

CALIFORNIA CODES
FOOD AND AGRICULTURAL CODE
SECTION 4051-4060

4051. An association, with the approval of both the Department of Food and Agriculture and the Department of General Services, may do any of the following:

(a) Contract.

(b) Purchase, acquire, hold, sell, exchange, or convey any interest in real or personal property and beautify or improve that property. Any acquisition of land or other real property shall be subject to the Property Acquisition Law (Part 11 (commencing with Section 15850) of Division 3 of Title 2 of the Government Code).

(c) Lease, let, or grant licenses for the use of its real estate or personal property, or any portion of that property, to any person or public body for whatever purpose may be approved by the board.

(d) Use or manage its real estate or personal property, or any portion of that property, for any or all of the purposes of this section jointly with any lessee, sublessee, or licensee, or otherwise use or manage the property in connection with the lease, sublease, or license which is made or granted.

(e) Lease or let its real property for public park, recreational, or playground purposes.

(f) Rent or permit the use of its premises for any purpose which is beneficial to the **agricultural** industry, including, but not limited to, the holding of sales or auctions of cattle or other livestock.

(g) Contract with any county or county fair association for holding a fair jointly with the county or county fair association. The joint fair is a district fair of the association.

(h) Make permanent improvements upon publicly owned real property adjacent to real property of the district when the improvements materially benefit the property of the district.

(i) Pledge any and all revenues, moneys, accounts, accounts receivable, contract rights, and other rights to payment of whatever kind, pursuant to such terms and conditions as are approved by the board. The revenues, moneys, accounts, accounts receivable, contract rights, and other rights to payment of whatever kind pledged by the association or its assignees constitute a lien and security interest which immediately attaches to the property so pledged and is effective, binding, and enforceable against the association, its successors, purchasers of the property so pledged, creditors, and all others asserting rights therein, to the extent set forth, and in accordance with, the terms and conditions of the pledge, irrespective of whether those persons have notice of the pledge and without the need for any physical delivery, recordation, filing, or further act.

4051.1. (a) Notwithstanding any other provision of law, in accordance with procedures established by the board, the board may enter into agreements to secure donations, memberships, and corporate and individual sponsorships, and may enter into marketing and licensing agreements for the receipt of money, or services or products in lieu of money, and may employ, or create and participate in an entity, or enter into an agreement with an entity or person to

develop, solicit, sell, and service these agreements. The compensation for the entity or person shall be established by the board.

(b) Written notification to the department shall be required prior to creating an entity for the activities described in this section and prior to entering into any agreement for activities described in this section if the agreement exceeds one hundred thousand dollars (\$100,000) in value, exists for a period of greater than two years, or contemplates the building of a permanent structure on fair property. The department may, upon reasonable notice, examine the books and records of any entity created pursuant to this section.

4051.2. An association shall not enter into a settlement agreement for an amount greater than ten thousand dollars (\$10,000) without the prior approval of the department.

4052. An association shall not lease its racetrack for running races of horses to any private person, firm, or corporation, except to a national or international exposition or its affiliated corporations or associations for the period of time which is now permitted by law for fairs.

4053. The Director of Food and Agriculture may make available for the use of any association any property of the state which is suitable for the purposes of the association and which has been obtained by the state by gift from any county or city, or otherwise, without cost to the state.

4054. (a) If the board of an association, by resolution adopted by vote of two-thirds of all its members, finds and determines that the public interest and necessity require the acquisition of any building or improvement that is situated on property that is owned by the association, in trust or otherwise, or of any outstanding rights to that property, with the approval of the department and the association, the building, improvement, or outstanding rights may be acquired by eminent domain pursuant to the Property Acquisition Law (Part 11 (commencing with Section 15850) of Division 3 of Title 2 of the Government Code).

(b) The use by the association of its property shall be considered a more necessary public use than the use of the property by any grantee, lessee, or licensee for the purposes that are specified in Section 4051.

(c) Notwithstanding Article 5 (commencing with Section 25450) of Chapter 5 of Division 2 of Title 3 of the Government Code, or Sections 10108 and 10308 of the Public Contract Code, the board of an association or governing board of a county fair, by resolution adopted by vote of two-thirds of all its members, may purchase materials and lease equipment for not in excess of twenty thousand dollars (\$20,000) when the purchase or lease is made in conjunction with donated labor construction improvements on the grounds of the association or the county fairgrounds, respectively.

4055. Associations, by majority vote of their respective boards, may cooperate in the holding of a fair in any of the districts.

4056. An association may pay membership fees, and join and participate in the affairs of any organization which has the following purposes:

(a) Interchange of information that relates to livestock, poultry, and other **agricultural** animals and products.

(b) Conduct and management of fairs.

(c) Conducting of horseracing meetings.

An association may also pay membership fees, join and participate in affairs of any similar organization that deals with subjects that are related to powers and duties of the association.

4057. The state is not liable for any premium which is offered or award that is made, or on account of any contract which is made, by any association.

4058. (a) Notwithstanding Section 4052, the California Exposition and State Fair, a district **agricultural** association fair, or county fair in the northern zone, with the approval of the Department of Food and Agriculture, may form an entity for conducting combined fair horseracing meetings and utilize their racing facilities for conducting horseracing meetings, with parimutuel wagering, on days other than the days on which general fair activities are conducted. A combined fair horseracing meeting pursuant to this section shall be a general fair activity for the purpose of Section 19549 of the Business and Professions Code.

(b) The association shall designate certain days of a mixed breed meeting held pursuant to this section as charity days with the proceeds therefrom to be distributed in accordance with Sections 19550 and 19556 of the Business and Professions Code.

(c) The association shall encourage the racing of emerging breeds of horses.

4059. (a) (1) Notwithstanding any other provision of law, the Department of Food and Agriculture shall develop criteria to be used, subject to the approval of the Department of General Services, for the disposal of property by a district **agricultural** association and the California Exposition and State Fair.

(2) As used in this section, "disposal of property" means the sale of equipment, materials or other forms of personal property no longer necessary to effectuate the purposes of the fair and that do not exceed an estimated fair market value of fifty thousand dollars (\$50,000).

(b) The board of the district **agricultural** association or California Exposition and State Fair shall, prior to the disposal of property, as defined in this section, first be required to determine, through the Department of Food and Agriculture, if the property can be used by another fair in the California Fair Network or other state

agency or department. If determined that such use is not possible, the board of the district **agricultural** association or California Exposition and State Fair shall sell the property to the buyer that submits the highest bid.

(c) The regular department audit of district **agricultural** associations shall confirm the source of funds of any disposed property and compliance with the criteria developed under this section for the disposal of property.

(d) The adoption of the criteria developed pursuant to this section shall relieve a district **agricultural** association and the California Exposition and State Fair of any requirements to abide by the provisions of the State Administrative Manual which may apply to disposal of property developed by the Department of General Services.

4060. (a) Any compensation to any officer or employee of the state by any nonprofit corporation formed exclusively to aid and assist an association, as provided for in Section 18000.5 of the Government **Code**, shall be approved by the Division of Fairs and Expositions prior to payment. The nonprofit corporation shall notify the division of the compensation.

(b) The department shall, during regular audits, review the payments from the nonprofit corporation to any state employees and those state employees' responsibilities to the nonprofit corporation. The financial information from the nonprofit corporation shall be made available to the department for the audit. Any compensation shall be justified by related work that is not the normal responsibility of the state officer or employee through his or her employment by an association, including his or her normal duties and working hours. The audit shall also determine if any board member serving on an association is also serving on the board of directors of the related nonprofit corporation and determine if there are any conflicts of interest regarding the payment to the association employees. The audit shall also determine if any officer or employee is receiving compensation from the nonprofit corporation in violation of subdivision (c).

(c) Pursuant to Section 1090 of the Government **Code**, a state officer or employee of an association shall not be compensated by the nonprofit corporation when that state officer or employee acts in an official capacity with regard to any contract made with the nonprofit corporation.