



Request for Proposals, II

Orange County Fairgrounds, Costa Mesa, CA

For Sale by

The State of California
Department
of General Services

August 24, 2010



5:00 p.m., Deadline for
submittals is
September 30, 2010

[Orange County Fairgrounds RFP](#)



150± Acre Fairground and Event Center

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Note: Underlined words in a different font color in this document indicate links to files, the RFP web site or to other internet web sites

It is the reader's responsibility to contact the State should the information linked not be available

Introduction and Background

By means of this Request for Proposals (“RFP”), the State of California (“State”), acting through the Department of General Services, Real Estate Services Division, Asset Management Branch (“Department”) is making available for sale the real property comprising 150± acres commonly referred to as the Orange County Fairgrounds (“Property”). The Property is located at 88 Fair Drive in the City of Costa Mesa, California (“City”) on the west side of the Costa Mesa Freeway between Fair and Arlington Drives. The Property represents approximately 1.8% of the total land area within the City.

The Department is authorized to dispose of the Property under [Section 3884.2](#) of the California Food and Agricultural Code (“Authorization”).

The Department intends to Execute a [Purchase and Sale Agreement](#) with the interested party or parties who, in the sole discretion of the Department, poses the best opportunity for the State to achieve the highest and most certain return for the Property from a responsible bidder. Although this sale will be conducted pursuant to a public bidding process, the Department is under no obligation to accept the highest bid for the Property if the Department determines said bid will not result in the highest, most certain return for the State.

In September 2009, the Department issued a similar RFP for the disposition of the Property. The resulting bids were rejected by the Department because the Department determined the State would not obtain the highest and most certain return from those bids. This RFP, while similar to the September 2009 RFP, is a distinct and stand-alone RFP with revised conditions to the sale opportunity to include, but not limited to: a minimum bid price of \$96,000,000; the State’s acceptance of a secured promissory note subject to specific terms; and the elimination of an auction format after bids are opened.

The Property is being sold “as-is” excepting a reservation of mineral rights as required under the Authorization.

Interested parties must submit proposals in accordance with this RFP not later than 5:00 p.m. on September 30, 2010. Proposals received after specified date and time will be rejected. Proposals must be submitted in sealed envelopes as instructed in this RFP and be delivered to:

Dept. of General Services
Real Estate Services Division
Asset Management Branch
707 3rd Street, 6th Floor
West Sacramento, CA 95605
ATTN: Dave Kalemba, Project Manager

Parties interested in submitting a bid are encouraged to refer regularly to the RFP web site at [Orange County Fairgrounds RFP](#) for additional information related to the sale of the Property, as well as for updates to this RFP.

Area Description

Region – The Property is located in Orange County, California, just 45 miles south of downtown Los Angeles. With several beaches along the more than 40 miles of coastline, Orange County is home to iconic tourist attractions such as Disneyland and Knott's Berry Farm. Orange County represents the third most populous county in the State with a 2008 population of more than 3,100,000. More information on Orange County is available at the following internet web site:

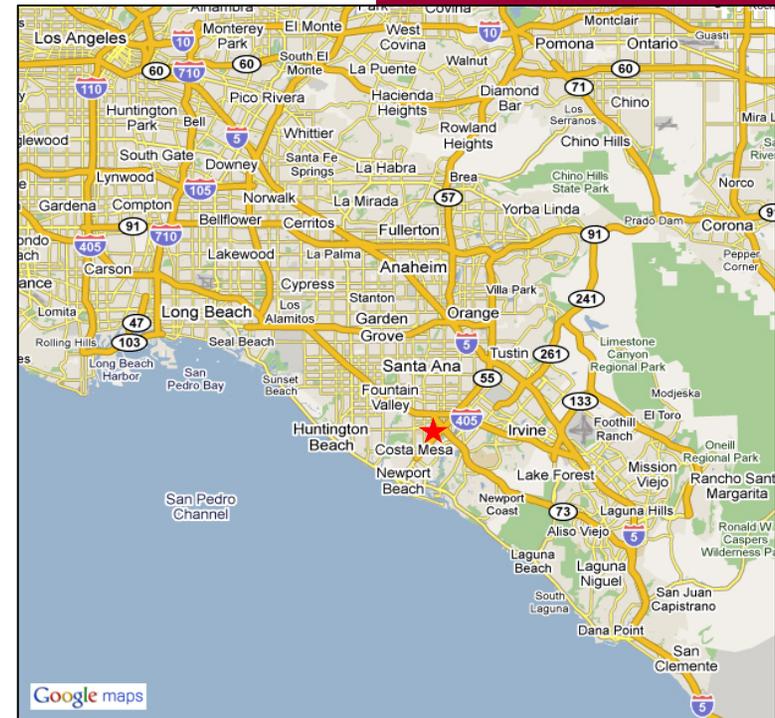
[Orange County](#)

City – Located less than 3 miles southwest of the John Wayne - Orange County Airport, the Property is located in the heart of the City of Costa Mesa. Costa Mesa's major industries are services and trade, followed by manufacturing. The City's primary designated land use is residential at 48%. Commercial and industrial uses comprise 14% each, while 24% of the city's land uses are designated for public and semi-public uses. More information on the City of Costa Mesa is available at the following internet web site:

[City of Costa Mesa](#)

Neighborhood – The Property is bounded by major multi-lane public thoroughfares on all but the north side. The Property's bordering streets include: Arlington Drive to the north; Newport Boulevard to the east; Fair Drive to the south; and Fairview Road to the west. Vanguard University and the City's administrative offices / police and fire services are located on the south side of Fair Drive directly across the street from the Property's main entrance. Remaining land uses include Orange Coast College, single-family residential, and a church to the west, schools, parks, and the United States Army Reserve to the north, and the Costa Mesa Freeway to the east.

Transportation - Because of the Property's use as a fairground and event facility, the ingress / egress is considered excellent with designated and signalized access at several major intersections. Offsite traffic circulation as well as access to nearby freeways is also considered excellent.





Property Description

Title to the Property is held by the 32nd District Agricultural Association (32nd DAA), a state entity within the Division of Fairs and Expositions, California Department of Food and Agriculture. The 32nd DAA, doing business as the OC Fair & Event Center, operates the Property as a fairground and event facility that is host to an almost year-round calendar of events. While title is held by the 32nd DAA, jurisdiction of the Property falls under District 32a ("District 32a") which was created pursuant to the Authorization. More information on the extent of the Property's use and operation as a fair and event facility is available at the following Internet web site:

[Orange County Fair and Event Center](#)



Property Description - Continued

Due Diligence – Unless otherwise stated herein, interested parties are responsible for undertaking all investigations of the Property that they deem necessary in connection with the evaluation of the conditions of the Property prior to proposal. A due diligence period will not be available under the Purchase and Sale Agreement.

Property Access – Subject to prior approval of the Department, the interested party, its representatives, authorized agents, or contractors, may enter on the Property to make such inspections of the Property. Inspections and/or testing requiring a disturbance to the Property must be completed under the terms of an executed [Right of Entry Agreement](#). See the section Inspection of the Property later in this RFP for more detail on gaining access to the Property for inspection purposes.

Potential Historic Resources

The Property has a rich history in Orange County and was once part of the Santa Ana Army Air Base. A more detailed account of the Property's history can be found in the Draft Environmental Impact Report ("EIR") prepared on behalf of the 32nd DAA in connection with the Property's [Master Plan](#) (2003 EIR, [Volume 1](#) & 2003 EIR, [Volume 2](#), dated March 2003, collectively referred to as "EIR"). The Cultural Resources section of the EIR notes that the research conducted did not reveal any recorded archaeological or historic resource sites within the Property. Additionally, the consultant at the time concluded that while several buildings on the Property date from the historic Santa Ana Air Base, none of the buildings retain their integrity or ability to convey historical significance ([consultant memo](#) dated 9/17/09).

This RFP references several documents that are available as links within the RFP document or on the RFP web site:

[Orange County Fairgrounds RFP.](#)



Regulatory Environment



Current & Future Land Use Authority

Because the Property is state owned, the State of California has acted as the lead land use authority in both the development and operation of the Property as a fairground and event facility. However, once title to the Property transfers to a private entity, the City of Costa Mesa will become the lead land use authority.

State Adopted Master Plan

The 32nd DAA adopted a 10-year strategic [Master Plan](#) in August of 2003 and is currently in the initial construction phases of the Master Plan. It is important to note that the Master Plan has not been adopted by the City of Costa Mesa, and that upon the Property's transfer to a private entity, the Master Plan will carry no authoritative standing.



Regulatory Environment - Continued

City Regulations

The City of Costa Mesa [General Plan](#) designates the Property's land use as Fairgrounds, the only property with such a designation in the City of Costa Mesa. Surrounding General Plan land use designations include: Public/Institutional and Low Density Residential to the north; various land use designations to the east; Public/Institutional, Neighborhood Commercial, and High Density Residential to the south; and Low Density Residential and Public / Institutional to the west. Land uses to the east are not specified as this side of the Property borders Newport Boulevard which parallels Highway 55, the Costa Mesa Freeway.

The Property is zoned [Institutional and Recreational](#) (I & R) by the City of Costa Mesa and was recently the subject of a General Plan Amendment and ballot measure involving textual amendments to the Fairgrounds land use designation. Interested parties should consult the City of Costa Mesa regarding any existing and future land uses allowed on the Property.

The above information is provided as informational only and does not represent the Department's position as to the uses to which the Property can be put or conditions to the sale of the Property. The Department obtained the information contained in this RFP from sources deemed reliable; however, the Department makes no guarantees, warranties, or representations, nor expresses or implies any opinion concerning the accuracy or completeness of the information provided. It is furnished solely as an aid to interested parties. Interested parties are responsible for undertaking all necessary investigations on and off the Property prior to submission. The Property is being offered "as-is" (real property only), with the State reserving mineral rights as required under the Authorization.





Key Dates*

Issuance of Proposal:	August 23, 2010
Deadline for Written Questions:	September 9, 2010
Responses to Questions Posted No Later Than:	September 20, 2010
Final Bid Submission Date:	September 30, 2010
Final Selection and Notice to Bidders **	October 14, 2010
Buyer's Execution of Purchase Contract:	October 21, 2010
Notice to Legislature:	October 21, 2010
Department Execution of Purchase Contract: (subject to legislative notice)	November 22, 2010
Escrow Opened; Buyer's Deposit Increased	November 22, 2010
Estimated Close of Escrow	December 2010

* The Department reserves the right to modify the above projected dates at its sole discretion prior to and after the Final Bid Submission Date.

** Same relative dates will apply from this point forward on subsequently ranked bid proposals should a transaction fail to consummate with the initially selected bidder.

Minimum Bid Requirements

Minimum Bid Amount: \$96,000,000

Minimum Terms of State Secured Promissory Note

The Department will entertain a secured promissory note, the form of which will be provided by the Department and posted to the [Orange County Fairgrounds RFP](#) web site prior to the bid due date. Bidders must adhere to the following minimum requirements should a secured promissory note be proposed:

Minimum Down Payment: \$20,000,000
Term: Not to exceed 40-years, Annual Payments
Payment Schedule: Fixed annual payments as determined by bidder. Payment schedule must be fixed and not based on operation of Property.
Net Present Value (NPV): The NPV of the fixed annual payments must equal no less than the face value of the note. For purposes of this evaluation, the Department's discount rate is 6%.





Content of Offer

The Department is requesting bid offers from parties interested in the purchase of the Property. All bids shall be submitted in sealed envelopes referencing the Orange County Fairgrounds Sale, the legal entity submitting the bid, and the primary point of contact (i.e., contact name, address, phone, fax, and e-mail address). Submittal packages must include the following:

A. Bid Deposit

Bid offers must include a deposit in the amount of \$50,000 in the form of a cashiers check or money order payable to the State of California.

B. Statement & Support of Sale Financing

Financing

The Department will not accept Bid offers subject to a financing contingency. If financing is proposed, a Statement of intended sale financing shall accompany the bid and address the bidder's ability to consummate the sale as per the State's objective of receiving the highest and most certain return for the Property from a responsible bidder within the time period prescribed under [Key Dates](#). Bidders must include any information that can assist the Department in determining that the bidder can secure the necessary financing to ensure that the close of escrow will occur as per the attached schedule of Key Dates.

State Secured Promissory Note

Bidders must submit a statement of qualifications supporting the ability to perform on any proposed terms of a State secured promissory note as well as evidencing capability of providing the proposed down payment. This includes an identification of the financial role, responsibility and strength of each financial principal. The submission should clearly identify the structure and management of the entity submitting the bid. The responsibilities and experience of key individuals should be described.

Conditions & Contingencies

Buyer Conditions & Contingencies

Conditional or contingent bids will not be accepted by the Department other than a condition of State's acceptance of any proposed terms under a secured promissory note if so proposed. The Property is offered "as-is" (real property only) subject only to the reservation of mineral rights as stipulated in the Authorization and the term requirements stated herein. All bidders must review and acknowledge the Department's Purchase and Sale Agreement and [Preliminary Title Report](#). Bidders must accept title subject to the exceptions listed in the Preliminary Title Report.

Seller Conditions & Contingencies

The Department emphasizes that this sale opportunity is for real property only. The transaction will not include any personal property, good will, or any other element reflective of the Property's going-concern use by the 32nd DAA. Any arrangements regarding the transfer of these non-real property elements are separate from this RFP and will need to be made with the 32nd DAA. For more information, contact Steve Beazley, President and CEO, Orange County Fair and Event Center, (714) 708-1551.



RFP Process

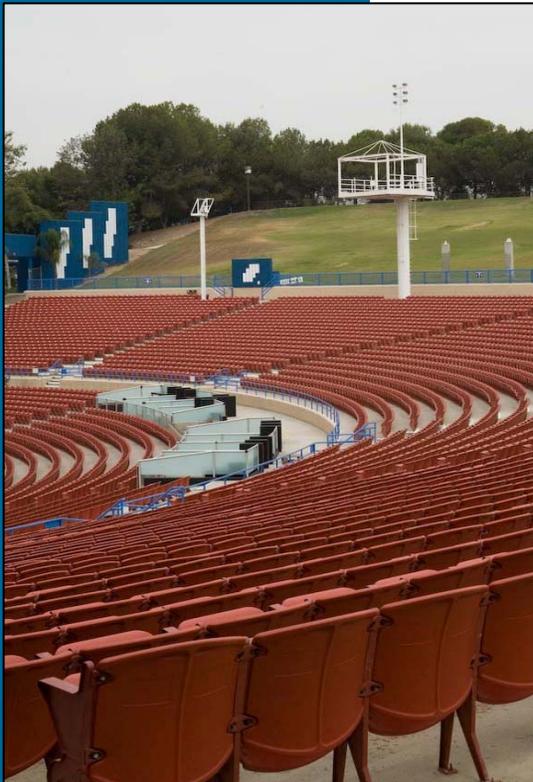


Selection

Submitted bids will be opened and recorded at the offices of the Department. Bids that do not include the required deposit amount will be returned. Bids will be ranked based on the Department's determination of highest and most certain return to the State based upon the following:

- 1) Purchase Price
- 2) Timing of Payments
- 3) Any value added element to the proposal that provides an additional economic benefit to the State (e.g., profit participation).

There will be no auction format as was in the September, 2009 RFP



The successful bidder will be notified by the Department and expected to execute a Purchase and Sale Agreement within 7-days of notification. The Purchase and Sale Agreement will be substantially in the form as posted to the RFP web site.

NOTE: *The Department reserves the right to select an alternative buyer or terminate the sale of the Property if the selected buyer fails to execute the Purchase and Sale Agreement within the 7-day notice period or if the buyer fails to perform under the terms and conditions of the Purchase and Sale Agreement.*

Deposits will be returned to the unsuccessful bidders upon notification to the successful bidder.

If the successful bidder proposes to execute a secured promissory note with the State for a balance of the proposed purchase price, the sale will be conditioned upon the Department's qualification of the high bidder. The Department will require additional financial information supporting the successful bidder's ability to perform on the terms of the proposed secured promissory note. If the high bidder is deemed unqualified, the next ranked bidder will be notified and the process will repeat.

A 30-day notification period to the California Legislature is required before the Department can execute a Purchase and Sale Agreement.

RFP Process - Continued

Execution of Purchase Agreement

Subject to Department and legislative approval, the Department intends to execute a Purchase and Sale Agreement with the bidder deemed to have offered a bid that best complies with the State's objective of obtaining the highest and most certain return for the Property. The Department intends to enter into the Purchase and Sale Agreement with the bidder the Department selects in its sole discretion within approximately 60-days after bid opening. The Department reserves the right to reject any or all offers at any time.

Deposit & Escrow

The total deposit will equal the greater of \$50,000 or 1% of the purchase price. Upon the Department's execution of the Purchase and Sale Agreement, the buyer will be required to increase the initial \$50,000 deposit to comply with the total deposit requirement.

Closing Costs

All closing costs shall be paid by the buyer, including but not limited to any applicable documentary transfer taxes, premiums for any title policy, escrow fees and costs, and document recording charges for the Deed and Deed of Trust. **In no event shall the Department or State be responsible for any real estate brokerage fees.**



For additional information not contained in this RFP, please call Dave Kalemba at (916) 376-1826.



SUBMITTAL DEADLINE:

All proposals must be submitted **by of 5:00 p.m. on September 30, 2010**. Interested buyers are required to submit five (5) copies of their proposal to:

Dave Kalemba,
Project Manager
Dept. of General Services
Real Estate Services Division
Asset Management Branch
707 3rd Street, 6th Floor
West Sacramento, CA 95605

Additional Information

Questions for DGS

Proponents requiring clarification of the intent and content of the RFP, or on the competitive proposal process, may request clarification only by submitting written questions to:

Department of General Services
Asset Management Branch
Real Estate Services Division
707 Third Street, 6th Floor MS-501
West Sacramento, CA 95605
Attention: Dave Kalemba

Questions must be received by September 9, 2010. Questions and answer sets will be posted to the RFP web site below approximately ten (10) working days following the above deadline for questions.

[Orange County Fairgrounds RFP](#)

Any verbal representations made by RESD staff or persons affiliated with RESD are not binding on the Department, State or the Proposer(s) and cannot be interpreted as modifications or clarifications of this RFP.

All technical questions should be directed to Dave Kalemba, Senior Real Estate Officer (Specialist), Asset Management Branch at (916) 376-1826. Administrative questions related to the RFP should be directed to Cheryl Bates, Contracts Assistant at (916) 376-1749.

RFP Updates

The Department may modify any part of the RFP, prior to the date fixed for submission of final proposals, by issuance of an addendum to all parties who have required and received a copy of the RFP. Addenda will be numbered consecutively. THE DEPARTMENT ENCOURAGES INTERESTED PARTIES TO CHECK THE RFP WEB SITE REGULARLY FOR NEW INFORMATION.

Additional Information - Continued

Additional Property Information

[Real Property Inventory](#)
[2000-2008 Capital Improvements](#)
[Various Soils Reports](#)
[Environmental Site Assessment](#)
[Hazardous Materials Survey](#)
[Homogeneous Material Report](#)

Additional Operational Information

[Statement of Operations, 2005-2009 YTD](#)
[Operating Budgets, 2005-2009](#)
[August 2009 Balance Sheet](#)
[Auditor's Report, 2003-2004](#)
[Year Round Lease Agreements](#)

Note: The State reserves the right to post additional property information or update the information provided in this RFP. The State encourages interested parties to check the [Orange County Fairgrounds RFP](#) web site regularly for new Information.

RFP Updates

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Disclosures, Representations, and Warranties

The Department obtained the information linked on the RFP web site from sources deemed reliable. However, the Department makes no guarantees, warranties, or representations nor expresses or implies any opinion concerning the accuracy or completeness of the information provided. It is furnished solely as an aid to parties interested in purchasing the Property. Interested parties are responsible for undertaking all necessary investigations on and off the Property. The Department will allow interested parties an opportunity to conduct "on-site" investigations of the Sale Property in accordance with the section immediately below. It is the reader's responsibility to contact the Department should any information linked from the RFP web site not be available.

Inspection of the Sale Property

Parties interested in a non-disturbance visit to the Property should contact Steve Beazley of the OC Fair and Event Center at (714) 708-1551 to arrange for inspection. Parties interested in testing for soils conditions or any other type of inspection that may potentially disturb the property must receive an executed [Right of Entry Agreement](#) from the State by contacting Dave Kalemba at (916) 376-1826. Such request must include the identity of the contractor(s) or entity(ies) conducting the inspection and the nature and scope of the inspections. Subject to the terms of the Right of Entry, the interested party, its representatives, authorized agents, or contractors, may enter on the Property to make such inspections of the Property, provided that the

interested party keep the Property free of liens, repairs all damage to the Property resulting from such inspection, and indemnifies and holds the State harmless from and against all liability, claims, demands, damages, or costs of any kind whatsoever (including attorney's fees) arising from or connected with the inspections. Entry onto the Property for inspection purposes without contacting the OC Fair and Event Center or receipt of an Executed [Right of Entry Agreement](#) is prohibited.

