

**MEMORANDUM OF UNDERSTANDING
BETWEEN THE CITY OF VALLEJO and COUNTY OF SOLANO**

This Memorandum of Understanding (“MOU”) between the County of Solano, a political subdivision of the State of California (the “County”) and the City of Vallejo, a municipal corporation (the “City”) is entered into on this _____ day of _____, 2009.

Recitals

1. On July 11, 2003, the County, City, and the Solano County Fair Association (“SCFA”) entered into a Memorandum of Understanding (the “2003 MOU”) acknowledging that the three entities share a common vision for the revitalization of the Solano County Fairgrounds (“Fairgrounds”) and recognizing the need to reach agreement regarding the planning and permitting process for the redevelopment of the Fairgrounds project (“Project”).
2. The 2003 MOU required the City to quitclaim certain of its reversionary interests (the “Reversionary Interest”) in the deed restrictions identified in the deed to the County of Solano dated January 16, 1947, recorded in Book 387, Page 108 of the Official Records of the County of Solano (“Original Deed”) unless the County either failed to execute a “Memorandum of Understanding” with a master developer by July 8, 2008 or the commercial development envisioned in the 2003 MOU had not been completed and placed into operation by July 8, 2010.
3. The County had entered into an “Exclusive Negotiating Agreement” with a selected master developer but was unable to execute a “Memorandum of Understanding” by July 8, 2008 that was both financially feasible and capable of meeting the stated goals of the County and interested stakeholders.
4. The County is still committed to the Project and has since engaged a consultant to assist with the visioning process for the Fairgrounds Property and to work closely with the County, City and SCFA to cultivate the highest and best use of the Fairgrounds Property.
5. In recognition of the County and City’s continued commitment for the revitalization of the Fairgrounds, the parties desire to terminate the 2003 MOU and execute a new MOU which clarifies additional responsibilities specific to the County and City on this Project.

Agreement

The City and County agree as follows:

1. Term. The term of this MOU shall be five (5) years from the date of its execution or upon execution of a mutually acceptable development agreement between the County and a developer (the “Development Agreement”), whichever occurs first. The 2003 MOU is terminated.

2. Reversionary Interest.

A. Within ten (10) days of the execution of this MOU, County shall execute and record a quit claim deed or other appropriate instrument transferring back to the City the Reversionary Interest (i.e., all interests described in the Quitclaim Deed (Document No) dated July 9, 2003 and further described as follows:

“Any and all reversionary interest, rights of reentry and/or powers of termination identified in the deed to the County of Solano dated January 16, 1947, recorded in Book 387, Page 108 of the Official Records of the County of Solano subject to the Memorandum of Understanding entered into by and between the County of Solano, City of Vallejo, and the Solano County Fair Association on July 11, 2003.”)

B. When recorded, the recorded copy of the above-described quitclaim deed or other appropriate instrument shall be delivered to Fred Soley, City Attorney, City of Vallejo, 555 Santa Clara St., Vallejo, CA, 94591.

C. County and City will participate in the negotiation of the Development Agreement with a private developer regarding Project. If agreement is reached, upon execution of the Development Agreement, the City shall quitclaim all Reversionary Interests related to the Project to County.

D. County shall defend, indemnify and hold City harmless in any claim, complaint or cause of action brought by any person or entity regarding the transferability or enforceability of the Reversion Interests.

3. Development of Project Vision. The parties agree that the success of the Project is predicated on the development of an unconstrained community vision (“Project Vision”) and that the City and the County are equal partners in the development of the Project Vision, which will form the basis for all major Project decisions. The Project Vision may include, but is not limited to, office, retail, entertainment, mixed-use, residential and other related uses that support operationally and financially the renovation of the Fairgrounds. In developing the Project Vision, the parties agree to address traffic and related parking improvements, cost of public improvements, and any public agency agreements that may be appropriate to support development.

4. Oversight Committees. The parties agree to establish regular meetings of the respective Fairground Ad Hoc Committees through the development of the Project Vision and as needed through the entitlement phase of the Project. This oversight committee, which shall be referred to as the Solano 360 Committee, will be comprised of two members from the Board of Supervisors and the Mayor and two members from the City Council and will provide policy direction throughout the Project and will report back to their respective governing bodies. All such meetings of the Solano 360 Committee will be held in accordance with the Brown Act.

5. Entitlement Process. The parties agree to work cooperatively to prepare an entitlement processing plan that outlines the relationship and allocates responsibility with respect to processing all required permits, approvals and entitlements for the Project based on the following:
- a. The County will serve as the lead agency for the required environmental review for the Project pursuant the California Environmental Quality Act (“CEQA”). The City of Vallejo and the Vallejo Redevelopment Agency will be responsible agencies under CEQA.
 - b. Upon completion of the visioning process, the County and the City may arrive at a mutually acceptable project description. If so, the County will reduce the description to writing, and assist each ad hoc committee in providing a presentation to each ad hoc committee’s respective governing body. The writing will contain a clear articulation of the nature of the project, including use descriptions and zoning designations for the entire project and
 1. a clear designation of the areas developed solely for purposes of furthering the powers and duties of the County in conducting a County fair and other public purposes (“public purposes” areas) and
 2. a clear designation of the areas primarily developed for raising revenue for the County and/or City, or for a private party (i.e., “private purposes” areas). For example, any Residential Housing and/or Commercial Development that may be included in the Project will be considered areas developed for “private purposes”.
 3. Concurrence of the City is necessary in the designation of the Areas as “private purposes” areas or “public purposes” areas. Once Agreement regarding designations has been reached, the City and County will agree to set forth an entitlement path for each area in accordance with this Paragraph #5.
 - c. All areas developed for “private purposes” will follow the expedited city planning/zoning process.
 - d. All areas developed solely for “public purposes” will be exempt from the City’s Planning/Building process except that within 90 days of completion of County’s CEQA process including the adoption of any CEQA determination or document pursuant to subdivision (a) the County will present the project to the City of Vallejo’s Planning Commission and/or City Council to seek a finding of consistency with the City of Vallejo’s General Plan pursuant to Gov. Code section 65402.

6. Financial Contribution and Future Revenue Participation. In anticipation of the cost associated with the Project, the parties agree as follows:

- a. Following the execution of a Development Agreement and the filing of an application for City entitlement processing, the County and the City will explore a cap on planning, permit processing and other City fees in exchange for an expedited process as pertains to the processing and permitting of the non-fair elements of the Project. County will pay City actual costs in an amount not to exceed \$10,000 per month for planning, permit processing, legal, and other City review resources necessary for Project approval.
- b. Prior to the execution of the Development Agreement, the parties agree to explore the concept of reimbursement of any previously non-reimbursed direct costs and expenses incurred with respect to the planning, entitlement and development of the Project once the Project begins to generate revenue and prior to any distribution of proceeds. This concept will include reimbursing each party any non-reimbursed direct Project costs ("Direct Costs") plus a return on those Direct Costs in the amount of twelve percent (12%) per annum. Indirect costs for staff time shall be considered for reimbursement without interest to the extent those costs were not reimbursed from other sources.
- c. Any revenue generated from the private purposes of the Project will be equitably distributed to the parties.

COUNTY OF SOLANO

CITY OF VALLEJO

By _____
Michael D. Johnson
County Administrator

By _____
Joseph M. Tanner
City Manager

APPROVED AS TO FORM

By _____
County Counsel

By _____
City Attorney