



# CITY OF COSTA MESA

P.O. BOX 1200, COSTA MESA, CALIFORNIA 92628-1200

FROM THE OFFICE OF THE CITY MANAGER

## PRESS RELEASE

**CONTACT: Allan R. Roeder**  
**City Manager**

**PHONE: (714) 754-5328**

**April 21, 2010**

### **Costa Mesa, California – City Presents Proposal to the Governor's office for the Purchase of the OC Fair & Event Center**

Two members of the Costa Mesa City Council, Katrina Foley and Gary Monahan, along with the Council's negotiator, Allan Roeder, City Manager, met with representatives of Governor Schwarzenegger's Office to present the City's proposal to purchase the OC Fair & Event Center. "We had a very positive meeting. We gave the Governor's representatives our word that the City of Costa Mesa is committed to buying the OC Fairgrounds," Councilmember Foley reports.

Today marks the end to a 30-day exclusive negotiating period during which City Council vowed to preserve the fair and event center while keeping the property in public local control and purchasing the site without using Costa Mesa public funds or put Costa Mesa taxpayers at risk. "The meeting went very well. We've worked with the State very well before and expect to do so again after today's meeting," commented Councilmember Monahan. "We are moving forward to formalize the sale of the fairgrounds to the City of Costa Mesa."

The Council voted last night unanimously to present the proposal to the Governor. The attached letter to Governor Schwarzenegger outlines the proposal's contents.

"We are firm in our belief that the OC Fair & Event Center needs to be owned by the public and will do what it takes to ensure public ownership and that future operation of the property be compatible with the City's General Plan Designation," Mayor Allan Mansoor stated.

Allan Roeder, negotiator for the City, indicated that the meeting with the Governor's representatives was constructive. "We've worked very hard to get to this point and we will finish what we started," Allan Roeder concluded.

Attachment: Letter dated April 21, 2010 to Governor Arnold Schwarzenegger.

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# CITY OF COSTA MESA

CALIFORNIA 92628-1200

P.O. BOX 1200

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FROM THE OFFICE OF THE CITY COUNCIL

April 21, 2010

Governor Arnold Schwarzenegger  
1<sup>st</sup> Floor State Capitol  
Sacramento, California 95814

Dear Honorable Governor Schwarzenegger:

As members of the Costa Mesa City Council, it is our privilege to submit this proposal to purchase the OC Fair & Event Center site. We are committed to doing what it takes to purchase the property. Our proposal meets your expressed desire stated to us in January that the fair and property be under local control and that the State receives benefit from the sale to help meet critical needs within the State budget.

The City's proposal includes:

- An offer to purchase the site for \$96 million;
- A commitment by the City to close the purchase no later than October 31, 2010;
- A draft Purchase and Sale Agreement outlining the terms and conditions of the transaction;
- Information on public and private sector entities interested in participating with the City in completing this transaction;
- The City's original Letter of Intent to purchase the OC Fair & Event Center; and
- The City Attorney opinion regarding the constitutional obstacles that must be resolved to execute a promissory note.

In order to complete the sale we believe there are certain critical action steps necessary for both the State and the City to complete to fully execute the sale.

## **State Actions Required**

The actions required to be completed by the State to enable the City and State to execute the Purchase and Sale agreement include:

1. Identification of Personal Property included in the sale as included in the Purchase and Sale Agreement as Exhibit B;
2. Approval by the 32<sup>nd</sup> District Agricultural Association Board of Directors of the sale of the personal property;
3. Vetting of the Purchase and Sale Agreement by the appropriate State authorities;
4. Legislation enacted to authorize sale of the site and designation to the City of Costa Mesa as the 32<sup>nd</sup> District Agricultural Association; and
5. Lifting of current operating limitations currently imposed on the OC Fair & Event Center, specifically booking and contracting for events past October 2010, subject to City Council approval, so that the upcoming OC Fair and the events program may perform at 100% capacity.

It is our estimation that the aforementioned action steps by the State will take a minimum of 30 days; more likely longer.

#### **City of Costa Mesa Action Steps**

City Council proposes that concurrent to the State's actions, they will take the following critical action steps needed in order to complete the transaction:

1. Complete inspections, investigations, and audits as outlined in the Purchase and Sale Agreement;
2. Finalize the financing mechanism required by constitutional law (see attached legal opinion provided by Costa Mesa City Attorney), and the operating entity for the business;
3. Create the legal entity that will hold title to the property; and
4. Approval by City Council through legally required public process of all agreements related to and necessary for the execution of the transaction.

The City is agreeing to buy the property as is, with the understanding the City will conduct inspections and evaluations of the real property and personal property being purchased and *guarantees* that it will accept the property so long as there is no event or condition which would cost the City more than \$4.8 million to correct within a year after purchase. As an alternative to this provision, the State could promise that there is no

condition affecting the property being purchased which would cost the City more than \$4.8 million to correct in that period of time, with a remedy for any violation of that promise.

In light of the foregoing, we respectfully request the State accept and sign the attached agreement extending the exclusive negotiation period so that each party can complete the action steps.

In total, we believe the City's proposal demonstrates the City Council's commitment to purchase the OC Fair & Event Center site in a manner that will be accountable to public scrutiny, provide needed funds for the State's budget and preserve a public asset for the betterment of the community at large.


We look forward to continuing to work with your office to finalize the purchase of the OC Fair & Event Center by the City of Costa Mesa.

Sincerely,

Costa Mesa City Council

  
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Mayor Allan R. Mansoor

  
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Mayor Pro Tem Wendy Leece

  
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Council Member Eric R. Bever

  
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Council Member Katrina Foley

  
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Council Member Gary Monahan

c: Fred Aguiar, Office of Governor Arnold Schwarzenegger  
John Cruz, Office of Governor Arnold Schwarzenegger  
Robert McKinnon, Department of General Services