



A Tradition of Stewardship
A Commitment to Service

County Executive Office

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Minh C. Tran
County Executive Officer

November 8, 2018

VIA EMAIL

Mr. Dylan Feik
City Manager
City of Calistoga
1232 Washington St.
Calistoga, California 94515

Re: Counter Purchase Proposal for Napa County Fairgrounds ("Counter-Purchase Proposal")

Dear Dylan:

Thank you for your continued efforts and interest regarding the purchase of the Napa County Fairgrounds. In order to ensure everyone is current on all the terms of the transaction, we believe it is best to provide a summary of Napa County's ("Seller") most recent Counter Purchase Proposal in total. This document incorporates the changes discussed through November 7, 2018, with further changes by the Buyer.

1. **PROPERTY:** The property is a ±34.3 acre portion of ±70.6 acre parcels of improved land, APN: 011-140-055, 011-140-006 and 011-140-007, located in the City of Calistoga, County of Napa, California as shown on the attached Exhibit A ("Property").
2. **PURCHASE PRICE:** Two Hundred and Twenty Five Thousand Dollars per acre (\$225,000/acre) all cash to Seller (±\$7,717,500).
3. **PURCHASE AGREEMENT:** Seller shall deliver to Buyer a draft of the Purchase & Sale Agreement ("Draft PSA") within fourteen (14) days following an agreement on the terms of this Counter Purchase Proposal by the Parties. The Parties shall agree and execute a mutually acceptable Purchase and Sale Agreement within thirty (30) days of Seller's delivery to Buyer of the draft Draft PSA ("PSA"). The Parties may mutually agree, in writing to an extension of the requirement for delivery of Draft PSA, and/or the PSA, which agreement to extend may be in the form of email communication from County Executive Officer and City Manager, representing Seller and Buyer respectively.
4. **DEPOSIT:** City of Calistoga ("Buyer") shall make a deposit of One Hundred Thousand Dollars (\$100,000.00) within three (3) days of Final Execution of PSA, as defined hereafter. The deposit shall be refundable to Buyer during the Due Diligence Period as defined below. If the Buyer elects to proceed with the transaction at the expiration of the Due Diligence Period, the deposit shall then be non-refundable to the Buyer, except for a Seller's default as defined in the PSA, and the Deposit shall

be credited towards the Purchase Price at the Closing. All days referenced in this proposal shall mean calendar days.

5. **DUE DILIGENCE PERIOD:** Buyer shall have one hundred and twenty (120) days from the date of a fully executed PSA (the "Due Diligence Period") to review all entitlements for Buyer's intended use and make any and all inspections, investigations, tests, surveys and appraisals of the Property as Buyer deems necessary or desirable including, without limitation, title matters, studies relating to environmental and soil conditions of the Property, and whether the Property is suitable for Buyer's intended use of the Property, and any other matters Buyer determines relate to the Property. Additionally, Buyer may review the Land Tenure Agreement between the State of California and the County of Napa and the Recycled Water Use Agreement between the City of Calistoga and Fairgrounds Association for continued applicability. Buyer may terminate the PSA and receive a refund of the Deposit at any time prior to expiration of the Due Diligence Period. The PSA shall contain customary representations and warranties by the Seller.
6. **SELLER DOCUMENTS:** Within fourteen (14) days from the date of a fully executed PSA, Seller shall provide access to Buyer to the following documents and materials related to the Property to the extent in Seller's possession or control: copies of any environmental or other reports, surveys, engineering studies, soil reports, environmental impact reports, negative declarations, maps, conditions of approval, permits, plans, or other material information relating to the condition of or feasibility of developing the Property.
7. **CONDITION OF PROPERTY AT CLOSE:** Seller is conveying the Property in its present "As-Is, Where-Is" condition. Not including any items belonging to the Napa County Fair Association, all structures, improvements, furniture, fixtures, and equipment including all personal property located within the structures will remain at close of escrow. Title at Closing shall be free and clear of all liens and encumbrances except for any title exceptions approved in writing by Buyer.
8. **DESCRIPTION OF PROPERTY TO BE PURCHASED:** During the Due Diligence Period, the parties shall confirm the actual location of the boundaries of the property to be conveyed. Any modifications to the size of the property from that which is stated above shall have a proportional change to the Purchase Price.
9. **CONTINGENCIES PRIOR TO CLOSE OF ESCROW:** Prior to the close of escrow, the approximately 70.6 acres of improved land (of which the Property is part) shall be subdivided into two parcels of approximately 34.3 acres and 36.3 acres. The approximately 34.3 acres constitutes the Property, and the approximately 36.3 acres shall be referred to as the "Remaining Property."
10. **SELLER'S USE OF THE REMAINING PROPERTY POST CLOSING:** Buyer shall agree, in the PSA, to support Seller's utilization of the Remaining Property during the Seller's ownership, including through utility extensions, provided applicable CEQA review, City Council approval and other State mandated requirements are satisfied. Buyer agrees to support the concept of utility connectivity to the Remaining Property for public use, with the quantity to be subject to good faith negotiation and identification in the PSA.

11. **BUYER'S RESTRICTIONS:** The PSA shall contain a 20-year restriction or covenant which would require Buyer to share in the proceeds of any sale or lease of property where remuneration is received in excess of the current market value of the sale or lease and in excess of what Buyer paid per acre on any portion of Buyer's purchased property. For purposes of this section, for any sale or lease, Buyer shall share in the cumulative value of these transactions based on market value at the time. Buyer shall allocate to Seller the greater of either fifty percent (50%) of all proceeds from such sale of land or fifty percent (50%) of the market value of such transaction(s). This amount will be diminished by two and one half percent (2.5%) each year over a period of twenty years, whereby this restriction would be null and void.

Share of Proceeds as of	Amount
December 31, 2019	50%
December 31, 2020	47.5%
December 31, 2021	45%
December 31, 2022	42.5%
December 31, 2023	40%
December 31, 2024	37.5%
December 31, 2025	35%
December 31, 2026	32.5%
December 31, 2027	30%
December 31, 2028	27.5%
December 31, 2029	25%
December 31, 2030	22.5%
December 31, 2031	20%
December 31, 2032	17.5%
December 31, 2033	15%
December 31, 2034	12.5%
December 31, 2035	10%
December 31, 2036	7.5%
December 31, 2037	5%
December 31, 2038	2.5%

12. **TITLE COMPANY:** Title Company to be Placer Title.

13. **CLOSE OF ESCROW:** Close of Escrow shall be thirty (30) days from the expiration of the Due Diligence Period.

14. **CLOSING COST, FEES AND PRORATIONS:** Buyer shall pay all closing cost including but not limited to real property taxes, assessments, documentary transfer taxes, real estate commissions of any broker representing buyer, title insurance desired by Buyer, escrow and recording fees. Seller shall pay a real estate commission for Seller's broker. Each party will be responsible for and bear all of its own costs and expenses incurred in connection with the proposed purchase and sale, including without limitation, all accounting, legal and other fees and expenses.

15. **AGENCY:** The Parties understand, acknowledge and consent to Colliers International representing the

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Seller exclusively. Should Buyer be represented by any broker, Buyer shall bear all cost of such broker in addition to the purchase price. Furthermore, the Parties represent and acknowledge there are no other brokers or finder's fees associated with this transaction.

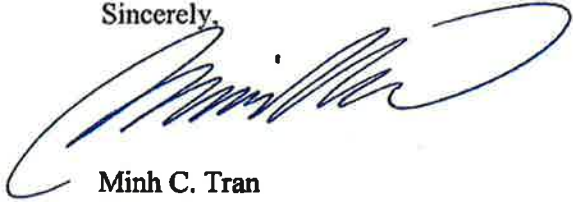
16. **NON-BINDING AGREEMENT:** This letter of intent is non-binding and does not constitute a binding agreement, but rather serves as the basis for negotiating and drafting a final PSA between the parties containing the terms stated in this letter of intent, as well as other terms and conditions to be determined. The parties acknowledge that neither of them intends to enter or has entered into, and nothing herein constitutes an agreement to negotiate a definitive future agreement. Both parties further acknowledge that no binding agreement will exist between them until a PSA has been prepared in writing and signed by both of them. Prior to the execution of such PSA, either party may and without any liability to the other party, unilaterally terminate all negotiations. In any event, each party shall be responsible for its own costs and expenses incurred in connection with these negotiations and with the preparation and execution of a PSA.
17. **CONFIDENTIALITY:** This letter of intent and the terms contained herein are confidential and for discussion between the Buyer and Seller only.
18. **GOVERNMENT CODE SECTION 25365:** This letter of intent is contingent upon the County declaring that the property is not required for County use.
19. **EXPIRATION:** This letter of intent shall expire on November 9, 2018 at 11:59 p.m. unless mutually extended in writing by the Buyer and Seller.
20. **MASTER PLAN:** The PSA will provide that if a master plan is pursued by the Buyer, the plan will cover the entire +/- 70.6 acre site. Buyer and Seller will agree that they will share in the reasonable costs of preparing the master plan in proportion to the benefit and relevant portion of the plan that applies to the Property and the Remaining Property.

If the foregoing non-binding terms correctly state your understanding on which we will proceed with the negotiation and preparation of a PSA, please sign and return the enclosed copy of this letter. As noted

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above, this non-binding letter of intent is not intended to contractually bind either party. It will merely serve as the basis on which to proceed with further negotiations.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Minh C. Tran', written in a cursive style.

Minh C. Tran
County Executive Officer

cc: Board of Supervisors
Bill Kampton

BUYER:
City of Calistoga

A handwritten signature in blue ink, written in a cursive style, positioned above a horizontal line.

City Manager

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EXHIBIT A
Property Boundary Map