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Exempt from real property transfer tax pursuant to GC 11922

SPACE ABOVE THIS LINE FOR RECORDER'S USE

QUITCLAIM DEED	Agency: Department of General Services Project: xxxxx, Orange County Fairgrounds, Costa Mesa
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APN(S): 141-342-38, 141-342-39, 141-342-40, 141-342-41

Pursuant to California Food and Agricultural Code Section 3884.2, the **STATE OF CALIFORNIA ("State" OR "STATE")**, acting by and through its duly appointed and qualified Director of the Department of General Services, subject to the exceptions, covenants, conditions and restrictions contained herein, hereby remises, releases and forever quitclaims to _____ ("**Grantee**"), all its rights, title, and interest in and to that certain real property situated in the City of Costa Mesa, County of Orange, State of California more fully described in EXHIBIT A attached hereto and incorporated herein by reference and hereinafter referred to as the "Property".

EXCEPTING AND RESERVING therefrom to the State:

1. **Mineral Rights.** All minerals and mineral deposits as defined in Section 6407 of the Public Resources Code, including, but not limited to, oil and gas, other gases, including, but not limited to, nonhydrocarbon and geothermal gases, oil shale, coal, phosphate, alumina, silica, fossils of all geological ages, sodium, gold, silver, metals and their compounds, alkali, alkali earth, sand, clay, gravel, salts and mineral waters, uranium, trona, and geothermal resources, together with the right of the State or persons authorized by the State to prospect for, drill for, extract, mine and remove such deposits or resources, except that the State or persons authorized by the State shall not have the right to prospect for, drill for, extract, mine or remove such deposits above a plane located 500 feet below the surface nor a right to occupy and use the surface of such lands for said purposes.

FURTHER, the Property is conveyed SUBJECT to the following covenants, conditions and restrictions attached in Exhibit B and incorporated herein ("Profit Participation Provisions"). The Profit Participation Provisions 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 Grantee regardless of whether the Profit Participation Provisions have been attached or incorporated into any deed or lease or other conveyance or transfer agreement.

IN WITNESS WHEREOF, GRANTEE has caused this Quitclaim Deed to be executed this ____ day
of _____,
2009

STATE OF CALIFORNIA
DEPARTMENT OF GENERAL SERVICES
Ron Diedrich, Acting Director

By _____
Ron Diedrich
Acting Director
Department of General Services

SAMPLE

**EXHIBIT A TO
QUITCLAIM DEED**

Legal Description of Property

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 LOT A OF BANNING TRACT; SOUTH 89° 56' 13" EAST 876.58 FEET TO THE TRUE POINT OF BEGINNING; THENCE SOUTH 2400.86 FEET; THENCE EAST 2087.88 FEET TO THE 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 FEET TO 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 FEET TO 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 PURSUANT TO 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 UNDER THE 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 FEET ALONG THE NORTH LINE OF SAID LOT A; THENCE SOUTH 1775.86 FEET 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 FEET TO THE CENTER LINE OF SAID OLD SANTA ANA ROAD; THENCE NORTH 1775.86 FEET 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 DETERMINED PURSUANT TO 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 AND 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 BE TRANSFERRED OR DELIVERED WITHOUT A LICENSE UNDER THE 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 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 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 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 TO THE 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 FEET TO 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.

EXCEPTING AND RESERVING TO THE STATE OF CALIFORNIA FROM PARCELS 1, 2 AND 3 ABOVE:

1. ALL MINERALS, MINERAL RIGHTS AND MINERAL DEPOSITS AS DEFINED IN SECTION 6407 OF THE PUBLIC RESOURCES CODE, INCLUDING, BUT NOT LIMITED TO, OIL AND GAS, OTHER GASES, INCLUDING, BUT NOT LIMITED TO, NONHYDROCARBON AND GEOTHERMAL GASES, OIL SHALE, COAL, PHOSPHATE, ALUMINA, SILICA, FOSSILS OF ALL GEOLOGICAL AGES, SODIUM, GOLD, SILVER, METALS AND THEIR COMPOUNDS, ALKALI, ALKALI EARTH, SAND, CLAY, GRAVEL, SALTS AND MINERAL WATERS, URANIUM, TRONA, AND GEOTHERMAL RESOURCES, TOGETHER WITH THE RIGHT OF THE STATE OR PERSONS AUTHORIZED BY THE STATE TO PROSPECT FOR, DRILL FOR, EXTRACT, MINE AND REMOVE SUCH DEPOSITS OR RESOURCES, EXCEPT THAT THE STATE OR PERSONS AUTHORIZED BY THE STATE SHALL NOT HAVE THE RIGHT TO PROSPECT FOR, DRILL FOR, EXTRACT, MINE OR REMOVE SUCH DEPOSITS ABOVE A PLANE LOCATED 500 FEET BELOW THE SURFACE NOR A RIGHT TO OCCUPY AND USE THE SURFACE OF SUCH LANDS FOR SAID PURPOSES.

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

**EXHIBIT B TO
QUITCLAIM DEED**

**Covenants, Conditions and Restrictions
Regarding Profit Participation**

1 Profit Participation. Upon a change in land use or other occurrence as specified herein, GRANTEE 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.

1.1 **Definitions.** The following definitions are applicable to section 1 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 GRANTEE, 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.

1.2 **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.

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

1.3.1 **Report on Change of Use.** GRANTEE shall notify STATE of any Change in Use upon GRANTEE’S formal submittal for approval of such Change in Use to the local governing body. GRANTEE 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 GRANTEE or any Affiliates will have any interest or control of the buyer, ground lessee, or joint venture (the “Report on Change of Use”).

GRANTEE 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, GRANTEE 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 (“GRANTEE’S Statement of Land Value”). If the STATE does not accept in writing “GRANTEE’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 1.3.2 below regarding Appraisal.

1.3.2 **Appraisal.** If STATE does not accept GRANTEE’S Statement of Land Value and GRANTEE 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, GRANTEE 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. GRANTEE shall promptly

notify STATE of the appraiser retained. The appraisal obtained by GRANTEE pursuant to the preceding sentence ("GRANTEE'S Appraisal") shall be delivered not later than sixty (60) days following STATE'S request that GRANTEE obtain an appraisal. If STATE disagrees with GRANTEE'S Appraisal, STATE may order an appraisal by a different independent MAI appraiser, which appraisal ("STATE'S Appraisal") shall be delivered to GRANTEE not later than ninety (90) days after receipt of GRANTEE'S Appraisal. GRANTEE 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 GRANTEE'S Appraisal. If STATE delivers a STATE'S Appraisal and GRANTEE'S Appraisal and STATE'S Appraisal differ by ten percent (10%) or less, then the average of GRANTEE'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 GRANTEE'S Appraisal by more than ten percent (10%), the appraisers preparing GRANTEE'S Appraisal and STATE'S Appraisal, shall, within fourteen (14) days after delivery of STATE'S Appraisal, select a third independent MAI appraiser to make a third appraisal to be submitted to STATE and GRANTEE not later than sixty (60) days after the selection of the third appraiser. If the third appraisal (i) matches either GRANTEE'S Appraisal or STATE'S Appraisal or (ii) falls anywhere in between STATE'S Appraisal and GRANTEE'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 GRANTEE'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 GRANTEE'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 GRANTEE but shared equally by GRANTEE 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-length 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.

1.3.3 **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 GRANTEE and STATE concerning the STATE'S Participation in Increase in Land Value or the appraisal determination of the land value per square foot, GRANTEE 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 GRANTEE 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 GRANTEE to STATE is \$980,100.

1.3.4 **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 1.3.1 and 1.3.2 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 1.3.3 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 GRANTEE will be required to furnish to STATE the Report on Change in Use and Appraisal and the Payment provision specified in section 1.3.3 will apply

1.4 **Allocation of Condemnation or Inverse Condemnation Action Proceeds.** Should GRANTEE 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 1.1, or the payment exceeds the land value per square foot paid by GRANTEE, then the STATE'S allocation and payment of said proceeds shall be as prescribed in section 1.3.3, except that the GRANTEE 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 GRANTEE 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 1.1, the STATE'S allocation of said proceeds shall be 50% of the total compensation received and GRANTEE shall pay STATE'S allocation of proceeds to STATE no later than 30-days of GRANTEE receiving said proceeds. The STATE shall have the right to intervene in the action and receive payment directly.

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

1.5 **Additional Consideration in Event Grantee is Public Entity and a Change of Use Occurs.** Should GRANTEE 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, GRANTEE 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").

GRANTEE shall not later than within 30 days after a Change in Use furnish GRANTEE'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 1.3.1. If the STATE does not accept in writing

GRANTEE'S estimate of the Value Increase, than the appraisal process described in section 1.3.2 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 GRANTEE and STATE concerning the Value Increase or the appraisal determination of the Value Increase, GRANTEE shall pay STATE fifty percent (50%) of the Value Increase.

1.6 **No Cost Deductions in the Calculation of State Participation Payments.** In calculating any participation payments that may be due to STATE under section 1, 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

1.7 **First Priority Lien and Non-subordination.** The Profit Participation Provisions shall constitute a first priority right against the Property and the State will not subordinate these rights to any other lender or lien holder.

1.8 **Right to Inspect the Property, Books and Records.** The STATE or its designees will have the right to review and copy all GRANTEE records pertaining to the Property, including but not limited to any internal files and records, financial records, agreements, leases, contracts, and accounting records. GRANTEE 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. GRANTEE further agrees to maintain such records until three (3) years after final payment as provided for herein.

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

1.10 **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.

NOTARY ACKNOWLEDGMENT
(California All-Purpose Acknowledgment)

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, 2005, before me, the undersigned notary public, personally appeared _____, personally known to me **OR** proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature of Notary Public

SAMPLE

NOTARY ACKNOWLEDGMENT
(California All-Purpose Acknowledgment)

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, 2005, before me, the undersigned notary public, personally appeared _____, personally known to me **OR** proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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SAMPLE

