

ATTACHMENT 5

**MEMORANDUM OF UNDERSTANDING BETWEEN
CITY OF COSTA MESA AND COUNTY OF ORANGE**

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BETWEEN THE COUNTY OF ORANGE AND
THE CITY OF COSTA MESA
REGARDING THE JOINT PURCHASE, GOVERNANCE AND
OPERATION OF THE ORANGE COUNTY FAIRGROUNDS

This Memorandum of Understanding (“MOU”), dated _____, 2009, is entered into by the County of Orange, a political subdivision of the State of California (hereinafter “County”) and the City of Costa Mesa, a municipal corporation (hereinafter “City”). The County and City may individually be referred to herein as a “Party” or collectively as the “Parties.”

RECITALS

1. On October 7, 2009 the State Department of General Services (“DGS”) released a Request for Proposals (“RFP”) advertising that the Orange County Fair and Events Center (“OC Fairgrounds) property was available for sale in an “as is” condition.
2. The Parties’ governing bodies have respectively passed resolutions opposing this sale and both Parties are actively pursuing strategies to convince the Governor to stop the sale.
3. The Parties believe that the cancellation of the sale of the OC Fairgrounds is in the best interests of the public. However, if the sale cannot be stopped, then the Parties want to be prepared to submit a bid per the RFP requirements and have a plan for the joint governance and operations of the OC Fairgrounds.
4. The Costa Mesa City Council has authorized the preparation of a Specific Plan for the OC Fairgrounds property and subsequently directed staff to prepare a General Plan amendment and ballot initiative for the June 2010 ballot for voter approval of a land use restriction, restricting the use of the OC Fairgrounds property to “Fairgrounds.” The County Board of Supervisors has gone on record supporting the intent of this initiative.
5. The County, with input from the City, has submitted a detailed list of questions to the DGS, the answers to which are critical to the Parties’ joint decision making process memorialized herein.

NOW THEREFORE, in consideration of the mutual and respective promises contained herein, and subject to the terms and conditions hereinafter set forth, the Parties agree as follows:

- I. PURPOSE:
 - A. The purpose of this MOU to establish a joint means to maintain in perpetuity the OC Fairgrounds as a public facility.
 - B. The Parties desire to create an operating agreement by which a bid can be made to the State of California (“State”) for the purchase of the OC Fairgrounds.
 - C. Additionally, it is the purpose of this MOU to confirm the governance and operating frameworks by which the Parties will meet their respective responsibilities both in the

short and long term. This MOU is more than a collaboration between these two governing bodies; the intent is to create a partnership.

II PARTNERSHIP:

It is the intent of the Parties to have a proportional partnership based on each Party's proportional financial commitment to this MOU and the purchase price of the OC Fairgrounds and any collateral expenses in connection therewith. Based upon equal sharing of all costs associated with the purchase, debt service, operation and liability of the OC Fairgrounds, both Parties will equally participate in the decision making process. If one party reduces its financial commitment below fifty percent (50%), resulting in a corresponding increase in the financial commitment of the other agency, the latter will assume a proportionately larger degree of governance.

III BID:

A. The Parties agree that if the Governor does not stop or rescind the sale of the OC Fairgrounds, the County will submit a bid to the State on the appropriate day and in a manner consistent with all the requirements of the RFP. Essentially this will be a joint bid but the County will take the lead on behalf of both Parties.

B. The amount of this bid will be jointly agreed upon in advance by the Parties including what the maximum level of bid would be if the State pursues the auction process as outlined in the RFP.

C. A member of the Board of Supervisors, or their designee, will be designated to represent and act on behalf of both Parties during the auction process.

D. In the event that the County bid is accepted by the State, then not later than thirty (30) business days after the State notifies the County, in writing, that such bid has been accepted, City shall fund to the County the City's financial commitment, either in cash or through a Letter of Credit drawn on a financial institution.

IV. BID ALTERNATIVE:

The Parties agree that an alternative to a cash bid would be an offer to enter into an Exclusive Right to Negotiate for a long term lease whereby the State would receive annual lease payments and at the end of the lease the Parties (or bidding Party) would receive fee title to the OC Fairgrounds property, buildings and all improvements.

V. BID FINANCING:

A. Each Party will be responsible for financing its respective financial obligations under this MOU.

B. In the event that the agreed upon process for making a bid on the OC Fairgrounds includes “bridge,” or short-term, financing to be provided by the County, the County will recoup its costs in providing such “bridge” loan, in support of the joint bid at the time the OC Fairgrounds are “sold” or transferred to an entity jointly created by the City and County (in the event that such a structured transaction is agreed to by the Parties). Such costs will not be considered in determining each Party’s proportional financial commitment as detailed in Section II of this Memorandum of Understanding.

VI. COUNTY OBLIGATIONS:

A. The County will share with the City all of its due diligence information that it has accumulated to date about the OC Fairgrounds. Such information will be shared now and for the term of this MOU. No partial reimbursement is anticipated for such expenses incurred prior to the date of this MOU.

B. The County will have its legislative advocates and media staff coordinate strategies and news releases with corresponding City personnel.

C. The County will designate three or four key staff members to work with a like number of key City staff members to oversee the short term management of the sales process as well as the development of a long term operating agreement such as a joint powers authority or amended Memorandum of Understanding, as appropriate or agreed upon between the County and the City. Nothing herein shall be deemed to limit the powers granted to a joint powers authority, if any shall be created pursuant to this Memorandum of Understanding.

D. Subject to the provisions of Section II of the Memorandum of Understanding, the County will underwrite half of all reasonable expenses arising from this MOU. Any expenses underwritten on behalf of the County by the City will be reimbursed to the City in a timely manner.

E. Subject to the provisions of Section II of the Memorandum of Understanding, the County will assume half of the cost of liability associated with the operation of the OC Fairgrounds.

F. Subject to the provisions of Section II of the Memorandum of Understanding, the County recognizes the existence of a Master Plan for the development and improvement of the OC Fairgrounds and that the County may have to provide half the funding for the implementation of this Master Plan. In furtherance of this subsection VI.F, the County reserves the right to review and require reasonable updates and modifications to the Master Plan.

G. Subject to the provisions of Section II of the Memorandum of Understanding, the County recognizes that if a joint powers authority is created and seeks bond financing in order to operate, the County may be required to provide half the financial backing for this new operating entity/joint powers authority.

H. The County is aware that the City is pursuing a Specific Plan, general plan amendment and initiative for voter approval on the June 2010 ballot. The County will work with the City in order to remain supportive of this initiative.

VII. CITY OBLIGATIONS:

A. The City will share with the County all of its due diligence information that it has accumulated to date about the OC Fairgrounds. Such information will be shared now and for the term of this MOU. No partial reimbursement is anticipated for such expenses incurred prior to the date of this MOU.

B. The City will have its legislative advocates and media staff coordinate strategies and news releases with corresponding County personnel.

C. The City will designate three or four key staff members to work with a like number of key County staff members to oversee the short term management of the sales process as well as the development of a long term operating agreement such as a joint powers authority, or amended Memorandum of Understanding, as appropriate, or agreed upon between the County and the City. Nothing herein shall be deemed to limit the powers granted to a joint powers authority, if any shall be created pursuant to this Memorandum of Understanding.

D. Subject to the provisions of Section II of the Memorandum of Understanding, the City will underwrite half of all reasonable expenses arising from the MOU. Any expenses underwritten by the County on behalf of the City will be reimbursed to the County in a timely manner.

E. Subject to the provisions of Section II of the Memorandum of Understanding, the City will assume half of the liability costs associated with the operation of the OC Fairgrounds.

F. Subject to the provisions of Section II of the Memorandum of Understanding, the City recognizes the existence of a Master Plan for the development and improvement of the OC Fairgrounds and that the City may have to provide half the funding for the implementation of this Master Plan. In furtherance of this subsection VII.F, the City reserves the right to review and require reasonable updates and modifications to the Master Plan.

G. Subject to the provisions of Section II of the Memorandum of Understanding, The City recognizes that if a joint powers authority is created and seeks bond financing in order to operate, the City may be required to provide half the financial backing for this new operating entity/joint powers authority.

H. The City will work with the County in the development of its 2010 ballot initiative that will confirm a General Plan designation specific to the OC Fairgrounds, and the creation and adoption of a Specific Plan for the OC Fairgrounds. The development of this Specific Plan will be accomplished with significant review and input from the County.

VIII. INDEMNIFICATION:

A. The County agrees to defend, indemnify and hold the City, its officers, associates, employees and agents, harmless from and against any and all liability, loss, expense, attorneys' fees related to the County's obligations or actions pursuant to this MOU, to the extent such liability, loss, expense, attorneys' fees, or claims for injury or damages are caused by, or result from, the negligent or intentional acts or omissions of County, its officers, agents, or employees.

B. The City agrees to defend, indemnify and hold the County, its officers, associates, employees and agents, harmless from and against any and all liability, loss, expense, attorneys' fees related to the City's obligations or actions pursuant to this MOU, to the extent such liability, loss, expense, attorneys' fees, or claims for injury or damages are caused by, or result from, the negligent or intentional acts or omissions of City, its officers, agents, or employees.

IX. TERM:

This term of this MOU shall commence on date of full approval and execution by both Parties and shall continue indefinitely unless terminated pursuant to Section X below. However the City and County will each be obligated for half of any financial costs incurred prior to the termination of this MOU.

X. TERMINATION:

Either party may terminate this MOU, with or without cause. Any such termination shall be effected by delivery to the other party of a written Notice of Termination including the date upon which such termination will become effective. The termination date must be at least thirty (30) days after the delivery date of the Notice of Termination. Notwithstanding the foregoing, either Party may terminate this MOU upon the failure of the other party to fulfill its financial commitment as set forth in Sections II and III herein, and the failure of that party to cure such failure within ten (10) business days after notification by the non-failing party to the failing party.

XI. NOTICES:

Notices or other communications concerning this MOU shall be provided as follows:

To County: _____

To City: _____

A Party may change its address by giving notice in writing to the other Party. Thereafter, any communication shall be addressed and transmitted to the new address. If sent

by mail, communication shall be effective or deemed to have been given three (3) days after it has been deposited in the United States mail, duly registered or certified, with postage prepaid, and addressed as set forth above. If sent by telefacsimile, communication shall be effective or deemed to have been given twenty-four (24) hours after the time set forth on the transmission report issued by the transmitting facsimile machine, addressed as set forth above. For purposes of calculating these time frames, weekends, federal, state, County or City holidays shall be excluded.

XII. ENTIRE AGREEMENT:

This MOU represents the entire understanding of the Parties with respect to the subject matter herein and supersedes any and all other previous agreements, oral or written. No change, modification, extension, termination or waiver of this MOU, or any of the understandings herein contained, shall be valid unless authorized as an amendment to this MOU by joint action of the governing bodies of the Parties.

IN WITNESS WHEREOF, the Parties hereto have executed this MOU the date and year first above written.

COUNTY OF ORANGE

Signed and certified that a copy of this document has been delivered to the Chair of the Board per G.C. Sec. 25103,

By:

Resolution 79-1535

Chair of the Board of Supervisors
Orange County, California

Attest:

Darlene J. Bloom
Clerk of the Board of Supervisors
Orange County, California

APPROVED AS TO FORM:
Office of County Counsel
Orange County, California

By: _____
Deputy

Date: _____

CITY OF COSTA MESA

APPROVED AS TO LEGAL FORM:

By: _____

Title: _____

By: _____

Date: _____