PURCHASE AND SALES AGREEMENT
Orange County Fairgrounds
Costs Mesa, CA

This Purchase and Sales Agreement (Agreement) is made and entered into on this xx day of January, 2010 (Effective date), by and between the STATE OF CALIFORNIA, acting by and through the Department of General Services ("**STATE"**), and the ("**BUYER"**) , collectively "**PARTIES"**.

RECITAL

A. The State of California owns that certain real property located at 88 Fair Drive in the city of Costa Mesa, county of Orange, California, and more particularly described in **Exhibit A**, which is incorporated herein as if fully set forth, ("Property") which has been authorized to be disposed of pursuant to Section 3884.2 of the California Food and Agricultural Code.

B. BUYER has submitted the offer to purchase the Property, deemed most acceptable to the State, from multiple offers received in response to State's Invitation to Bid.

AGREEMENT

In consideration of the foregoing Recitals which are incorporated herein as if fully set forth and for other good and valuable consideration, the **PARTIES** agree as follows:

1. PROPERTY

1.1 Property. STATE agrees to sell and convey to **BUYER**, and **BUYER** agrees to purchase from **STATE**, the Property, including all improvements, subject to the terms and conditions set forth in this Agreement.

2. PURCHASE PRICE

2.1 Purchase Price. The total purchase price to be paid by **BUYER** to **STATE** for Property shall be _____ Dollars.

2.2 Deposit BUYER has made a bid deposit of FIFTY THOUSAND AND NO/100 Dollars ($50,000.00) which will be increased to a total deposit of the greater of $50,000 or one percent (1%) of the purchase price set forth in section 2.1 above prior to the **STATE'S** execution of this Agreement. Upon the **STATE'S** execution of the Agreement, the **BUYER'S** total deposit shall be non-refundable except upon **STATE'S** breach of agreement or **BUYER'S** right to terminate. The total deposit will applied to the purchase at the close of escrow.

2.3 Terms of Payment. The total purchase price set forth in section 2.1 above shall be delivered in cash at the close of escrow.

3. CONDITIONS OF SALE

3.1 Close of Escrow, Title and Escrow. The date upon which **STATE** executes this Agreement shall constitute the commencement of the escrow period during which time the **BUYER** will complete the purchase of the Property and close escrow on November 1, 2010 unless otherwise agreed in writing between **PARTIES** or as allowed in section 3.3 below.

Title to said Property shall pass immediately upon close of escrow. The **PARTIES** shall jointly issue escrow instructions and shall also jointly govern the escrow. An escrow account has been established with Fidelity National Title Company ("Title Company"), 1300 Dove Street, Suite 310, Newport Beach, CA, 92660, 949-622-5000. Title Company has issued a Preliminary Title Report dated August 12, 2009 ("Prelim") for the Property indicating the exceptions to title. The escrow account number established for this transaction is 628685-NP.

3.2 Buyer's Costs. BUYER shall pay all recording fees, documentary transfer taxes, escrow fees, policies of title insurance issued by Title Company, and any other costs connected with the closing of this transaction.

3.3 Leaseback. In **BUYER's** submitted offer to **STATE** to purchase the Property, **BUYER** stated a desire to close escrow prior to November 1, 2010. **BUYER** and **STATE** shall endeavor to enter into a separate Leaseback agreement allowing **STATE** to continue occupying Property and operating the Property in a manner consistent with previous years operation under the business name Orange County Fair and Event Center until November 1, 2010 for a total consideration of ONE DOLLAR ($1.00). If the **BUYER** and **STATE** fail to reach a Leaseback agreement within 60-days following the date of this Agreement, the close of escrow shall be as stipulated in section 3.1 above. [Note: This section 3.3 will only be included if **BUYER** in its proposal expressed a desire to close escrow before November 1, 2010.]

3.4 As-Is Purchase. BUYER acknowledges that **BUYER** is purchasing the Property solely in reliance on **BUYER'S** own investigations. Except as provided in paragraph 4.4, **BUYER** specifically acknowledges and agrees that **STATE** will sell and **BUYER** will purchase the Property on an "as-is with all faults" basis, and that **BUYER**, having been given the opportunity to inspect the Property and review information and documentation affecting the Property, including any investigations, studies or documents identified under section 6.3 below, is not relying on any representations or warranties of any kind whatsoever, express or implied, from **STATE** or its agents as to any matters concerning the Property, including without limitation: (i.) the quality, nature, adequacy, and physical condition of the Property including soils, geology, and any groundwater; (ii.) the existence, quality, nature, adequacy, and physical condition of utilities serving the Property; (iii.) the development potential of the Property and the Property's use, merchantability, fitness, suitability, value, or adequacy of the Property for any particular purpose; (iv.) the zoning or other legal status of the Property or any other public or private restrictions on use of the Property; (v.) the compliance of the Property or its operation with any applicable codes, laws, regulations, statutes, ordinances, covenants, conditions, and restrictions of any governmental or quasi-governmental entity or of any other person or entity; (vi.) the presence of Hazardous Materials (as defined in section

3.4.2) on, under, or about the Property or the adjoining or neighboring property; (vii.) the condition of title to the Property; and (viii.) the economics of the operation of the Property. **BUYER** agrees to purchase the Property in the condition that it is in at close of escrow. **BUYER** assumes the risk of loss to any improvements and structures on the Property prior to close of escrow, and in the event of damages or destructions to improvements STATE or the 32 DAA shall be entitled to any insurance proceeds, if any, attributable to such damage or destruction. **BUYER** shall be responsible at **BUYER'S** sole expense for all demolition and any Hazardous Materials remediation required to make Property usable for **BUYER'S** intended purpose and BUYER releases the State of California, STATE, the 32nd District Agricultural Association and their employees or agents from any claims, damages, costs or damages related to any Hazardous Materials on, under or in the Property or releases of any Hazardous Materials from the Property.

3.4.1 **Land Use Entitlements & CEQA Requirements.** Pursuant to Section 3884.2 (h) of the California Food and Agricultural Code, BUYER shall be subject to any local governmental land use entitlement approval requirements and to Chapter 3 (commencing with Section 21100) to Chapter 6 (commencing with Section 21165), inclusive, of Division 13 of the California Public Resources Code.

3.4.2 **Hazardous Materials.** As used herein, the term "Hazardous Materials" includes, without limitation, any flammable explosives, radioactive materials, Hazardous Materials, hazardous wastes, hazardous or toxic substances, or related materials defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C §9601 et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. §1801 et seq.), the Resource Conservation and Recovery Act of 1976, as amended (42 U.S.C. §6901 et seq.), Section 25117 of the California Health and Safety Code, Section 25316 of the California Health and Safety Code, and in the regulations adopted and publications promulgated pursuant to them, or any other Federal, State, or local environmental laws, ordinances, rules, or regulations concerning the environment, industrial hygiene or public health or safety now in effect or enacted after this date.

3.5 **Title Conditions**. BUYER has reviewed the Prelim referred to in section **3.1** above.

3.5.1 **No Buyer Exceptions. BUYER** agrees that a CLTA title policy will be issued by Title Company in accordance with the title exceptions identified in the Prelim, and that there are no conditions or contingencies related to title.

3.6 **Further Documents and Assurances. BUYER** and **STATE** shall each, diligently and in good faith, undertake all actions and procedures reasonably required to place the escrow in condition for closing as and when required by this Agreement. **BUYER** and **STATE** agree to execute and deliver all further documents and instruments reasonably required by Title Company. **STATE** shall deliver or cause to be delivered to escrow holder in time for delivery to **BUYER** at the closing an original ink signed Quitclaim Deed, should BUYER be a public agency, or Grant Deed, should BUYER be a private entity, duly executed and in recordable form, conveying fee title to the Property to **BUYER**. Deeds to be in a form substantially consistent with the sample deeds included herein as **Exhibit B**.

3.7 **Personal Property.** **BUYER** acknowledges that this Agreement pertains only to the acquisition of the Property's real property and improvements. Excluded from this Agreement are items of personal property such as furniture, vehicles, equipment and/or other items not affixed to the real property including, but not limited to, those items of personal property specifically identified in **Exhibit C**

3.8 **Profit Participation.** Upon a change in land use or other occurrence as specified herein, **BUYER** agrees to pay to **STATE** in the manner specified below the percentage increase in the amount of land value attributable to a Change in Use or for another occurrence as specified herein.

3.8.1 **Definitions.** The following definitions are applicable to section 3.8 only unless otherwise stated in this Agreement:

"Entity": shall mean an individual, partnership, joint venture, corporation, limited liability company, trust, association, unincorporated organization or any governmental authority or entity.

"Affiliate": an Affiliate of an Entity shall mean any other Entity that (a) has any legal or financial interest in the Entity whether a controlling interest or not; (b) directly or indirectly controls the specified Entity; (c) is controlled by or is under direct or indirect common control with the specified Entity; (d) is an officer, director, employee, representative or agent of the Entity; (e) is a wholly-owned subsidiary of the Entity; or (f) acquires all or substantially all of the assets of such Entity. For the purposes of this definition, "control", when used with respect to any specified Entity, means the power to direct the management or policies of the specified Entity, directly or indirectly, whether through the ownership of voting securities, partnership or limited liability company interests, by contract or otherwise.

"General Plan & Municipal Code": shall mean those certain City of Costa Mesa governing documents commonly referred to as the 2000 General Plan adopted January 2002 and the Municipal Code Codified through City of Costa Mesa Ordinance No. 09-10, enacted Aug. 4, 2009 (Supplement No. 117).

"Fairgrounds": shall mean the Property's use as currently described in the General Plan and operation as is consistent with the current operation under the business name Orange County Fair and Event Center.

"Change in Use": shall mean any of the following: a change in the land use designation(s) for any portion of the Property under the General Plan or the zoning designation as identified in the Municipal Code; a change in the current "Institutional and Recreational (I and R)" zoning of the Property as described in the Municipal Code; and/or a Specific Plan for the Property or Planned Development Zoning, a Master Vesting Tentative Map, or a Development Agreement that provides for different land use designations and recreation and open space uses as identified in the General Plan and Municipal Code; and any entitlement, approval, or agreement related to the development of hospital or other medical or

healthcare-related uses, and/or educational institutions that may be permitted under the zoning designation described in the Municipal Code. A Change in Use shall also include, but not be limited to, any agreement, contract, lease, management agreement between **BUYER,** or its heirs, successor and assigns, and a Entity or Affiliate or subsequent buyer, ground lessee, joint venture partner or for the development of residential, retail, office, industrial, hotel, hospital or other medical or healthcare-related uses, educational uses not associated with the current use or operation of the Fairgrounds, or any other uses, buildings, and developments not directly related to and for the purpose of Fairgrounds. A Change in Use shall also be deemed to include the reuse or occupancy of an existing or future improvement, including but not limited to the Administration Building and Exhibition Hall, by a public entity for purposes unrelated to the current operation as a Fairgrounds. The effective date of a Change in Use shall be that date which the Change in Use is approved by the local governing body.

"Purchase Price Per Square Foot": is defined as the Purchase Price specified in the Agreement divided by 6,534,000 square feet of land area, or by a more accurate calculation of the gross land area of the Property conveyed if approved in writing by **STATE** prior to the close of escrow.

3.8.2 Calculation of Participation in Increase in Land Value. "Participation in Increase in Land Value" attributable to a Change in Use shall mean fifteen percent (15%) of the amount by which the land value per square foot for any portion or all of the Property exceeds the Purchase Price per Square Foot. The per square foot increase in land value shall be multiplied by the amount of land in square feet whose value has increased due to a Change in Use.

3.8.3 Payment of Participation in Increase in Land Value. At any and all times, a Change in Use occurs, **BUYER** (and any buyer or buyers of land within the Property (all such parties referred to below as "**BUYER"**) will provide to **STATE** the report, appraisal, and payment described below.

3.8.3.1 Report on Change of Use. **BUYER** shall notify **STATE** of any Change in Use upon **BUYER'S** formal submittal for approval of such Change in Use to the local governing body. **BUYER** shall describe the details of the Change in Use, including amount of land in square feet, location of land, type of land use designated or approved for the applicable portion of the Property, the amount and type of building space and other improvements permitted to be constructed as the result of the Change in Use, whether an agreement to sell, ground lease, joint venture or otherwise convey the portion of the Property subject to a Change in Use exists and if so, the terms of the contemplated conveyance; and whether the **BUYER** or any Affiliates will have any interest or control of the buyer, ground lessee, or joint venture (the "Report on Change of Use").

BUYER must provide **STATE** with updated Report on Change of Use no less than 30-days but no more than 60-days prior to the date a Change of

Use is approved by the local governing body. During this time period, **BUYER** shall have the option to include with the updated Report on Change of Use a statement not supported by an appraisal on the per square foot land value of the applicable portion of the Property ("**BUYER'S** Statement of Land Value"). If the **STATE** does not accept in writing "**BUYER'S** Statement of Land Value" within thirty (30) days of its submission, then the appraisal process for determining the per square foot land value of the applicable portion of the Property shall be conducted as described in section 3.8.3.2 below regarding Appraisal.

3.8.3.2 **Appraisal.** If **STATE** does not accept **BUYER'S** Statement of Land Value and **BUYER** and **STATE** do not reach a written agreement on the per square foot land value of the applicable portion of the Property, within thirty (30) days of **STATE'S** written request, **BUYER** at its sole cost, shall engage an independent appraiser holding the MAI designation from the Appraisal Institute who shall determine the per square foot fair market land value of the applicable portion of the Property as of the date of notice of the Change in Use. **BUYER** shall promptly notify **STATE** of the appraiser retained. The appraisal obtained by **BUYER** pursuant to the preceding sentence ("**BUYER'S** Appraisal") shall be delivered not later than sixty (60) days following **STATE'S** request that **BUYER** obtain an appraisal. If **STATE** disagrees with **BUYER'S** Appraisal, **STATE** may order an appraisal by a different independent MAI appraiser, which appraisal ("**STATE'S** Appraisal") shall be delivered to **BUYER** not later than ninety (90) days after receipt of **BUYER'S** Appraisal. **BUYER** will pay the cost of **STATE'S** Appraisal as a deposit to **STATE**, the cost of which will be deducted from the Payment due **STATE**. The failure of **STATE** to deliver **STATE'S** Appraisal within ninety (90) days shall not result in the presumption that **STATE** accepts **BUYER'S** Appraisal. If **STATE** delivers a **STATE'S** Appraisal and **BUYER'S** Appraisal and **STATE'S** Appraisal differ by ten percent (10%) or less, then the average of **BUYER'S** Appraisal and **STATE'S** Appraisal shall constitute the average per square foot land value of the applicable portion of the Property subject to a Change in Use. If **STATE'S** Appraisal differs from **BUYER'S** Appraisal by more than ten percent (10%), the appraisers preparing **BUYER'S** Appraisal and **STATE'S** Appraisal, shall, within fourteen (14) days after delivery of **STATE'S** Appraisal, select a third independent MAI appraiser to a make a third appraisal to be submitted to **STATE** and **BUYER** not later than sixty (60) days after the selection of the third appraiser. If the third appraisal (i) matches either **BUYER'S** Appraisal or **STATE'S** Appraisal or (ii) falls anywhere in between **STATE'S** Appraisal and **BUYER'S** Appraisal, then the per square foot land value specified in the third appraisal shall be the final determination of land value per square foot. If the third appraisal does not match **STATE'S** Appraisal or **BUYER'S** Appraisal or fall between them, then the land value per square foot shall constitute the average of (i) the third appraisal and (ii) whichever of **STATE'S** Appraisal or **BUYER'S** Appraisal as shall have been closer in amount to the third appraisal. The fees and costs of the third appraiser shall be paid by **BUYER** but shared equally by **BUYER** and **STATE** with **STATE'S** share of such costs deducted from the amount of the Payment due Seller.

In considering the impact on value of any conveyances and developments pertaining to the Property, the appraisers are instructed to take note and make upward adjustments as warranted with respect to conveyances to Affiliates not the result of arms-lengths negotiations and independent parties. In addition, the appraisal value shall be based on the fair market value and specific uses and scale and type of building space permitted under the Change in Use.

3.8.3.3 **Payment.** The amount by which the per square foot land value of the applicable portion of the Property subject to a Change in Use exceeds the Purchase Price Per Square Foot shall be multiplied by the number of square feet of land subject to the Change in Use. Within thirty (30) days following the written agreement between **BUYER** and **STATE** concerning the **STATE'S** Participation in Increase in Land Value or the appraisal determination of the land value per square foot, **BUYER** shall pay **STATE** fifteen percent (15%) of the increase in land value. For example, if the Purchase Price per Square Foot equals $10.00 and **BUYER** obtains entitlement for a Change in Use to retail on 15 acres of land, and as a result, the land value per square foot is found by the appraisal process to increase to $20.00 per square foot, the Increase in Land Value attributable to a Change in Use totals $10.00 per square foot. The $10.00 per square foot increase in land value is multiplied by 653,400 square feet of land. The resulting product of $6,534,000 is then multiplied by fifteen percent (15%) to determine the amount of Participation in the Increase in Land Value. In this example, the total payment due from **BUYER** to **STATE** is $980,100.

3.8.3.4 **Additional Payment if Initial Change in Use is Not Developed and a Subsequent Additional Change in Use Occurs.** If within ten (10) years following the initial Change of Use, development reflective of that Change in Use does not occur and a subsequent additional Change in Use occurs (the "Subsequent Change in Use"), then the same process specified in sections in 3.8.3.1 and 3.8.3.2 will apply and if the Subsequent Change in Use results in an appraisal determination that the land value per square foot associated with the Subsequent Change in Use is higher than the appraisal determination of the land value per square foot of the earlier Change in Use, then section 3.8.3.3 will apply to the Subsequent Change in Use. For example, if 25 acres of the Property is subject to a Change in Use to industrial with a land value of $9.00 per square foot but no industrial space is subsequently developed and then within 10 years from the initial Change in Use, the 25 acres of Property is rezoned from industrial to office, then **BUYER** will be required to furnish to **STATE** the Report on Change in Use and Appraisal and the Payment provision specified in section 3.8.3.3 will apply

3.8.4 **Allocation of Condemnation or Inverse Condemnation Action Proceeds.** Should **BUYER** receive proceeds for negotiated sale with a governmental entity or for any full or partial taking pursuant to any eminent domain action on some or all of the Property, and such proceeds reflect the value

of a land use that qualifies as a Change in Use under section 3.8.1, or the payment exceeds the land value per square foot paid by BUYER, then the **STATE'S** allocation and payment of said proceeds shall be as prescribed in section 3.8.3.3, except that the **BUYER** shall pay **STATE** 50% of the increase in land value. The basis for the Change in Use land value shall be as established in the eminent domain settlement or judgment. BUYER shall pay STATE'S allocation of proceeds to STATE no later than 30-days of BUYER receiving said proceeds. The STATE shall have the right to intervene in the action and receive payment directly.

Should **BUYER** receive proceeds for any full or partial taking pursuant to any inverse condemnation action on some or all of the Property, and such proceeds reflect the value of a land use that qualifies as a Change in Use under section 3.8.1, the **STATE'S** allocation of said proceeds shall be 50% of the total compensation received and **BUYER** shall pay **STATE'S** allocation of proceeds to **STATE** no later than 30-days of **BUYER** receiving said proceeds. The STATE shall have the right to intervene in the action and receive payment directly.

BUYER shall inform **STATE** promptly if **BUYER** has knowledge of the pendency of any such taking as described in this section and shall keep **STATE** informed about such action.

3.8.5 <u>Additional Consideration in Event Buyer is Public Entity and a Change of Use Occurs.</u> Should **BUYER** be a local government, county government, Joint Powers Authority or other municipal or public entity, and use, occupy, lease, sale, or convey existing or future improvements, including but not limited to the Administration Building or Exhibition Hall, for non-Fairgrounds purposes, **BUYER** will pay to **STATE** additional consideration. The additional consideration shall be equal to fifty percent (50%) of the amount by which the value of all or the applicable portion of Property associated with non-Fairgrounds operations or uses exceed the value of all or the applicable portion the Property as a Fairgrounds (referred to below as the "Value Increase").

BUYER shall not later than within 30 days after a Change in Use furnish **BUYER'S** best good faith estimate of the Value Increase and provide a report similar in detail to the Report on Change of Use specified in section 3.8.3.1. If the **STATE** does not accept in writing **BUYER'S** estimate of the Value Increase, than the appraisal process described in section 3.8.3.2 used to determine the per square foot land value of the Property subject to a Change in Use will be used to determine the Value Increase.

Within thirty (30) days following the written agreement between **BUYER** and STATE concerning the Value Increase or the appraisal determination of the Value Increase, **BUYER** shall pay **STATE** fifty percent (50%) of the Value Increase.

3.8.6 <u>No Cost Deductions in the Calculation of State Participation Payments.</u> In calculating any participation payments that may be due to **STATE** under section 3.8, no deductions of any kind will apply for any costs whatsoever including but not limited to; legal, accounting, appraisal, architectural, planning, engineering or other consulting services; insurance expenses, property taxes,

escrow, closing, brokerage commission, and loan fee and interest costs; cost of capital improvements, utilities costs, overhead costs, and any costs in applying for and processing entitlements or for operating, finance or capital costs associated with the current use or potential future use

3.8.7 **First Priority Lien and Non-subordination.** The profit participation provisions of section 3.8 shall constitute a first priority right against the Property and the State will not subordinate these rights to any other lender or lien holder.

3.8.8 **Covenants Running With the Land.** The provisions of the Profit Participation in section 3.8 shall constitute a covenant upon the Property and shall run with the land, and shall pass with each and every portion of the Property and shall apply to and bind the respective successors in interest for the benefit of the State of California. All buyers, lessees, or occupants of any portion of the Property shall be deemed by their purchase, leasing, or possession of the Property or any portion thereof to be subject to the provisions hereof. The recordation of these Profit Participation provisions shall be deemed binding on all successors and assigns, and lessees of BUYER regardless of whether the Profit Participation Provisions have been attached or incorporated into any deed or lease or other conveyance or transfer agreement.

3.8.9 **Right to Inspect the Property, Books and Records**. The **STATE** or its designees will have the right to review and copy all **BUYER** records pertaining to the Property, including but not limited to any internal files and records, financial records, agreements, leases, contracts, and accounting records. **BUYER** agrees to provide the **STATE** or its designee with any requested relevant information and shall permit the **STATE** or its designee access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees, contractors, consultants, tenants, and inspecting the Property and copying such books, records, accounts, and other material that may be relevant to a matter under review to determine compliance with this Agreement. **BUYER** further agrees to maintain such records until three (3) years after final payment as provided for in section 3.8.

3.8.10 **Professional Fees and Costs**. The STATE shall be entitled to recover from BUYER, all its fees and costs for all attorneys, auditors, accountants and any other professional services needed to enforce these provisions.

3.8.11 **APPLICABLE LAW.** These provisions shall in all respects be governed by the laws of the State of California and any action to enforce the terms of these provisions shall be commenced and maintained in the Superior Court of the County of Sacramento.

3.8.12 **Survival.** The Profit Participation provisions of section 3.8 shall survive the close of escrow and recordation of the deed to Buyer.

4. SELLER'S REPRESENTATIONS, WARRANTIES, AND DISCLOSURES

In addition to any express agreements of **STATE** contained herein, the following constitute

representations and warranties of **STATE to BUYER**, of this Agreement:

4.1 **Reliability of Information.** **STATE** obtained the information contained in this Agreement from sources deemed reliable; however, **STATE** makes no representations, warranties or guarantees as to the accuracy of the information provided. **STATE** provides the information solely as an aid to **BUYER** and **BUYER** should conduct its own investigations of the Property.

4.2 **Authority of State.** **STATE** is a government entity, duly organized and validly existing under the laws of the State of California. **STATE** has full power and authority to sell, and convey the Property to **BUYER** and to enter into and perform its obligations pursuant to this Agreement.

4.3 **Taxes.** The State of California is exempt from property taxes and assessments and none are or will be owing at close of escrow.

4.4 **Disclosures.** **BUYER** acknowledges that **BUYER** is purchasing the Property solely in reliance on **BUYER'S** own investigations and no representations or warranties of any kind whatsoever, expressed or implied, have been made by **STATE**, **STATE'S** agents, or brokers (if any), including in any investigations, studies or documents identified under section 6.3 below.

4.5 **Broker.** STATE has not retained the services of any broker for the transactions contemplated under this Agreement.

4.6 **Absence of Fraud and Misleading Statements.** To the best of **STATE'S** knowledge, no statement of **STATE** in this Agreement or in any document, certificate, or schedule furnished or to be furnished to **BUYER** pursuant hereto or in connection with the transaction contemplated hereby contains any untrue statement of material fact.

5. BUYERS REPRESENTATIONS AND WARRANTIES

In addition to any express agreements of **BUYER** contained herein, the following constitute representations and warranties of **BUYER** to **STATE**, of this Agreement:

5.1 Representations Regarding BUYER'S Authority.

(a) BUYER has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to consummate the transactions contemplated in this Agreement.

(b) The individual(s) executing this Agreement and the instruments referenced herein on behalf of **BUYER** have the legal power, right, and actual authority to bind **BUYER** to the terms and conditions hereof and thereof.

(c) This Agreement is, and all other instruments, documents and agreements required to be executed and delivered by **BUYER** in connection with this Agreement are and shall be, duly authorized, executed and delivered by **BUYER** and shall be valid, legally binding obligations of and enforceable against **BUYER**

in accordance with their terms.

(d) No further approvals or actions are required for **BUYER** to consummate the transactions contemplated in this Agreement and **BUYER** has the funds necessary to consummate the transaction contemplated in this Agreement.

5.2 **Regulatory Authority.** **BUYER** further acknowledges, represents and warrants that as of the close of escrow **BUYER** is aware of all zoning regulations, other governmental requirements, site and physical conditions, including the presence of Hazardous Materials or other adverse environmental conditions if any, and other matters affecting the use and condition of the Property.

5.3 **Broker.** **BUYER** has not retained the services of any broker for the transactions contemplated under this Agreement.

5.4 **General Representation**. No representation, warranty or statement of **BUYER** in this Agreement or in any document, certificate or schedule furnished or to be furnished to **STATE** pursuant hereto contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements or facts contained therein not misleading. **BUYER'S** representations and warranties made in this Agreement shall be continuing and shall be true and correct as of the date of the close of escrow with the same force and effect as if remade by **BUYER** in a separate certificate at that time. The truth and accuracy of **BUYER'S** representations and warranties made herein shall constitute a condition for the benefit of **STATE** to the close of escrow (as elsewhere provided herein) and shall not merge into the close of escrow or the recordation of the quitclaim in the Official Records, and shall survive the close of escrow.

6. DUE DILIGENCE

6.1 **Buyer's Investigation of Property Condition.** Real property often contains defects and conditions which are not readily apparent and which may affect the value or desirability of the Property. Therefore, it is the affirmative duty of **BUYER** to exercise reasonable care to discover those facts which are unknown to **BUYER** or within the diligent attention and observation of **BUYER**. **BUYER** acknowledges that **BUYER** has been given the opportunity to complete an investigation of the Property prior to the execution of this Agreement, and that **BUYER** accepts the condition of the Property "as-is" as of the date of this Agreement.

6.2 **Buyer's Acceptance of Property Condition and Inspections.** **BUYER'S** acceptance of the condition of the Property is not a condition to performance under this Agreement. **BUYER** accepts the "as-is" condition of the Property as of the date of this Agreement. **BUYER** may, however, continue to conduct inspections, investigations, tests, surveys, and other studies during from the date of this Agreement until Close of Escrow at **BUYER'S** expense upon execution of a Right of Entry (ROE) from **STATE** in the form attached as **Exhibit D**. **BUYER** agrees to provide to **STATE**, at no cost, upon request of **STATE**, complete copies of all inspection reports obtained by **BUYER** concerning the Property. **BUYER** shall provide to **STATE** in writing the identity of the contractor(s) or entity(s) conducting the inspections and the nature and scope of the inspections for inclusion if the ROE. **STATE PROHIBITS ENTRY ONTO THE**

PROPERTY WITHOUT AN EXECUTED ROE. Subject to the terms of the ROE, the **BUYER,** its representatives, authorized agents, or contractors may enter on the Property to make such inspections of the Property provided that **BUYER** keeps the Property free of liens and repairs all damage to the Property resulting from such inspection(s).

6.3 **Scope of Buyer's Investigations.** **BUYER** agrees and warrants, or by the failure to do so shall have waived any rights to do so hereunder, that prior to the execution of this Agreement **BUYER** has investigated the condition and suitability of all aspects of the Property and all matters affecting the value or desirability of the Property, including but not limited to the following:

6.3.1 **Condition of systems and components.** Building foundations, improvements, plumbing, siding, electrical, heating, mechanical, roof, air conditioning, built-in appliances, security, and any other structural or nonstructural systems and components, and the energy efficiency of the Property.

6.3.2 **Size and age of improvements.** Structure count, room count, room dimensions, square footage in improvements, lot size, and age of the improvements.

6.5.3 **Lines and boundaries.** Property lines and boundaries.

6.5.4 **Waste disposal.** Type, size, adequacy, and condition of sewer and/or septic systems and components.

6.3.5 **Governmental requirements and limitations.** Availability of required governmental permits, inspections, certificates, or other determinations affecting the Property, including historical significance. Any limitations, restrictions, zoning, building size requirements, or other requirements effecting the current or future use or development of the Property.

6.5.6 **Rent and occupancy controls.** Any restrictions that may limit the amount of rent that can legally be charged and the maximum number of persons who can lawfully occupy the Property.

6.5.7 **Water and utilities; well systems and components.** Availability, adequacy, and condition of public or private systems.

6.5.8 **Environmental hazards.** The presence of asbestos, formaldehyde, radon, methane, other gases, lead based paint, other lead contamination, fuel or chemical storage tanks, waste disposal sites, electromagnetic fields, and other substances, materials, products, or conditions.

6.5.9 **Geologic conditions.** Geologic/seismic conditions, soil stability/suitability, and drainage.

6.5.10 **Neighborhood, area, subdivision requirements.** Neighborhood or area conditions including schools; proximity and adequacy of law enforcement; proximity to commercial, industrial, or agricultural activities; crime statistics; fire protection; other governmental services; existing and proposed transportation;

construction and development which may affect noise, view or traffic; airport noise; and noise or odor from any source, wild or domestic.

6.5.11 **Matters of record.** Covenants, conditions, and restrictions; deed restrictions; easements; and other title encumbrances of record.

6.5.12 **Other matters.** Any and all other matters such as availability of suitable public infrastructure, assessment, other special service districts, and soil or other conditions on the Property, not herein listed, which are or may be pertinent to **BUYER'S** purpose for acquiring the Property.

7. INDEMNIFICATION

BUYER shall defend, indemnify, and hold the **STATE** harmless from and against any and all claims, liabilities, obligations, losses, damages, costs, and expenses, including, but not limited to, attorney's fees, court costs, and litigation expenses that **STATE** may incur or sustain by reason of or in connection with any misrepresentation made by the **BUYER** pursuant to this Agreement or by **BUYER's** or **BUYER'S** representatives, authorized agents, or contractors exercise of rights under section 6.5 of this Agreement.

8. MINERAL RESERVATIONS

The **STATE** shall except and reserve all mineral deposits, as defined in Section 6407 of the Public Resources Code, together with the right to prospect for, mine, and remove the deposits without rights of surface entry in a plane from the surface to a depth of 500 feet below the surface.

9. PRIOR AGREEMENTS

This Agreement, in effect as of the Date of Agreement, supersedes any and all prior agreements between **STATE** and **BUYER** regarding the Property.

10. NOTICES

Any notice, tender, delivery, or other communication pursuant to this Agreement shall be in writing and shall be deemed to be properly given if delivered, mailed or sent by wire or other telegraphic communication in the manner provided in this Agreement, to the following persons:

TO STATE: **DEPARTMENT OF GENERAL SERVICES**
ASSET MANAGEMENT BRANCH
707 3RD STREET, 6TH FLOOR
WEST SACRAMENTO, CA 95605
ATTN: Dave Kalemba, Senior Real Estate Officer

TO BUYER:

11. CALCULATION OF TIME

Under this Agreement, when the day upon which performance would otherwise be required or permitted is a Saturday, Sunday or holiday, then the time for performance shall be extended to the next day which is not a Saturday, Sunday or holiday. The term "holiday" shall mean all and only those State holidays specified in Sections 6700 and 7701 of the California Government Code.

12. TIME OF ESSENCE

Time is of the essence of this Agreement and each and every provision hereof.

13. ENTIRE AGREEMENT

This Agreement shall constitute the entire understanding and agreement of the **PARTIES** hereto regarding the purchase and sale of the Property and all prior agreements, understandings, representations or negotiations are hereby superseded, terminated and canceled in their entirety, and are of no further force or effect.

14. AMENDMENTS

This Agreement may not be modified or amended except in writing by the **PARTIES**.

15. APPLICABLE LAW

The **PARTIES** hereto acknowledge that this Agreement has been negotiated and entered into in the State of California. The **PARTIES** hereto expressly agree that this Agreement shall in all respects be governed by the laws of the State of California and any action to enforce the terms of this Agreement shall be commenced and maintained in the Superior Court of the County of Sacramento.

16. SEVERABILITY

Nothing contained herein shall be construed as to require the commission of any act contrary to law, and wherever there is any conflict between any provision contained herein and any present statute, law, ordinance or regulation as to which the **PARTIES** have no legal right to contract, the latter shall prevail, but the affected provisions of this Agreement shall be limited only to the extent necessary to bring them within the requirements of such law.

17. SEPARATE COUNTERPARTS

This Agreement 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.

18. EXHIBITS

The following Exhibits are attached to this Agreement and incorporated by reference herein.

Exhibit A. Legal Description
Exhibit B: Sample Deeds
Exhibit C: Partial List of Personal Property
Exhibit D: Right of Entry Agreement

19. SURVIVAL

All terms and conditions in this Agreement, which represent continuing obligations and duties of the **PARTIES**, that have not been satisfied prior to close of escrow shall survive close of escrow and transfer of title to **BUYER** and shall continue to be binding on the respective obligated party in accordance with their terms. All representations and warranties and statements made by the respective parties contained herein or made in writing pursuant to this Agreement are intended to be, and shall remain, true and correct as of the close of escrow, shall be deemed to be material, and, together with all conditions, covenants and indemnities made by the respective parties contained herein or made in writing pursuant to this Agreement (except as otherwise expressly limited or expanded by the terms of this Agreement), shall survive the execution and delivery of this Agreement and the close of escrow, or, to the extent the context requires, beyond any termination of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

BUYER

By:_____ **By:**_____

STATE

STATE OF CALIFORNIA
DEPARTMENT OF GENERAL SERVICES
REAL ESTATE SERVICES DIVISION

BY:_____

_____

_____

707 Third Street, 5th Floor
West Sacramento, CA 95605
(916) 376-1814

Date:_____

EXHIBIT A

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF COSTA MESA, COUNTY OF ORANGE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1:

THAT PORTION OF LOT A OF THE BANNING TRACT, IN THE CITY OF COSTA MESA, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP OF SAID TRACT FILED IN THE CASE OF HANCOCK BANNING VS. MARY H. BANNING FOR PARTITION AND BEING CASE NO. 6385 UPON THE REGISTER OF ACTIONS OF THE SUPERIOR COURT OF THE STATE OF CALIFORNIA IN AND FOR THE COUNTY OF LOS ANGELES, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE CENTER LINE OF THE OLD SANTA ANA ROAD WITH THE NORTH LINE OF LOT A OF SAID BANNING TRACT, AS SHOWN ON A MAP FILED IN BOOK 20 PAGE 31 OF RECORD OF SURVEYS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID ORANGE COUNTY, THENCE ALONG THE NORTH LINE OF SAID LOTA OF BANNING TRACT; SOUTH 89' 56' 13" EAST 876.58 FEETTOTHETRUE POINT OF BEGINNING; THENCE. SOUTH 2400.86 FEET; THENCE EAST 2087.88 FEETTOTHE NORTHWESTERLY LINE OF A 50 FOOT RIGHT OF WAY, FORMERLY THE SOUTHERN PACIFIC RAILROAD RIGHT OF WAY, AS PER DEED TO THE STATE OF CALIFORNIA, RECORDED NOVEMBER 20, 1935 IN BOOK 790, PAGE 155 OF OFFICIAL RECORD OF SAID ORANGE COUNTY, AS SHOWN ON SAID MAP FILED IN BOOK 20 PAGE 31 OF RECORD OF SURVEYS; THENCE ALONG THE NORTHWESTERLY BOUNDARY OF SAID RIGHT OF WAY, NORTH 40' 15' 50" EAST 3140.18 FEETTO THE NORTH LINE OF SAID LOT A OF BANNING TRACT; THENCE ALONG THE NORTH LINE OF SAID LOT A OF BANNING TRACT; NORTH 89' 56' 13" WEST 4121.55 FEETTO THE TRUE POINT OF BEGINNING.

EXCEPT ALL MAIN LINES OF THE POWER SYSTEM, ALL MAIN LINES OF THE WATER SYSTEM AND ALL MAIN LINES OF THE SEWAGE SYSTEM NOW LOCATED THEREON, AS RESERVED BY THE UNITED STATES OF AMERICA IN DEED RECORDED AUGUST 19,1949 IN BOOK 1891, PAGE 112, OFFICIAL RECORDS, TOGETHER WITH THE APPURTENANCE PERTAINING TO SAID MAIN LINES.

ALSO EXCEPT ALL OIL, GAS AND OTHER ASSOCIATED HYDROCARBON SUBSTANCES LOCATED THEREIN, TOGETHER WITH EASEMENTS FOR DRILLING SITES ADEQUATE FOR DRILLING, OPERATING, EXTRACTING AND PRODUCING SAID SUBSTANCES, EASEMENTS FOR NECESSARY EXPLORATION, PIPE LINES AND OTHER STRUCTURES NECESSARY FOR THE DEVELOPMENT OF SAID RESERVED MINERALS, WITH EASEMENTS FOR NECESSARY MEANS OF INGRESS TO AND EGRESS FROM SAID IMPROVEMENTS, AS RESERVED BY THE UNITED STATES OF AMERICA IN DEED RECORDED AUGUST 19, 1949 IN BOOK 1891, PAGE 112, OFFICIAL RECORDS.

ALSO EXCEPT IN ACCORDANCE WITH EXECUTIVE ORDER 9908 APPROVED DECEMBER 5,5,1947 (12 F. R. 8223), ALL URANIUM, THORIUM AND ALL OTHER MATERIALS DETERMINED PURSUANTTO SECTION 5 (B) (1) OF THE ATOMIC ENERGY ACT OF 1946 (60 STAT. 761). TO BE PECULIARLY ESSENTIAL TO THE PRODUCTION

OF FISSIONABLE MATERIAL, CONTAINED, IN WHATEVER CONCENTRATION, IN DEPOSITS IN THE LANDS COVERED BY THIS INSTRUMENT, TOGETHER WITH THE RIGHT OF THE UNITED STATES THROUGH ITS AUTHORIZED AGENTS OR REPRESENTATIVES AT ANY TIME TO ENTER UPON THE LAND AND PROSPECT FOR, MINE AND RESERVE THE SAME, MAKING JUST COMPENSATION FOR ANY DAMAGE OR INJURY, OCCASIONED THEREBY. HOWEVER, SUCH LAND MAY BE USED, AND ANY RIGHTS OTHERWISE ACQUIRED BY THIS DISPOSITION MAY BE EXERCISED, AS IF NO RESERVATION OF SUCH MATERIALS HAD BEEN MADE, EXCEPT THAT, WHEN SUCH USE RESULTS IN THE EXTRACTION OF ANY SUCH MATERIAL FROM THE LAND IN QUANTITIES WHICH MAY NOT BE TRANSFERRED OR DELIVERED WITHOUT A LICENSE UNDERTHE ATOMIC ENERGY ACT OF 1946, AS IT NOW EXISTS OR MAY HEREAFTER BE AMENDED, SUCH MATERIAL SHALL BE THE PROPERTY OF THE UNITED STATES ATOMIC ENERGY COMMISSION, AND THE COMMISSION MAY REQUIRE DELIVERY OF SUCH MATERIAL TO IT BY ANY POSSESSOR THEREOF AFTER SUCH MATERIAL HAS BEEN SEPARATED AS SUCH FROM THE ORES IN WHICH IT WAS CONTAINED. IF THE COMMISSION REQUIRES THE DELIVERY OF SUCH MATERIAL TO IT, IT SHALL PAY TO THE PERSON MINING OR EXTRACTING THE SAME, OR TO SUCH OTHER PERSON AS THE COMMISSION DETERMINES TO BE ENTITLED THERETO, SUCH SUMS, INCLUDING PROFITS AS THE COMMISSION DEEMS FAIR AND REASONABLE FOR THE DISCOVERY, MINING, DEVELOPMENT, PRODUCTION, EXTRACTION, AND OTHER SERVICES, PERFORMED WITH RESPECT TO SUCH MATERIAL PRIOR TO SUCH DELIVERY, BUT SUCH PAYMENT SHALL NOT INCLUDE ANY AMOUNT ON ACCOUNT OF THE VALUE OF SUCH MATERIAL BEFORE REMOVAL FROM ITS PLACE OF DEPOSIT IN NATURE, IF THE COMMISSION DOES NOT REQUIRE DELIVERY OF SUCH MATERIAL TO IT, THE RESERVATION HEREBY MADE SHALL BE OF NO FURTHER FORCE OR EFFECT, AS RESERVED BY THE UNITED STATES OF AMERICA, IN DEED RECORDED AUGUST 19,1949 IN BOOK 1891, PAGE 112, OFFICIAL RECORDS.

ALSO EXCEPT THAT PORTION THEREOF CONVEYED TO SOUTHERN CALIFORNIA BIBLE COLLEGE BY QUIT CLAIM DEED RECORDED FEBRUARY 4, 1955 IN BOOK 2946, PAGE 337 OF OFFICIAL RECORDS OF SAID ORANGE COUNTY.

ALSO EXCEPT THEREFROM THAT PORTION THEREOF DESCRIBED IN THE AGREEMENT FOR TRANSFER OF CONTROL AND POSSESSION OF LAND OWNED BY THE STATE FOR HIGHWAY PURPOSES RECORDED JANUARY 22, 1962 IN BOOK 5982, PAGE 815 OF OFFICIAL RECORDS.

ALSO EXCEPT THEREFROM THAT PORTION THEREOF DESCRIBED IN THE AGREEMENT FOR THE TRANSFER OF CONTROL AND POSSESSION OF STATE-OWNED LAND FOR HIGHWAY PURPOSES NEWPORT FREEWAY ORA-55 RECORDED AUGUST 5, 1971 IN BOOK 9748, PAGE 806 OF OFFICIAL RECORDS.

PARCEL 2:

THAT PORTION OF LOT A OF BANNING TRACT, IN THE CITY OF COSTA MESA, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP FLIED IN THE CASE OF HANCOCK BANNING VS. MARY H. BANNING FOR PARTITION IN CASE NO. 6385, UPON THE REGISTER OF ACTION OF THE SUPERIOR COURT OF THE STATE OF CALIFORNIA, IN AND FOR THE COUNTY OF LOS ANGELES, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE CENTER LINE OF THE OLD SANTA ANA ROAD WITH THE NORTH LINE OF LOT A OF SAID BANNING TRACT AS SHOWN ON A MAP FILED IN BOOK 20 PAGE 31 OF RECORD OF SURVEYS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID ORANGE COUNTY; THENCE SOUTH 89' 56' 13" EAST 876.98 FEFT ALONG THE NORTH LINE OF SAID LOT A; THENCE SOUTH 1775.86 FEFT TO THE NORTHERLY LINE OF THE 100 FOOT STRIP OF LAND DESCRIBED IN DEED OF RIGHT OF WAY FOR "FAIR DRIVE" TO ORANGE COUNTY, RECORDED AUGUST 2,1950 IN BOOK 2050, PAGE 59 OF OFFICIAL RECORDS OF SAID ORANGE COUNTY; THENCE NORTH 89' 56' 13" WEST 881.63 FEFT TO THE CENTER LINE OF SAID OLD SANTA ANA ROAD; THENCE NORTH 1775.86 FEFT TO THE POINT OF BEGINNING.

SAID LAND IS INCLUDED WITHIN THE AREA SHOWN ON A MAP FILED IS. BOOK 20 PAGE 31 OF RECORD OF SURVEYS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID ORANGE COUNTY.

ALSO EXCEPT IN ACCORDANCE WITH EXECUTIVE ORDER NO. 9908, APPROVED ON DECEMBER 5,1947 (12 F. R. 8223), BY DEED RECORDED JUNE 12, 1948 IN BOOK 1652, PAGE 267 OF OFFICIAL RECORDS, ALL URANIUM, THORIUM; AND ALL OTHER MATERIALS DFTERMINED PURSUANTTO SECTION 5 (B) (1) OF THE ATOMIC ENERGY ACT OF 1946 (60 STAT. 761) TO BE PECULIARLY ESSENTIAL, TO THE PRODUCTION OF FISSIONABLE MATERIAL, CONTAINED, IN WHATEVER CONCENTRATION, IN DEPOSITS IN THE LANDS COVERED BY THIS INSTRUMENT ARE HEREBY RESERVED FOR THE USE OF THE UNITED STATES, TOGETHER WITH THE RIGHT OF THE UNITED STATES THROUGH ITS AUTHORIZED AGENTS OR REPRESENTATIVE AT ANY TIME TO ENTER UPON THE LAND AND PROSPECT FOR, MINE ND REMOVE THE SAME, MAKING JUST COMPENSATION FOR ANY DAMAGE OR INJURY OCCASIONED THEREBY. HOWEVER, SUCH LAND MAY BE USED, AND ANY RIGHTS OTHERWISE ACQUIRED BY THIS DISPOSITION MAY BE EXERCISED, AS IF NO RESERVATION OF SUCH MATERIALS HAD BEEN MADE; EXCEPT THAT, WHEN SUCH USE RESULTS IN THE EXTRACTION OF ANY SUCH MATERIAL FROM THE LAND IN QUANTITIES WHICH MAY NOT BETRANSFERRED OR DELIVERED WITHOUT A LICENSE UNDER THE ATOMIC ENERGY ACT OF 1946, AS IT NOW MISTS OR MAY HEREAFTER BE AMENDED, SUCH MATERIAL SHALL BE THE PROPERTY OF THE UNITED STATES ATOMIC ENERGY COMMISSION, AND THE COMMISSION MAY REQUIRE DELIVERY OF SUCH MATERIAL TO IT BY ANY POSSESSOR THEREOF AFTER SUCH MATERIAL HAS BEEN SEPARATED AS SUCH FROM THE ORES IN WHICH IT WAS CONTAINED. IF THE COMMISSION REQUIRED THE DELIVERY OF SUCH MATERIAL, TO IT, IT SHALL PAY TO THE PERSON MINING OR EXTRACTING THE SAME, OR TO SUCH OTHER PERSONS AS THE COMMISSION DETERMINES TO BE ENTITLED THERETO, SUCH SUMS, INCLUDING PROFITS, AS THE COMMISSION DEEMS FAIR AND REASONABLE FORTHE DISCOVERY, MINING, DEVELOPMENT, PRODUCTION, EXTRACTION, AND OTHER SERVICES PERFORMED WITH RESPECT TO SUCH MATERIAL PRIOR TO SUCH DELIVERY, BUT SUCH PAYMENT SHALL NOT INCLUDE ANY AMOUNT ON ACCOUNT OF THE VALUE OF' SUCH MATERIAL BEFORE REMOVAL FROM ITS PLACE OF DEPOSIT IN NATURE. IF THE COMMISSION DOES NOT REQUIRE DELIVERY OF SUCH MATERIALS TO IT, THE RESERVATION HEREBY MADE SHALL BE OF NO FURTHER FORCE OR EFFECT, AS RESERVED BY THE UNITED STATES OF AMERICA, IN THE DEED RECORDED MARCH 9, 1949 IN BOOK 1812, PAGE 313 OF OFFICIAL RECORDS.

ALSO EXCEPT ALL MAIN LINES OF THE POWER SYSTEM AND ALL MAIN LINES OF THE WATER SYSTEM AND ALL MAIN LINES OF THE SEWAGE SYSTEM NOW LOCATED THEREON, AND AS RESERVED BY THE UNITED STATES OF AMERICA, IN DEED

RECORDED MARCH 9,1949 IN BOOK 1812, PAGE 313 OF OFFICIAL RECORDS OF SAID ORANGE COUNTY, WHICH RECITES "AS SHOWN ON RECORD OF SURVEY MAP FILED IN BOOK 20 PAGE 31 OF RECORDS OF SURVEYS OF SAID ORANGE COUNTY."

ALSO EXCEPT THE OIL, GAS AND OTHER ASSOCIATED HYDROCARBON SUBSTANCES LOCATED THEREIN, TOGETHER WITH EASEMENTS FOR DRILLING SITES ADEQUATE FOR DRILLING, OPERATING, EXTRACTING AND PRODUCING SAID SUBSTANCES, EASEMENTS FOR NECESSARY EXPLORATION, PIPE LINES AND OTHER STRUCTURES NECESSARY FOR THE DEVELOPMENT OF SAID RESERVED MINERALS, WITH EASEMENTS FOR NECESSARY MEANS OF INGRESS TO AND EGRESS FROM SAID IMPROVEMENTS, AS RESERVED BY THE SOUTHERN CALIFORNIA BIBLE COLLEGE IN DEED RECORDED FEBRUARY 4,1955 IN BOOK 2946, PAGE 325 OF OFFICIAL RECORDS.

PARCEL 3:

THAT PORTION OF LOT A OF THE BANNING TRACT, IN THE RANCHO SANTIAGO DE SANTA ANA, CITY OF COSTA MESA, COUNTY OF ORANGE, AS SHOWN ON A MAP RECORDED IN CASE NO. 6385 UPON THE REGISTER OF ACTIONS IN THE SUPERIOR COURT OF CALIFORNIA, IN AND FOR THE COUNTY OF LOS ANGELES, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE NORTHWESTERLY LINE OF A 50 FOOT STRIP OF LAND, FORMERLY THE SOUTHERN PACIFIC RIGHT OF WAY, AS DESCRIBED IN DEED TOTHE STATE OF CALIFORNIA RECORDED IN BOOK 790, PAGE 155, OFFICIAL RECORDS OF ORANGE COUNTY, WITH THE NORTHERLY LINE OF FAIR DRIVE, 100 FEET WIDE, DESCRIBED IN DEED TO ORANGE COUNTY RECORDED IN BOOK 2050, PAGE 59, OFFICIAL RECORDS OF SAID ORANGE COUNTY; THENCE ALONG SAID NORTHERLY LINE NORTH 89' 39' 07" WEST 1108.66 FEET TO A POINT OF TANGENCY, IN THE NORTHERLY LINE OF SAID FAIR DRIVE AS RELOCATED, OF A CURVE CONCAVE SOUTHWESTERLY WITH A RADIUS OF 1050 FEET, THENCE SOUTHEASTERLY ALONG THE LINE OF SAID CURVE TO AN ANGLE POINT WITH A NON-TANGENT LINE IN THE NORTHERLY LINE OF THE LAND OF THE STATE OF CALIFORNIA FOR NEWPORT FREEWAY; THENCE ALONG SAID NON-TANGENT LINE TO ITS INTERSECTION WITH A CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 830 FEET; THENCE CONTINUING ALONG THE NORTHERLY LINE OF SAID FREEWAY AND ALONG SAID CURVE TO THE INTERSECTION OF THE NORTHERLY LINE OF FAIR DRIVE AS CONVEYED TO THE COUNTY OF ORANGE BY DEED RECORDED IN BOOK 2050, PAGE 59, OFFICIAL RECORDS OF SAID ORANGE COUNTY; THENCE NORTH 89' 39' 07" WEST ALONG SAID NORTHERLY LINE 514.34 FEETTO THE POINT OF BEGINNING.

SAID LAND IS ALSO SHOWN ON THAT CERTAIN RESOLUTION NO. 842 OF THE CITY COUNCIL OF COSTA MESA WHICH RECORDED MAY 18,1961 AS INSTRUMENT NO. 12646 IN BOOK 5725, PAGE 604 OF OFFICIAL RECORDS.

APN: 141-342-38, 141-342-39, 141-342-40 and 141-342-41

EXHIBIT B

SAMPLE DEEDS

(FORTHCOMING)

EXHIBIT C

PARTIAL LIST OF PERSONAL PROPERTY NOT INCLUDED IN SALE

Number of Items	Description	Number of Items	Description
1	Pac Amp Production Equipment	1	Storage Container (SN #BZ12NAP004)
1	Time Clock Upgrade	1	Genie Scissor Lift (SN #47787)
1	Backhoe	1	Taylor-Dunn Cart (SN #151092)
1	Info Booth Improvements	1	Taylor-Dunn Cart (SN #151091)
1	Forklift	2	Taylor-Dunn Carts (SN #151089/151090)
1	Ford Escape	1	Taylor-Dunn Cart (SN #151088)
1	Portable Traffic Reader Board	1	Bobcat Loader
1	Ford F-150 Pick Up Truck	1	Backhoe
1	Gas Cart - Parking Dept.	1	Dell PowerEdge 2550 Server
1	Trash Compactor Refurbishment	1	Cardboard Baler
1	Exhibit Display Walls	2	Electric Carts
14	Copiers	3	Electric Carts
1	Striping Spray Rig	1	Electrical Generator
1	Hussongs Design	1	80' Man Lift
1	Generator	1	Portable Reader Board
3	Ticket Booths	2	Light Tower
1	Exhibit Wall System	1	Floor Scrubber
1	Floor Scrubber	1	Ungerboeck Systems - Software
1	Parking Cart	1	Laminator
1	Asphalt roller	1	Panel Fencing
1	Dump Truck	2	Utility Trailers
1	Electronic Readerboard - S/N: 1M9BM14105C570590	1	Yahama Cart (Seats/Roof)
1	LaserFiche and Scantuit Image Processing software	1	2000 GMC Sierra Pickup Truck
1	Color Scanner - S/N: 003944	1	Tent #8 Fabric Replacement
1	Admissions Cart - Serial No. 042044154	1	2000 GMC Sierra Pickup Truck
1	Community Relations Cart Model #B2-48	1	Automated Ticketing System
1	Maintenance Operation Cart Model #B2-48	1	Carnival POP Ticketing System
1	Maintenance Operation Cart Model #B2-48	1	2000 Heli Forklift
1	Parking Department Cart - Yamaha G-16AL	2	Taylor-Dunn Carts (Tugs)
1	Postage/Folding Machine	1	Taylor-Dunn Cart (Flatbed)
1	Livestock Fencing	1	Jeep Cherokee
1	Automated Time Clock System	1	Tractor - Eberhard Euip
1	Rider Sweeper/Scrubber	1	1999 Lasher GMC/Dodge Truck
1	Centennial Farm Cart	1	1999 Lasher GMC/Dodge Truck
1	Forklift	1	Trash Compactor
1	Dell PowerEdge 2650 Server / Software	1	Photo ID system
2	Taylor-Dunn 4 Wheel Elec Burden Carrier	1	Riding Lawn Mower
1	8-Port Serial & Ethernet Communication Server (HR)	1	1998 GMC Pick-up Truck
3	Ticket Booths (SN #2236/2237/2238)	6	Taylor-Dunn Electric Carts
		2	Trash Compactor containers, 40 cubic yds

EXHIBIT D

RIGHT OF ENTRY (ROE) AGREEMENT

RIGHT OF ENTRY

STATE OF CALIFORNIA
DEPARTMENT OF GENERAL SERVICES
ORANGE COUNTY FAIR AND EVENT CENTER
COSTA MESA, CALIFORNIA

This *Right of Entry* is made and entered into on this _____ day of _____, 2009, between the State of California, acting by and through its Director of General Services hereinafter called **STATE,** and _____ hereinafter called **PERMITTEE.**

WHEREAS, STATE is in the process of offering for sale the improved property consisting of approximately 150 acres located at 88 Fair Drive, Costa Mesa, California, and more commonly referred to as the Orange County Fair and Event Center

WHEREAS, as a part of the due diligence process, **STATE** will allow interested parties access to the property where designated herein and approved by **STATE** to inspect the property or to conduct inspections, studies and evaluations including, but not limited to: paleontological, archeological, geotechnical, historical, hazardous materials and other studies and investigations on the property to assist them in making certain decisions concerning the property.

NOW, THEREFORE, STATE does hereby give permission to **PERMITTEE** to enter upon those lands outlined, on the attached Exhibit "A", consisting of one (1) page, and by this reference made a part hereof, for the purpose of conducting those inspections, evaluations and studies identified herein.

This Right of Entry is subject to the following terms and conditions:

1. **PERMITTEE'S** entry onto said property shall be allowed by **STATE** only upon **STATE'S** and **PERMITTEE'S** execution of this *Right of Entry.*

2. **PERMITTEE** acknowledges that entry onto the property under this *Right of Entry* shall be at **PERMITTEE'S** own expense and risk.

3. **PERMITTEE** may conduct the following inspections, studies and/or evaluations of the property:

   A. Paleontological, archeological, geotechnical, historical, hazardous materials and other physical studies and/or investigations.

4. Only **PERMITTEE'S** contractors or the entities identified below shall conduct the inspections, studies, and/or evaluations of the property specified herein. *(Attach additional sheets if necessary.):*

   A.
   Entity/Contractor_____,Telephone_____
   Address_____,City_____,State_____
   Personnel _____, Telephone_____
   Personnel _____, Telephone_____

   B. Entity/Contractor_____,Telephone_____
   Address_____, City _____,State_____
   Personnel _____, Telephone_____
   Personnel _____, Telephone_____

11-04-04

C. Entity/Contractor _____,Telephone _____
Address_____, City _____,State_____
Personnel _____, Telephone_____
Personnel _____, Telephone_____

In the event **PERMITTEE** wishes to bring additional contractors or entities, other than those named on this *Right of Entry*, onto said property, **PERMITTEE** shall provide the **STATE** the same information, as outlined above, for all such contractors or entities as part the notification process as described in item 5. below. This Right of Entry is subject to existing contracts, leases, licenses, encumbrances and claims which may affect said property.

5. Entry onto the property will be available on a daily basis, Monday through Friday, between the hours of 8:00 a.m. and 5:00 p.m. Prior to each entry onto said property at the specified times, **PERMITTEE** shall contact by E-Mail and telephone Dave Kalemba, Senior Real Estate Officer, Department of General Services, Asset Management Branch, Asset Enhancement Section, Appraisals, E-MAIL: dave.kalemba@dgs.ca.gov, TELEPHONE: (916) 376-1826 at least Forty Eight (48) hours prior to the expected date and time of inspection. Fax notice shall include the name of company or person requesting access under this agreement, a general description of the equipment to be brought to the site for the inspection as well as a description of the inspection to be performed on that date. Access to said property shall be as designated by State.

6. **PERMITTEE** waives all claims against **STATE,** its officers, agents, and employees, for loss or damage caused by, arising out of, or in any way connected with the exercise of this *Right of Entry* and **PERMITTEE** agrees to protect, save harmless, indemnify, and defend **STATE,** its officers, agents, and employees from any and all loss, damage, or liability, including, without limitation, all legal fees, expert witness or consultant fees and expenses related to the response to, settlement of, or defense of any claims or liability, which may be suffered or incurred by **STATE**, its officers, agents and employees caused by, arising out of, or in any way connected with exercise by **PERMITTEE** of the rights hereby granted, except those arising out of the sole negligence of the **STATE. PERMITTEE** shall be solely responsible and liable for any damage to crops, equipment, structures, personal property, or persons caused by, arising out of, or in any way connected with the exercise of the rights hereby granted to **PERMITTEE.**

7. Following any such entry or work, unless otherwise directed by **STATE, PERMITTEE** shall return the property to the condition it was in prior to such entry or work, including the recompaction or removal of any disrupted soil or material as **STATE** may direct. All such work and any other work conducted or materials furnished with respect to the property by and for **PERMITTEE** shall be paid for by **PERMITTEE.** In the event, **PERMITTEE** fails to leave the property in the condition it was in prior to such entry, **STATE** may restore property to its original condition and all costs of such restoration shall be paid by **PERMITTEE** upon demand by **STATE.**

8. **PERMITTEE** may use only that equipment on the property approved by **STATE** and necessary to conduct the inspections or studies specified herein. **PERMITTEE** agrees to remove all equipment from the property within twenty-four (24) hours of completion of work and, upon completion of all work, agrees to provide **STATE** with lien releases or waivers from all contractors authorized to conduct such inspections and/or studies. List all equipment below *(Attach additional sheets if necessary.):*

1.	**Cars/pickups**	**Approved**	**Yes_____**	**No_____**
2.	**Truck**	**Approved**	**Yes_____**	**No_____**
3.	**Utility locator & vehicle (1-2)**	**Approved**	**Yes_____**	**No_____**

9. **PERMITTEE** acknowledges its sole responsibility for identifying easements encumbering the property. **PERMITTEE** may conduct only visual inspections in the easement areas. **PERMITTEE**

shall not allow heavy equipment over any easement area of the properly or conduct any study or investigation in any easement area without the express written permission of the easement owner. **PERMITTEE** shall provide such permission to **STATE** upon request. **PERMITTEE** shall abide by the conditions set forth by the easement owners when conducting investigations in the easement areas.

10. **STATE** reserves the right to use said property in any manner, provided such use does not unreasonably interfere with **PERMITTEE'S** rights herein.

11. As a condition to this **RIGHT OF ENTRY**, **PERMITTEE** agrees to provide to **STATE** copies of all reports, evaluations, studies and analyses prepared for or by **PERMITTEE** as a result of **PERMITTEE'S** inspection of the property, as well as any communications between **PERMITTEE** and its consultants and/or agents regarding the content, conclusions and/or recommendations contained in such reports, evaluations, studies and analyses.

12. **STATE** reserves the right to temporarily prevent entry upon said lands in the event of an emergency.

13. **PERMITTEE'S** entry onto the property for the purposes stated herein shall constitute acceptance by **PERMITTEE** of all the terms and conditions of this *Right of Entry*.

14. This *Right of Entry* shall be for a period beginning on _____ 2009, and ending on _____, 2009.

APPROVED:

[Name of Entity]

BY: _____
NAME

_____
TITLE

APPROVED:

DEPARTMENT OF GENERAL SERVICES
Real Estate Services Division
Asset Management Branch

_____
JOE MUGARTEGUI, Branch Chief

DRK:drk