

**DATE:** 12-5-2014  
**MEETING OF:** 12-16-2014  
**FROM:** David Kegebein  
**RE:** AHP Long Term Lease

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**BACKGROUND:**

After considerable time and effort this is the latest proposal from DGS. While there is possibly still some minor wiggle room with DGS this is pretty close to if not their final offer.

As previously mentioned to the board I recommend including some payment to AHP for Yesterdays Farm as part of the entertainment budget to offset some of the rental fees within the DGS proposal.

I am putting this out for comment / feedback from the board members before attempting to finalize with AHP, 14<sup>th</sup> DAA, & DGS.

**FISCAL IMPACT:**

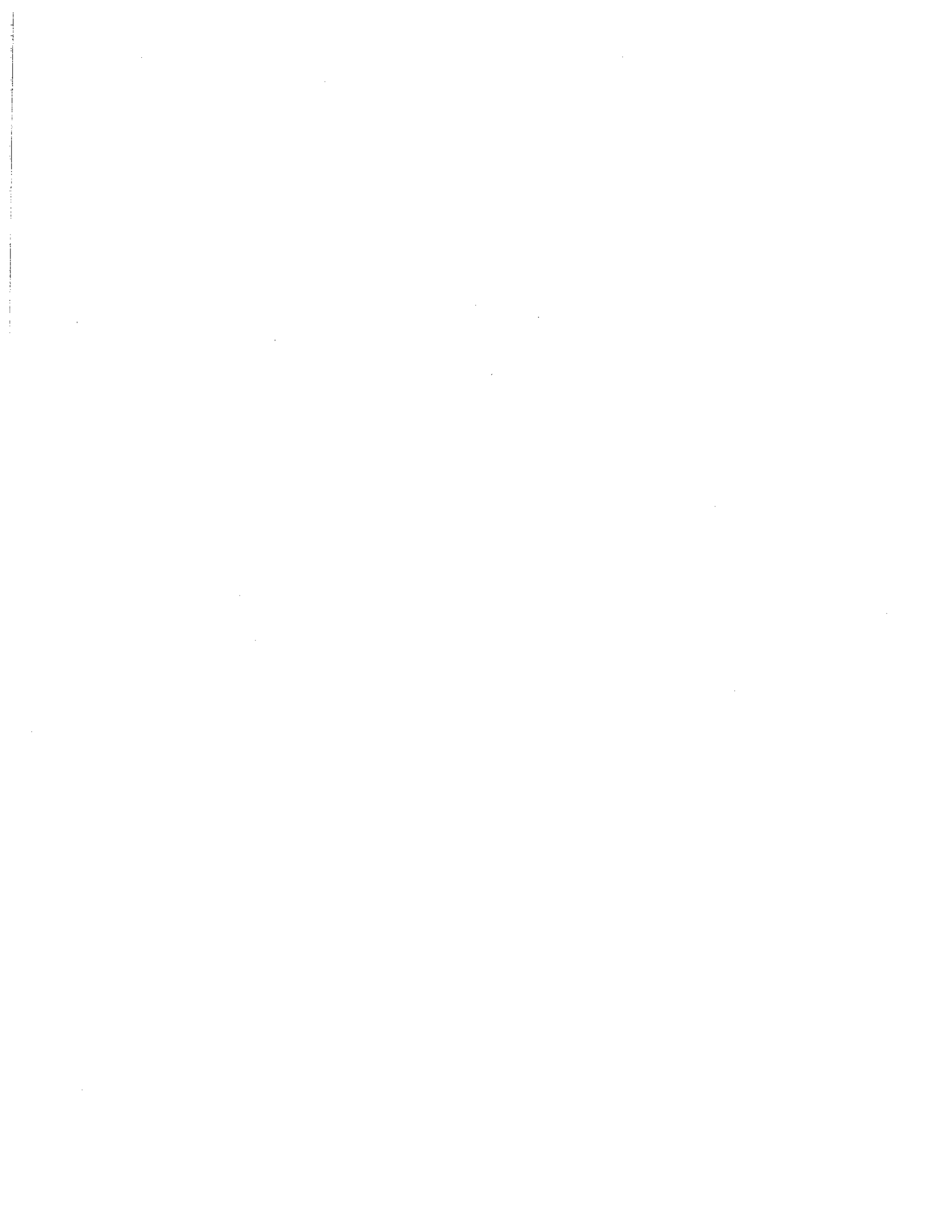
Can be mitigated so that the 14<sup>th</sup> DAA continues to receive the benefits that AHP brings to the fairgrounds without substantial impact on the AHP budget.

**STAFF RECOMMENDATION:**

Accept the fact that it is not perfect and move on !

**ATTACHMENTS**

- Proposed 30 year Lease



<b>Location of Leased Premises</b> <b>SANTA CRUZ COUNTY FAIR</b>  <b>2601 EAST LAKE AVENUE</b> <b>Watsonville, California 95076</b>
<b>Agency</b> <b>STATE OF CALIFORNIA</b>  <b>14TH DISTRICT AGRICULTURAL ASSOCIATION</b>

**GROUND LEASE AGREEMENT**

**Lease No.: L-2622**

**Lessee: AGRICULTURAL HISTORY PROJECT**

This LEASE, dated for reference purposes only, March 18, 2014, is made by and between the State of California, acting by and through the 14th District Agricultural Association, with the consent of the Department of Food and Agriculture, and the review and approval of the Director of Department of General Services (DGS), hereinafter collectively referred to as "STATE"; and the Agricultural History Project, a California non-profit corporation, a 501(c)(3) corporation hereinafter referred to as "LESSEE".

**RECITALS**

**WHEREAS**, pursuant to Food and Agricultural Code Section 3332(m), STATE, with the approval of the Director of the Department of General Services, is authorized to let the State's real property for any purpose for any period of time; and

**WHEREAS**, the 14TH DISTRICT AGRICULTURAL ASSOCIATION has under its jurisdiction certain real property in the COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA, commonly referred to as the SANTA CRUZ COUNTY FAIR GROUNDS; and

**WHEREAS**, LESSEE desires to lease the property described herein from STATE; and

**WHEREAS**, it is in the best interests of the STATE that such a Lease be consummated between STATE and LESSEE on the terms and conditions herein contained.

**NOW THEREFORE**, the parties agree to the provisions that follow and are incorporated herein as:

- Section 1: Site Specific Provisions
- Section 2: Ground Lease Specific Provisions
- Section 3: Standard Provision
- Section 4: Exhibit "A"

## SECTION 1 –SITE SPECIFIC PROVISIONS

### WITNESSETH

**PROPERTY  
DESCRIPTION**

1. (a) STATE does hereby lease to LESSEE and LESSEE does hereby hires from STATE a portion of the Santa Cruz County Fair Grounds, Assessor's Parcel Number 051-491-01, consisting of two non-contiguous tracts of land, 1.98 acres and 1.84 acres totaling approximately 3.82 acres situated on a 101.911 acre agricultural site. The Fair Grounds are situated at 2601 East Lake Avenue, referred to as "Premises", in the COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA, as depicted on Exhibit A, which is attached hereto and made part hereto including:

(b) Access: Non-exclusive right of ingress and egress shall be provided via the main Fairgrounds Entrance Road.

(c) Parking and Restroom Facilities: Non-exclusive use of the parking areas and restroom facilities shall be provided to LESSEE with the LESSEE remunerating the LESSOR for its pro-rata share based on use of repairing, replacing and maintaining those portions of the Fair Grounds. The LESSOR shall submit an invoice to the LESSEE for said pro-rata expenses annually on the anniversary date of this lease agreement.

**USE**

2. (a) During the term of this lease, LESSEE shall operate an agricultural museum and living history farm ("project") on the premises. The leasehold improvements consist of a retaining wall along the northerly boundary, three buildings, an amphitheater, paving and landscaping.

(b) LESSEE shall at its sole cost and expense, comply with all of the requirements of all Municipal, State and Federal statutes, laws, ordinances and regulations now in force, or which may be in force pertaining to LESSEE's facilities on the Premises.

**TERM**

3. The term of this Lease shall be for ten (10) years, commencing on April 1, 2014 and terminating on March 31, 2024. The LESSEE shall have two consecutive ten (10) year option periods. Rental remuneration for each ten (10) year option period shall be adjusted based on Fair Market Rent determined by the Department of General Services.

**RENT  
PAYMENTS**

4. STATE has concluded that the monthly "Fair Market Rent" for the use of the grounds as designated herein at the Santa Cruz Fair Grounds to be in the sum of:

**FOUR HUNDRED EIGHTY NO/100 DOLLARS (\$480) Per Month.**

The rental rate shall be adjusted upward annually by 3%.

Rental payments shall be paid by the LESSEE, on the first day of each month during said term as follows:

April 1, 2014 through March 31, 2015	\$480
April 1, 2015 through March 31, 2016	\$494
April 1, 2016 through March 31, 2017	\$509
April 1, 2017 through March 31, 2018	\$524
April 1, 2018 through March 31, 2019	\$540
April 1, 2019 through March 31, 2020	\$556

## SECTION 1 –SITE SPECIFIC PROVISIONS

April 1, 2020 through March 31, 2021	\$573
April 1, 2021 through March 31, 2022	\$590
April 1, 2022 through March 31, 2023	\$608
April 1, 2023 through March 31, 2024	\$626

LESSEE's payments shall display State's Lease Number L-2622 and shall be mailed to the following address:

14th District Agricultural Association  
Santa Cruz County Fair  
2601 East Lake Avenue  
Watsonville, CA 95076

Attn: Accounts Receivable - (L-2622)

LESSEE acknowledges that rent and past due rent shall be due and payable to STATE whether or not an actual invoice is sent by STATE or received by LESSEE.

**EARLY  
TERMINATION**

5. Either Party may terminate this Lease at any time, during the term of the lease, by giving written notice, as defined in the "Notices Paragraph" of this lease at least ninety (90) days prior to the effective date of the termination.

**UTILITIES**

6. LESSEE shall have the right to draw electricity and telephone and other utilities from the existing utilities on the Premises for its operations. LESSEE shall cover all expenses associated with installation and usage.

**HOLDING  
OVER &  
LEASE  
RENEWAL**

7. (a) Any holding over by LESSEE after expiration or termination shall not be considered as a renewal or extension of this lease. The occupancy of the Premises after the expiration or termination of this Lease shall constitute a month to month tenancy, and all other terms and conditions of this Lease shall continue in full force and effect; provided, however, that said holdover tenancy shall be subject, at STATE's sole discretion, to market rent increases payable monthly in advance.

(b) STATE offers and LESSEE accepts no assurance that the Premises or any other comparable space or facilities at the site described herein will be made available to LESSEE beyond the term stated above or as said term is reduced as provided herein.

**MAINTENANCE**

8. LESSEE has examined and inspected the Premises, is satisfied with the physical condition of same and accepts same in its present "as is" physical condition. Throughout the term of this Lease, the LESSEE agrees to keep and maintain all portions of the Premises. The maintenance and repair of the LESSEE's permanent improvements is the sole responsibility of the LESSEE.

## SECTION 1 –SITE SPECIFIC PROVISIONS

### NOTICES

9. (a) All notices or other communications required or permitted hereunder shall be in writing with Lease Number L-2622 prominently displayed, and shall be personally delivered (including by means of professional messenger service) or sent by overnight courier, or sent by registered or certified mail, postage prepaid, return receipt requested to the addresses set forth below.
- (b) All such notices or other communications shall be deemed received upon the earlier of (1) if personally delivered or sent by overnight courier, the date of delivery to the address of the person to receive such notice, or (2) if mailed as provided above, on the date of receipt or rejection, when received by the other party if received Monday through Friday between 6:00 a.m. and 5:00 p.m. Pacific Time so long as such day is not a state or federal holiday and otherwise on the next day provided that if the next day is Saturday, Sunday, or a state or federal holiday, such notice shall be effective on the following business day.

### TO STATE: DEPARTMENT OF GENERAL SERVICES

Department of General Services  
Real Estate Services Division  
SOLD (L-2622)  
P.O. Box 989052  
West Sacramento, CA 95798-9052

Department of General Services  
Real Estate Services Division  
SOLD (L-2622)  
707-3rd Street, MS 505  
West Sacramento, CA 95605

### NOTICES CONT.

### TO STATE: 14TH DISTRICT AGRICULTURAL ASSOCIATION

14th District Agricultural Association  
Santa Cruz County Fair  
2601 East Lake Avenue  
Watsonville, CA 95076

### TO LESSEE: AGRICULTURAL HISTORY PROJECT

Agricultural History Project  
P.O. Box 1181  
Watsonville, CA 95077

## SECTION 1 –SITE SPECIFIC PROVISIONS

**DISPOSITION OF  
IMPROVEMENTS**

10. (a) Permanent improvements that the LESSEE has constructed on the premises are the LESSEE'S property as long as the lease remains in effect, including any period of extension or holdover with consent of the STATE.

(c) At the expiration, cancellation, or termination of this lease, the LESSEE'S permanent improvements shall at the Discretion of STATE either become the property of the STATE or be removed from the premises and the premises restored to a clean and well-ordered physical condition acceptable to the STATE within 120 days after the expiration, cancellation, or termination date of this lease. All costs of demolishing and removing LESSEE's improvements shall be the responsibility of the LESSEE.

**SEPARATE  
COUNTERPARTS**

11. This Lease may be executed in separate counterparts, each of which when so executed shall be deemed to be an original. Such counterparts shall, together, constitute and be one and the same instrument.

**End of Section 1**

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## SECTION 2 – GROUND LEASE SPECIFIC PROVISIONS

1. **ROAD ACCESS AND FEES.** STATE hereby makes no representation regarding ingress and egress rights via the access road that serves the Premises. LESSEE agrees to the following terms and conditions regarding the use of said access road:

(a) LESSEE shall exercise its right personally or through its authorized agents, employees, contractors, invitees or servants whenever it is necessary.

(b) LESSEE shall use said road at its sole risk and avoid traveling upon it to the greatest practical extent at all times when weather conditions are such that excessive damage to the road surface may result from such use, and further, LESSEE shall, at its expense, promptly repair any road damage caused by its use, including such road surface protective features as water drains, berms, culverts or asphalt road services.

2. **ACCESS TO PREMISES.** Only the LESSEE, its properly qualified and authorized agents, employees, contractors, invitees and servants, shall have the right of ingress to and egress from said Premises. The leased premises shall be available to the LESSEE from 8:00 AM to 5:00 PM Monday through Friday.

3. **DISPOSITION OF LESSEE'S PERSONAL PROPERTY.**

(a) During the term of this Lease, all wires, equipment, and other personal property placed in, upon, or under the

Premises by LESSEE shall remain the property of LESSEE and shall be removed by LESSEE, at its sole cost and expense within ninety (90) days after expiration or termination of LESSEE's tenancy.

(b) Should LESSEE fail to remove said equipment and personal property within ninety (90) days after expiration or termination of the Lease, STATE may do so at the risk of LESSEE. Upon written demand by STATE, LESSEE shall immediately pay all costs and expenses of the removal of LESSEE's personal property and equipment.

(c) LESSEE may, however, with written consent of STATE, abandon in place any and all of LESSEE's equipment and personal property, whereupon, as abandoned, title to said improvements will vest in STATE.

4. **LESSEE GUARANTEES.** LESSEE hereby guarantees any and all work or services performed by LESSEE or LESSEE's properly qualified or authorized agents, employees, contractors and servants, in order to accomplish the installation and/or maintenance of their improvements. Should the interruption or failure of STATE's existing computer or building support systems occur due to, or in anyway be connected with LESSEE's installation and/or maintenance of LESSEE's equipment, all costs to repair or replace STATE's existing systems will be the sole responsibility of LESSEE.

**End of Section 2**

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## SECTION 3 – STANDARD PROVISIONS

1. **PERMITS AND APPROVALS.** The parties agree that LESSEE's ability to use the Premises is dependent upon LESSEE obtaining all of the certificates, permits, licenses, and other approvals that may be required from any third party. STATE will cooperate with LESSEE at no expense to STATE, in LESSEE's effort to obtain such approvals in connection with said permits, licenses or other approvals.
2. **LEASE MODIFICATION FEES.** An administration review fee shall be assessed for any action originated by LESSEE requiring lease administration or technical review staff work by STATE, such as but not limited to, name changes, assignments of Lease which result in an amendment to, or assignment of this Lease. To initiate such services, LESSEE must submit a written request to DGS. The administration fee will be assessed at the prevailing rate in effect at the time the request is received. LESSEE will be required to remit the administration review fee to the DGS address listed in the "Notices" Clause of this Lease. If the request is found to be complex and/or requires non-standard handling for administrative services, the transaction will be billed at the DGS current hourly rate for the actual additional hours required to complete the requested administrative review services.
3. **DEFAULT.** LESSEE shall make all payments to STATE without deduction, default or delay. In the event of the failure of LESSEE to do so, or in the event of a breach of any of the other terms, covenants or conditions herein contained on the part of LESSEE to be kept and performed, and if such default continues for a period of thirty (30) days after receipt of written notice from STATE to LESSEE of such default, this Lease may, at STATE's sole discretion, be terminated. In the event of termination of this Lease, it shall be lawful for STATE to reenter into and upon the Premises and every part thereof and to remove and store at LESSEE's expense all property there from and to repossess and occupy the Premises. In the event STATE terminates this Lease pursuant to this Clause, STATE shall not be required to pay LESSEE any sum or sums whatsoever.
4. **INTEREST ON PAST DUE OBLIGATIONS.** STATE may charge interest, for any amount due to STATE but not paid when due, at a rate equal to the annual maximum rate allowable by law from the due date. Payment of such interest together with the amount due shall excuse or cure any default by LESSEE under the "Default" Clause herein.
5. **COMPLIANCE WITH LAWS.** LESSEE shall at its sole cost and expense comply with all the statutes, laws, ordinances and regulations of all municipal, state and federal authorities now in force or which may hereafter be in force pertaining to the Premises and use of the Premises as provided by this Lease.
6. **FAILURE TO PERFORM.** In the event of the failure, neglect, or refusal of LESSEE to do, or perform work, or any part thereof, or any act or thing in this Lease provided to be done and performed by LESSEE, STATE will, at its option, have the right to do and perform the same, and LESSEE hereby covenants and agrees to pay STATE the cost thereof on demand.
6. **ASSIGNMENT, SUBLETTING & CHANGE IN USE.** This Agreement, with prior written notice to STATE, may be assigned or transferred by the LESSEE to LESSEE's principal, affiliates, subsidiaries of its principal; to any entity which acquires all or substantially all of LESSEE's assets. The Property is located by reason of a merger, acquisition or other business reorganization. LESSEE shall comply with applicable provisions as stated in Section 3, Clause 2, "**Lease Modification Fees**" hereof.

As to other parties, LESSEE shall not transfer or assign ("assign" shall include any transfer of any ownership interest in the Lease by LESSEE or by any partner, principal, or controlling stockholder, as the case may be, from the original LESSEE, its partner or principal) this Lease, and shall not sublet, license, permit or suffer any use of the Premises or any part thereof, or lease space in any building or tower constructed on the land, or provide communications equipment for the use of others without first obtaining the written consent of STATE, which consent is at the sole discretion of STATE.
8. **RIGHTS RESERVED BY STATE.**
  - (a) STATE reserves the right to use the real property involved (not including real property installed, erected or constructed by LESSEE) in any manner, including but not limited to the right to construct, place, maintain, use, operate, repair, replace, alter and move pipelines, conduits, culverts, ducts, fences, poles, electrical energy, power and communication lines, roads, bridges, subways, sidewalks, to grant easements over, across, upon and under said real property, and the continuous right of ingress to and egress from any portion or portions of said real property in such manner as not to create any unreasonable interference with the exercise of the rights granted to LESSEE.
  - (b) Any grant herein contained is subject to all valid and existing contracts, leases, licenses, easements, encumbrances and claims of title which may affect said facility.
  - (c) No priority or other rights will attach to the use of any space in STATE's building or on said facility.
9. **PROHIBITED USES.** LESSEE shall not commit, suffer or permit any waste or nuisance on the Premises or on STATE property or any acts to be done thereon in violation of any laws or ordinances, and shall not use or permit the use of the Premises for any illegal or immoral purposes. No dumping or refuse by LESSEE is permitted at the Premises. LESSEE agrees not to cut or remove any trees or brush thereon except as approved in writing in advance by STATE. LESSEE agrees that it shall at all times exercise due diligence in the protection of the Premises and STATE's property against damage or destruction by fire or other cause.
10. **FIRE AND CASUALTY DAMAGES.** STATE will not keep improvements which are constructed or installed by LESSEE under the provisions of this Lease insured against fire or casualty, and LESSEE shall make no claim of any nature against STATE by reason of any damage to the business or property of LESSEE in the event of damage or destruction by fire or other cause, arising other than from or out of negligence or willful misconduct of agents or employees of STATE in the course of their employment.

## SECTION 3 – STANDARD PROVISIONS

11. **ACTS OF NATURE.** If any of LESSEE's improvements or equipment is destroyed by acts of nature, LESSEE may replace them with improvements or equipment of the same general type that meets or exceeds the technical specifications of the original equipment that occupies no more physical space and that consumes no more electrical power. LESSEE shall immediately notify STATE of such items and the date the replacement is completed.
12. **HAZARDOUS WASTE.** LESSEE agrees that it shall comply with all laws, federal, state, or local, existing during the term of this Lease pertaining to the use, storage, transportation, and disposal of any hazardous substance as that term is defined in such applicable law.
- (a) In the event STATE or any of its affiliates, successors, principals, employees, or agents should incur any liability, cost, or expense, including attorney's fees and costs, as a result of the LESSEE's illegal or alleged illegal use, storage, transportation, or disposal of any hazardous substance, including any petroleum derivative, the LESSEE shall indemnify, defend, and hold harmless any of these individuals against such liability.
- (b) Where the LESSEE is found to be in breach of this Clause due to the issuance of a government order directing the LESSEE to cease and desist any illegal action in connection with a hazardous substance, or to remediate a contaminated condition caused by the LESSEE or any person acting under LESSEE's direct control and authority, LESSEE shall be responsible for all costs and expenses of complying with such order, including any and all expenses imposed on or incurred by STATE in connection with or in response to such government order.
- (c) In the event a government order is issued naming the LESSEE, or the LESSEE incurs any liability during or after the term of the Lease, in connection with contamination which pre-existed, the LESSEE's obligations and occupancy under this Lease or which were not caused by the LESSEE, STATE will hold harmless, indemnify, and defend the LESSEE in connection therewith and shall be solely responsible as between LESSEE and STATE for all efforts and expenses therefore.
13. **CONDITION OF PREMISES.**
- (a) LESSEE is aware of the current condition of the Premises and accepts the Premises in its "as is" condition, subject to the provisions of Section 1, subset 1(c) as evidenced in Exhibit "A" attached to this Lease. LESSEE accepts the Premises as being in good order, condition and repair, unless otherwise specified herein, and agrees that on the last day of the term, or sooner termination of this Lease, to surrender up to STATE the Premises, with any appurtenances or improvements therein, in the same condition as when received, reasonable use and wear thereof and damage by act of God, excepted.
14. **VACATING THE PREMISES.** LESSEE shall, on the last day of said term or sooner termination of this Lease, peaceably and quietly leave, surrender, and yield up to STATE, the Premises in good order, condition, and repair, reasonable use and wear thereof and damage by acts of nature, excepted.
15. **RECOVERY OF LEGAL FEES.** If action is brought by STATE for the recovery of any rent due under the provisions hereof or for any breach hereof, or to restrain the breach of any agreement contained herein, or for the recovery of possession of said Premises, or to protect any rights given to STATE against LESSEE, and if STATE will prevail in such action, the LESSEE shall pay to STATE such amount in attorney's fees in said action as the court shall determine to be reasonable, which shall be fixed by the court as part of the costs of said action.
16. **TAXES AND ASSESSMENTS.** LESSEE agrees to pay all lawful taxes, assessments or charges that at any time may be levied upon any interest in this Lease. It is understood that this Lease may create a possessory interest subject to property taxation and LESSEE may be subject to the payment of property taxes levied on such interest.
17. **NON-DISCRIMINATION.**
- (a) In the performance of this Lease, the LESSEE shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of race, religious creed, color, national origin, ancestry, physical disability (including HIV and AIDS), mental disability, medical condition, age (over 40), marital status, sex, sexual orientation, or use of family care leave. LESSEE shall ensure that the evaluation and treatment of its employees and applicants for employment are free from such discrimination and harassment.
- (b) Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer, recruitment or recruitment advising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.
- (c) LESSEE shall comply with the provisions of the Fair Employment and Housing Act (Government Code Section 12990 (a-f) et seq.) and the applicable regulations promulgated there under (California Code of Regulations, Title 2, Section 7285 et seq.) The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Lease by reference and made a part thereof as if set forth in full. LESSEE shall give written notice of its obligations under this clause to any labor organizations with which they have collective bargaining or other agreement. Further, LESSEE shall post in conspicuous places available to employees and applicants for employment, notices to be provided by STATE setting forth the provisions of this Fair Employment Practices Section. (Government Code, Section 12920-12994).
- (d) Remedies for willful violations:
- (1) STATE may determine a willful violation of the Fair Employment Practices provision to have occurred upon the receipt of a final judgment having that effect from a court in an action to which LESSEE was a party, or upon receipt of a written notice from the Fair Employment Practices Commission that it has investigated and determined that the LESSEE has violated the Fair Employment Practices Act and has issued an order pursuant to the appropriate provisions of the Government Code.

## SECTION 3 – STANDARD PROVISIONS

(2) STATE will have the right to terminate this Lease and any loss or damage sustained by STATE by reason thereof will be borne and paid for by the LESSEE.

### 18. INSURANCE.

#### COMMERCIAL GENERAL LIABILITY

SUBLESSEE shall maintain general liability with limits of not less than \$1,000,000 aggregate for bodily injury and property damage liability combined. The policy shall include coverage for liabilities arising out of Premises, operations, independent contractors, products, completed operations, personal & advertising injury, and liability assumed under an insured contract. This insurance shall apply separately to each insured against whom claim is made or suit is brought subject to the SUBLESSEE's limit of liability.

The policy must include State of California, Department of General Services, SUBLESSEE, and their officers, agents, employees and servants as additional insureds, but only insofar as the operations under the SUBLEASE are concerned.

#### AUTOMOBILE LIABILITY

SUBLESSEE shall maintain motor vehicle liability with limits of not less than \$1,000,000 per accident for bodily injury and property damage. The State of California and Department of General Services are to be additional insured with respect to liability arising out of all vehicles owned, hired and non-owned.

#### WORKERS' COMPENSATION

SUBLESSEE shall maintain statutory workers' compensation and employer's liability coverage for all its employees who will be engaged in the performance of the SUBLEASE, including special coverage extensions where applicable. Employer's liability limits of \$1,000,000 shall be required, and the policy shall include a waiver of subrogation in favor of the State of California.

#### GENERAL REQUIREMENTS

SUBLESSEE shall ensure that the following general requirements are met:

a. Insurance Companies must be acceptable to Department of General Services, Office of Risk and Insurance Management.

b. SUBLESSEE shall provide STATE with a true copy of the policy in place providing coverage for General Liability, within thirty (30) days after each insurance policy renewal.

c. Coverage needs to be in-force for complete term of this SUBLEASE. If insurance expires during the term of the SUBLEASE, a new certificate must be received by the STATE within thirty (30) days of the expiration date of the existing policy. This new insurance must still meet the terms of the original contract.

d. Insurance policies shall contain a provision that coverage will not be cancelled without thirty (30) days prior written notice to the STATE.

e. SUBLESSEE is responsible for any deductible or self-insured retention contained within the insurance program.

f. In the event SUBLESSEE fails to keep in effect at all times the specified insurance coverage, the STATE may, in addition to any other remedies it may have, terminate this SUBLEASE upon the occurrence of such event, subject to the provisions of this SUBLEASE.

g. Any insurance required to be carried shall be primary, and not excess, to any other insurance carried by the STATE.

h. If SUBLESSEE is self-insured in whole or in part as to any of the above described types and levels of coverage, SUBLESSEE shall provide STATE with written acknowledgment of this fact at the time of the execution of this SUBLEASE. If, at any time after the execution of this SUBLEASE, SUBLESSEE abandons its self-insured status, SUBLESSEE shall immediately notify STATE of this fact and shall comply with all of the terms and conditions of this Insurance clause pertaining to policies of insurance in regard to those types and levels of insurance.

i. It is agreed that STATE shall not be liable for the payment of any premiums or assessments on the required insurance coverage.

19. **HOLD HARMLESS INDEMNIFICATION.** The LESSEE and LESSOR are Governmental Agencies of the State of California and hold harmless and indemnify each for all liabilities and claims arising from injury or loss.

20. **LOSSES.** STATE will not be responsible for losses or damage to personal property, equipment or materials of LESSEE and all losses shall be reported to STATE immediately upon discovery.

21. **DEBT LIABILITY DISCLAIMER.** DGS and the 12<sup>th</sup> District Agricultural Association are not liable for any debts, liabilities, settlements, liens or any other obligations of the LESSEE or its heirs, successors or assigns. DGS and the 12<sup>th</sup> District Agricultural Association and its agencies, departments and divisions will not be liable for and will be held harmless by LESSEE and for any claims or damages associated with any contract, tort, action or inaction, error in judgment, act of negligence, intentional tort, mistakes, or other acts taken or not taken by the LESSEE, its employees, agents, servants, invitees, guests or anyone acting in concert with or on behalf of the LESSEE. DGS and the 12<sup>th</sup> District Agricultural Association have no obligation to defend or undertake the defense on behalf of the LESSEE or its heirs, successors or assigns. LESSEE shall defend the State of California and its agencies, departments and divisions from any claims, actions, lawsuits, administrative proceedings or damages associated with any contract, tort, action or inaction, error in judgment, act of negligence, intentional tort, mistakes, or other acts taken or not taken by the LESSEE, its employees, agents, servants, invitees, guests, or anyone acting in concert with or on behalf of the LESSEE.

22. **RELOCATION PAYMENTS.**

(a) In the event that STATE terminates this Lease pursuant to its terms, LESSEE acknowledges and agrees that it has no claim against the STATE for Relocation Payments, Relocation Advisory Assistance, or costs pursuant to the

## SECTION 3 – STANDARD PROVISIONS

Government Code sections 7260 et seq., or any regulations implementing or interpreting such sections. LESSEE further agrees that it has no claim in either law or equity against the STATE for damages or other relief should the Lease be terminated, and waives any such claims it may have.

(b) In the event subleasing, under the terms of this Lease, is permitted, LESSEE shall incorporate this Clause into the sublease. Failure to do so may obligate LESSEE for damages and costs resulting from claims for relocation payments by sublessee.

23. **SMOKING RESTRICTIONS.** Smoking shall not be allowed inside any building, or within 20 feet of any entrance or operable window of any building.
24. **RECORDING.** LESSEE shall not record this Lease or a short form memorandum thereof. Any such recordation will, at the option of STATE, constitute a non-curable default by LESSEE hereunder.
25. **AUTHORITY TO CONTRACT.**

If LESSEE is a public, private or non-profit corporation, each individual executing this Lease on behalf of said LESSEE shall provide evidence, which is acceptable to STATE, that he/she is duly authorized to execute and deliver this Lease on behalf of said LESSEE in accordance with a duly adopted resolution of the Board of Directors or in accordance with the Bylaws of said Board, and that this Lease is binding upon said Board of Directors in accordance with its terms.
26. **PARTNERSHIP DISCLAIMER.** LESSEE its agents and employees shall act in an independent capacity and not as officers or employees of STATE. Nothing herein contained will be construed as constituting the parties herein as partners.
27. **CEQA.** Any physical changes made to the improvements by LESSEE or its agents shall comply with the California Environmental Quality Act (CEQA).
28. **BANKRUPTCY.** In no event shall this Lease or the leasehold estate become an asset of LESSEE in bankruptcy, receivership or other judicial proceedings. LESSEE shall be in default under this Lease and the provisions of the "Default" Clause hereof shall apply in the event of any of the following: (a) LESSEE becomes insolvent or makes an assignment for the benefit of creditors, (b) a petition in bankruptcy is filed by or against LESSEE, (c) a writ of execution is levied against this Lease or the leasehold estate, (d) LESSEE abandons or vacates or does not continuously occupy or safeguard the Premises.
29. **AMENDMENTS AND MODIFICATIONS.** No amendment, modification, or supplement to this Lease shall be binding on either party unless it is in writing and signed by the party to be bound by the modification.
30. **MUTUAL CONSENT.** Notwithstanding anything herein contained to the contrary, this Lease may be terminated and

the provisions of the Lease may be altered, changed, or amended by mutual consent of the parties hereto in writing.

31. **FORCE MAJEURE.** If either LESSEE or STATE will be delayed or prevented from the performance of any act required hereunder by reason of acts of God, governmental restrictions, regulations or controls (except those reasonably foreseeable in connection with the uses contemplated by this Lease) or other cause without fault and beyond the control of the party obligated (except financial inability), performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

Nothing in this Clause shall excuse LESSEE from prompt payment of any rent, taxes, insurance or any other charge required of LESSEE, except as may be expressly provided in this Lease.
32. **WAIVER.** If STATE waives the performance of any term, covenant or condition contained in this Lease, such waiver shall not be deemed to be a waiver of that or any subsequent term, covenant or condition. Failure by STATE to enforce any of the terms, covenants or conditions of this Lease for any length of time shall not be deemed to waive or decrease STATE's right to insist thereafter upon strict performance by LESSEE. Waiver by STATE of any term, covenant, or condition contained in this Lease may only be made by a written document properly signed by an authorized STATE representative.
33. **ENTIRE AGREEMENT.** This Lease and its exhibits constitute the entire agreement between STATE and LESSEE. No prior written or prior, contemporaneous or subsequent oral promises or representations shall be binding.
34. **CLAUSE HEADINGS.** All Clause headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Lease and successors in interest of the parties hereto.
35. **SEVERABILITY.** If any term, covenant, condition, or provision of this Lease or any application thereof, to any extent, is found invalid, void, or unenforceable by a court of competent jurisdiction, the remainder of this Lease will not be affected thereby, and will be valid and enforceable to the fullest extent permitted by law.
36. **SUPERSEDEURE.** This Lease supersedes and voids any prior license, lease or agreement between STATE and LESSEE identified in this Lease with regards to the Premises.
37. **BINDING.** The terms of this Lease and covenants and agreements herein contained shall apply to and shall bind and inure to the benefit of the heirs, representatives, assigns
38. **ESSENCE OF TIME.** Time is of the essence for each and all of the provisions, covenants and conditions of this Lease.

## **SECTION 3 – STANDARD PROVISIONS**

**End of Section 3**

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This Lease, together with its exhibits, contains all the agreements of the parties hereto and supersedes any prior Lease or negotiations. There have been no representations by the STATE or understandings made between the STATE or LESSEE other than those set forth in this Lease and its exhibits. This Lease may not be modified except by a written instrument duly executed by the parties hereto.

**IN WITNESS WHEREOF**, this Lease has been executed by the parties hereto as of the first date written below.

**STATE OF CALIFORNIA**

**LESSEE**

DIRECTOR OF DEPARTMENT OF  
GENERAL SERVICES

AGRICULTURAL HISTORY PROJECT  
A CALIFORNIA NON-PROFIT CORP.  
A 501 (C) (3) CORPORATION

By: \_\_\_\_\_  
**TONY PSIHOPAIDAS, ASST. CHIEF**  
State Owned Leasing & Development

By: \_\_\_\_\_  
**AUTHORIZED SIGNATORY**

\_\_\_\_\_  
Date Executed

**Consent of:**

**Consent of:**

14TH DISTRICT AGRICULTURAL ASSOCIATION  
DEPARTMENT OF FOOD & AG DIVISIONS OF  
FAIRS AND EXPOSITIONS

By: \_\_\_\_\_  
**DAVID KEGEBEIN, CEO**

By: \_\_\_\_\_  
**JOHN QUIROZ, DIRECTOR**

**Recommended for Approval**  
DEPARTMENT OF GENERAL SERVICES

By: \_\_\_\_\_  
**MARK MCGUIRE**  
REAL ESTATE OFFICER