicles parked at the alternate location during the duration of the relocation. LESSOR  
4 agrees to bear the expenses arising from its use of the Kings Canyon Avenue and  
5 Hamilton Avenue parking lots, including utility charges such as electricity. Said amount to  
6 be mutually agreed upon by the parties hereto.

7 It is also understood that LESSOR may need certain access rights,  
8 permanently or temporarily, over, under or across said premises for installation of utilities,  
9 communication facilities, etc. Approval of said access rights shall be given to LESSOR by  
10 letter from the Chief Executive Officer of the 21st District Agricultural Association within  
11 ten (10) days of receipt of any such request from LESSOR for said access rights.

12 8. BONDS, ASSESSMENTS, FEES, ETC. - LESSEE shall be responsible for, and  
13 pay for upon receipt, any bonds, assessments, fees or other charges assessed to the  
14 premises by any agency so assessing. LESSOR agrees that LESSEE shall have the right  
15 to seek review from the LESSOR in all matters relating to all Bonds, Assessments, Fees,  
16 etc.

17 9. ENFORCEMENT OF THE AGREEMENT - If default or breach shall be made in  
18 any of the covenants or agreements on the part of the LESSEE contained in this Lease,  
19 LESSOR may, at its option, at any time after such default or breach and upon giving  
20 LESSEE a thirty (30) day prior written notice, re-enter and take possession of said  
21 premises and remove all persons or property therefrom. Upon LESSEE'S receipt of said  
22 notice, LESSEE shall have sixty (60) days to cure the default or breach outlined in  
23 LESSOR'S written notice. However, nothing contained herein shall prevent LESSOR from  
24 seeking any other legal or equitable remedies in a court of law which arise from such  
25 breach or default.

26 10. ATTORNEY'S FEES - If a dispute occurs over matters arising out of or pertaining  
27 to the Lease, or if any action is brought between LESSOR and LESSEE over matters arising  
28 out of or pertaining to the Lease, the opposing party shall pay prevailing party's legal fees,

1 costs and expenses, including attorney's fees in a reasonable sum.

2 11. SUCCESSORS AND ASSIGNS - The parties hereby each bind themselves,  
3 their respective successors and assigns with respect to all terms and conditions of this  
4 Lease. The LESSEE shall not assign or transfer its rights or obligations under this Lease,  
5 or sub-lease said premises or any portion thereof, without the prior written consent of the  
6 LESSOR.

7 12. INDEMNITY AND INSURANCE - LESSEE shall maintain, during the term of  
8 this Lease, the insurance coverage set forth below:

9 a. Comprehensive General Liability, including premises liability, automobile  
10 liability, products liability, contractual liability and completed operations liability, with limits  
11 of not less than five million dollars (\$5,000,000) per occurrence. Such coverage shall  
12 extend to LESSOR'S property in the care, custody and control of LESSEE. County of  
13 Fresno is to be named as an additional insured.

14 b. Workers Compensation insurance with limits sufficient to comply with the  
15 statutory requirements of the California Labor Code.

16 Insurance coverage shall be underwritten by one or more carriers licensed to  
17 transact insurance in the State of California. Within ten (10) days of the signing of this  
18 Lease, LESSEE shall provide a Certificate of Insurance as evidence of the coverage. In  
19 lieu of the purchase of insurance, LESSEE may elect to self-insure any and all required  
20 insurance coverages utilizing self-insurance reinsurance.

21 LESSEE hereby agrees to defend (with attorneys satisfactory to LESSOR),  
22 indemnify and hold LESSOR, its officers, employees and agents harmless from and  
23 against any and all liability, loss, expense (including reasonable attorneys' fees), or claims  
24 for injury or damages arising out of LESSEE'S use or occupancy of said premises, or as a  
25 result of the use or occupancy of said premises by LESSEE'S licensees, invitees, guests,  
26 officers, employees and agents.

27 This Lease acknowledges that as between LESSOR and LESSEE, regarding  
28 use of the parking lots as set forth in Paragraph 7, LESSOR is responsible only for losses

1 arising from the negligence of its employees.

2 13. HAZARDOUS WASTE - LESSEE shall not use or allow anyone else to use the  
3 premises to generate, manufacture, refine, transport, treat, store, handle, recycle, release  
4 or dispose of any hazardous material, other than as reasonably necessary for the  
5 operation of the LESSEE'S activities as contemplated under this Lease. The term  
6 "hazardous material" means any hazardous substance, material or waste, including but  
7 not limited to those listed in 49 CFR 172.101 (US Department of Transportation), the  
8 Cal/EPA Chemical Lists of lists, or petroleum products and their derivatives. However, this  
9 shall not apply to the use of petroleum products and related substances incidental to  
10 operation of motorized equipment and vehicles whose operation on the premises is  
11 contemplated by this Lease. LESSEE shall immediately notify LESSOR in writing upon  
12 becoming aware of any release of hazardous material, violation of any environmental law  
13 or actions brought by third parties against the LESSEE alleging environmental damage.  
14 The term "applicable law" shall include federal, state and local statutes, regulations, rules,  
15 ordinances, and all other governmental requirements.

16 Receipt of such notice shall not be deemed to create any obligation on the part  
17 of LESSOR to defend or otherwise respond to any such notification.

18 LESSEE shall pay for all costs associated with, and defend (with attorneys  
19 satisfactory to LESSOR), indemnify and hold harmless LESSOR from claims, damages,  
20 expenses, encumbrances, fees, fines, penalties or costs (including, but not limited to, legal  
21 fees; the costs of notice to any other person; the costs of environmental or technical risk  
22 assessment; any cleanup or remedial costs; including costs associated with securing  
23 clean up or remedial from sub-lessees, licensees, or invitees of the LESSEE, the costs of  
24 any monitoring, sampling or analysis; and any diminution in property value or losses due to  
25 non-rentability arising out of or in any way connected with the presence of any hazardous  
26 material on the premises or LESSEE'S alleged violation of applicable law). This obligation  
27 shall not apply if LESSEE did not violate any applicable law or act negligently with respect  
28 to, or otherwise contribute to, the condition or the hazard posed by the condition.

1 The duties set forth in this paragraph shall survive the termination of this Lease.

2 14. RELOCATION ASSISTANCE WAIVER - LESSEE waives all right to which  
3 LESSEE may be entitled to for relocation assistance under California Government Code  
4 Section 7260, et. seq. with regard to the Lease.

5 15. ENTIRETY - This lease supersedes all existing leases between the parties  
6 hereto, covering the demised premises, and such previous leases are hereby rescinded.

7 16. VENUE - Venue for any legal action arising out of this Lease shall only be  
8 Fresno County, California. The rights and obligations of the parties and all interpretation  
9 and performance of this Lease shall be governed in all respects by the laws of the State of  
10 California.

11 17. RIGHT OF FIRST REFUSAL - As material consideration for LESSEE entering  
12 into this Lease, LESSOR hereby grants to LESSEE a "Right of First Refusal" to acquire  
13 the property outlined in this Lease deemed as the fairgrounds proper, in addition to the two  
14 (2) adjacent properties described below. This Right of First Refusal to acquire property  
15 shall be valid for the term of this Lease and any exercised renewal. In the event LESSOR  
16 elects to make either one or all properties available on the basis of a sale, exchange, gift,  
17 or lease or any transaction that will transfer title or control of said property(s) during the  
18 term of this Lease and any exercised extension, the LESSOR agrees to provide LESSEE  
19 notice in writing at least ninety (90) days prior to LESSOR'S scheduled availability date for  
20 the property(s). Said notice shall be by registered mail directed to the LESSEE. Upon  
21 the receipt date of said notice, LESSEE shall have a period of sixty (60) days to reach  
22 agreement with the LESSOR on the terms and conditions for the purchase of the  
23 property(s). After the sixty (60) day period has expired, or upon LESSOR'S receipt of a  
24 written waiver notice, LESSOR shall be free to make the property(s) available to any third  
25 party. This Right of First Refusal shall apply to all properties noted, regardless if they  
26 become available together or on an individual basis.

27 Property #2: Land and improvements on the southeast corner of Kings Canyon  
28 and Chance Avenues, more particularly marked "Social Services" on the attached plat

1 marked Exhibit "A."

2 Property #3: Land and improvements on the southwest corner of Kings Canyon  
3 and Maple Avenues, more particularly marked "Bldg. Maint. Yard" on the attached plat  
4 marked Exhibit "A."

5 IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed  
6 as of the day and year first above written.

7 ATTEST: SHARI GREENWOOD, CLERK  
8 BOARD OF SUPERVISORS

9 By   
10 Deputy

11 APPROVED AS TO LEGAL FORM:  
12 PHILLIP S. CRONIN, COUNTY COUNSEL

13 By   
14 Deputy

15 APPROVED AS TO ACCOUNTING FORM:  
16 GARY W. PETERSON,  
17 AUDITOR-CONTROLLER/TREASURER-  
18 TAX COLLECTOR

19 By 

20 APPROVED:  
21 CALIFORNIA DEPARTMENT OF  
22 FOOD AND AGRICULTURE

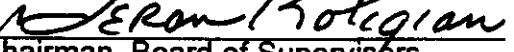
23 By 

24 APPROVED:  
25 CALIFORNIA DEPARTMENT OF  
26 GENERAL SERVICES

27 By   
28 Tom Hurley, Leasing Manager

Org. No. 01300100  
Rev. Acct. 3404

LESSOR  
COUNTY OF FRESNO

By   
Chairman, Board of Supervisors

LESSEE  
STATE OF CALIFORNIA  
21st District Agricultural Association

By , CEO

By , PRESIDENT

RECOMMENDED FOR APPROVAL:

By   
Janet L. Coleman, Acting Director  
of Administrative Services

By   
Michael Stump, Real Estate Officer

WEST HALF OF SECTION 12, T.14 S. R. 20 E.

KINGS CANYON AVE.



CEDAR AVE.

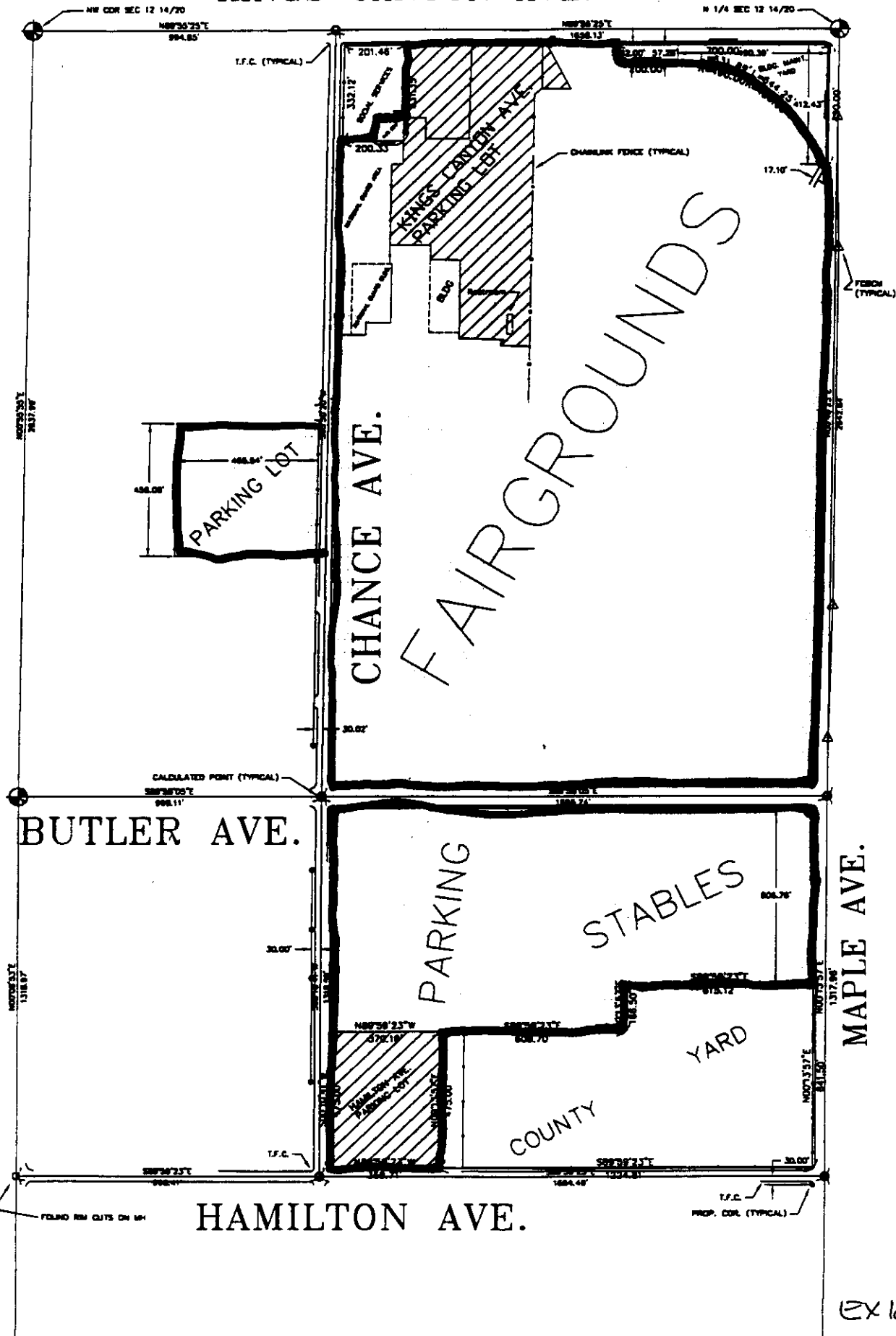


EXHIBIT A

**RECEIVED**

AUG 29 2001

FRK. BOARD OF SUPERVISOR