



Board Agenda Item 35

DATE: April 17, 2018

TO: Board of Supervisors

SUBMITTED BY: Robert W. Bash, Director of Internal Services/Chief Information Officer

SUBJECT: Second Amendment to Lease Agreement FL-007 with the 21st District Agricultural Association (Big Fresno Fair)

RECOMMENDED ACTION(S):

1. **Approve and authorize the Chairman to execute Second Amendment to the Lease with the State of California acting by and through the 21st District Agricultural Association (the Association, commonly known as the Big Fresno Fair) to exclude the two properties known as the Fuel, Maintenance & Support (FMS) building and the Butler building, both located at 911 S. Chance, Fresno, from the County's leased Fairground premises, and grant the Association the same "right of first refusal" for such buildings under the Lease as for acquiring the Fairgrounds and certain other adjoining specified County properties.**
2. **Authorize the Director of Internal Services/Chief Information Officer (Director) to provide notice to the Association (a) that, because the State of California - Military Department (Guard) terminated its Lease with the County for the Guard's use of the Armory building, located at 911 S. Chance, Fresno, the Association may use the Armory building, under the Lease, as further amended by the Second Amendment, and (b) the Internal Services Department's (ISD) new address, 333 W. Pontiac Way, Clovis, CA, 93612, for receiving notices under the Lease.**

There is no Net County Cost associated with the recommended action. Approval of the recommended actions would (1) exclude from the County's leased Fairground premises the two properties known as the FMS building and the Butler building, and grant the Association the same "right of first refusal" for such buildings under the Lease as for acquiring the Fairgrounds and certain other adjoining specified County properties; and (2) authorize the Director to provide notice to the Association (a) that, because the Guard terminated its lease with the County for the Armory building, the Association may use the Armory building under the Lease, (b) ISD's new address for receiving notices under the Lease. All three building were vacated by the Guard, and as a result, the Armory building, which remains part of the County's leased Fairground premises, under the Lease, now may be used by the Association under the Lease. This item pertains to property located in District 3.

ALTERNATIVE ACTION(S):

Your Board may reject the recommended action. But the Armory building would still remain part of the Lease to the Association.

FISCAL IMPACT:

There is no Net County Cost associated with the recommended action. If the recommended action is

approved, the Armory building will remain as part of the Lease to the Association.

DISCUSSION:

On June 5, 2001, the Board of Supervisors entered into a 20-year Lease with the Association at an annual lease rate of \$1 for the purpose of holding agricultural fairs. The Lease originally provided that it would expire on June 30, 2021 and would be automatically extended for an additional 5-year term unless terminated by either party giving a 365-day notice before the last day of the Lease term. The County retained portions of the property for department use, namely the Social Services property and the Facility Services (Building Maintenance Yard) property, and granted the Association a "right of first refusal" to purchase the Fairground premises, the Social Services property (at the corner of Kings Canyon and Chance) and the Building Maintenance Yard property (at the corner of Kings Canyon and Maple) should any be listed for surplus and sale (or lease, exchange, or gift).

On September 28, 2004, the Board approved First Amendment to the Lease to extend the term of the Lease an additional 33 years to expire on June 30, 2054.

On September 21, 2017, Internal Services Department (ISD) - Lease Services received a 180-day notice of termination of a lease, on behalf of the CA National Guard (the Guard), from the State of California, Department of General Services, Lease FL-113. In accordance with the terms of the County-Guard Lease (Lease FL-113), dated January 20, 1953, and as amended, the FMS building, the Butler building and the Armory building have been vacated by the Guard. The Guard had been subleasing (as a sublease to that County-Guard lease) the Armory building to the Association annually for a 30-day period for the purposes of holding an agricultural fair.

On April 3, 2018, the Board adopted a Resolution accepting and expressing gratitude to the Guard for the non-monetary donation of the FMS building, the Butler building, and the Armory building, and taking related actions. All of these buildings now are owned by the County.

The Armory building has been part of the County's leased Fairground premises, under the Lease with the Association, and the Armory building remains part of the such premises. But while the pre-existing, County-Guard Lease was in effect, the ability to use the Armory building under the County's Lease with the Association had been subject to any "existing leases or occupancy rights with respect to an portions of the premises." In other words, County was limited in its ability to lease the Armory building to the Association while the pre-existing County-Guard lease was in effect.

The Board's approval of the recommended actions would (1) exclude from the County's leased Fairground premises the FMS building and the Butler building, and grant the Association the same "right of first refusal" for such buildings under the Lease as for acquiring the Fairgrounds and certain other adjoining specified County properties; and (2) authorize the Director to provide notice to the Association (a) that, because the Guard terminated its lease with the County for the Armory building, the Association may use the Armory building under the Lease, and (b) ISD's new address for receiving notices under the Lease.

If the Board approves the recommended actions, the Armory building now may be used by the Association under the Lease (which is the subject of this item) "for the sole purposes of holding agricultural fairs and other activities authorized by law for the [Association] to participate in or conduct," as further amended by the Second Amendment.

REFERENCE MATERIAL:

BAI # 3, May 22, 2001
BAI # 34B, June 5, 2001
BAI # 36, September 8, 2004

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Agreement
On file with Clerk - First Amendment
On file with Clerk - Second Amendment

CAO ANALYST:

Juan Lopez