



BOONE COUNTY, MISSOURI
RFP #: 56-01AUG06 – Market Assessment and Financial Feasibility
Study of the Boone County Fairgrounds

ADDENDUM #1
(Issued July 12, 2006)

This addendum is issued in accordance with the Introduction and General Conditions of the Request for Proposal and is hereby incorporated into and made a part of the Request for Proposal Documents. Offerors are reminded that receipt of this addendum should be acknowledged and submitted with Offeror's *Response Form*.

Specifications for the above noted Request for Proposal and the work covered thereby are herein modified as follows, and except as set forth herein, otherwise remain unchanged and in full force and effect:

I. Attachments for Informational Purpose:

“Landlocked” article in the Columbia Missourian, April 30, 2006

Lease Agreement between Boone County and the Boone County Agricultural and Mechanical Society

11. Change to RFP Specification:

Change 1.1.b. from 10:15 a.m. to 1:15 p.m.

III. We received the following questions and we've added our response:

- 1. Section 3.3.2.7a. indicates that the consultant is to recommend facilities to attract the identified market segments in Section 3.3.2.6. In addition to the general facility sizing and configurations, are you asking the consultant to prepare estimates of the costs of the facility recommendations?**

Response: No, not at this time.

- 2. Who will be the main contact person/group for the County with whom the consultant will be working?**

Response: Commissioner Skip Elkin

Note: All questions or comments regarding the RFP, the evaluation, etc. must be directed to the buyer of record. Please do not contact any County employee or evaluation committee member regarding any of these matters during the negotiation and evaluation process.

3. What is the current management structure for the Fairgrounds? Does the County feel that it needs to be changed?

Response: The County purchased the fairgrounds in October 1999 from the Boone County Agricultural and Mechanical Society and the Fair Board, Inc., and subsequently entered into a month-to-month operating lease with the Society and the Fair Board (See attached Lease). In exchange for use of the land and facilities, the Society and Fair Board are responsible for operating business activities sufficient to pay for all maintenance and upkeep of the property. No lease or rental payment is required to be paid to the County for use of the property. The Fair Board and the Society contract with Heartland Management for day-to-day management services of the business operations. The month-to-month lease agreement was intended to be a short-term arrangement until such time that the County Commission determined the best long-term use for the property; however, it continues in effect to this day.

The County Commission purchased the property with the expectation that it would generate sufficient revenues to cover operating expenses and maintain the facilities. At the time of the purchase, the County Commission made firm commitments that County general revenues would not be allocated to subsidize or otherwise support maintenance or operations of the facility. The Commission has been advised by the lessee that the day-to-operations of the property are not generating sufficient revenues to maintain the property and the County has recently financed limited-scope repairs. Members of the Fair Board and the Society have also advised county officials that net profits from the operation of the annual fair have been used to cover operating deficits. Boone County does not have any role in or responsibility for the day-to-day operations of the facility or of the annual fair. In addition, the County does not operate a Parks Department, Convention Center, or any other similar function and therefore does not have County staff who are trained and knowledgeable regarding these activities and functions.

As noted above, the County intended for the operations of this facility to be self-sustaining but it appears that this may not be the case. Since the County has no role, responsibility, or oversight for the day-to-day management and operation of the facility, the County has no basis for concluding whether or not an expectation of financial solvency is valid. The County desires the Consultant to evaluate the current management structure, as well as alternative management structures, in order to identify the strengths and weaknesses of the various optional structures and to make a recommendation regarding the most effective management structure.

4. Has a budget range been established for this contract?

Response: No budget range has been established at this time.

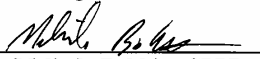
5. **Has any similar market or financial studies on the fairgrounds been conducted in the past? If so, what firms performed the work, and what were the contract values?**

Response: No market and financial feasibility study has been conducted on the Boone County Fairgrounds in the past.

6. **If we are not able to attend the pre-proposal conference, will answers from submitted questions and questions raised during the conference be provided to potential bidders?**

Response: All questions will be answered in writing and such answers will be provided to all parties having obtained a Request for Proposal packet by the County by posting the addendum on the County Web site at www.showmeboone.com (Select Purchasing, then Current Bid Opportunities).

By:


Melinda Bobbitt, CPPB
Director of Purchasing

OFFEROR has examined copy of Addendum #1 to Request for Proposal #56-01AUG06 – *Market Assessment and Financial Feasibility Study of the Boone County Fairgrounds*, receipt of which is hereby acknowledged:

Company Name: _____

Address: _____

Phone Number: _____ Fax Number: _____

Authorized Representative Signature: _____ Date: _____

Authorized Representative Printed Name: _____

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MISSOURIAN

Columbia, Missouri

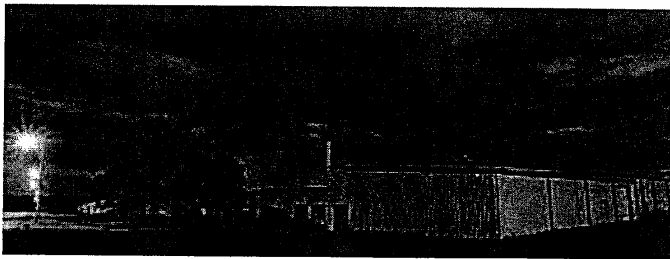
Landlocked

The Boone County Fairground struggles to make a profit, but none of the proposals in the 2002 fairground master plan have even been started

By CRISTOF TRAUDES

April 30, 2006

[Note: this story has been modified since its original posting.]



The main building of the Boone County Fairground, seen at sunrise last Monday, is one of 25 existing structures at the fairground. Photos by LEAH GALLOW/Missourian

George Harris works weekends, lots of weekends.

As manager of the county-owned Boone County Fairground, Harris has booked events for all but three weekends this year. There are horse shows and gun shows and tractor pulls and conventions. There are auctions and rodeos and

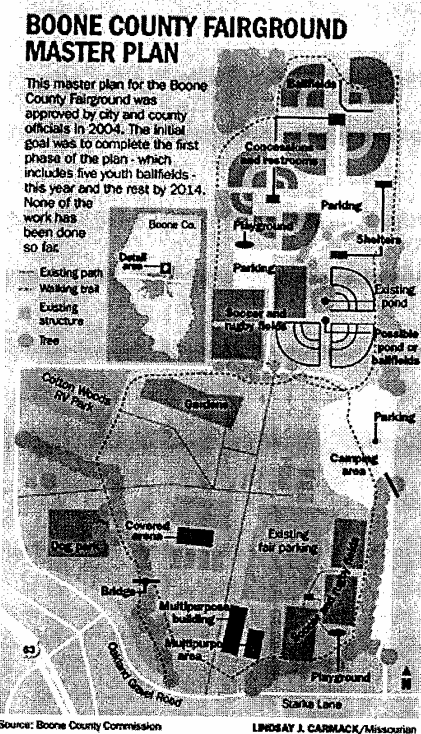
even wild burro sales. And, of course, there's the annual Boone County Fair, the signature event on the property.

Harris is there nearly every day, maintaining the grounds, supervising staff, overseeing events and booking them far into the future. The 2008 schedule is filling quickly.

Despite the activity, the fairground makes no money. And seven years after Boone County commissioners elected to buy the property for \$2.6 million — relieving the fair board of its debt and envisioning a recreational area with ballfields, trails and a dog park — little has happened to make those plans come to fruition.

Discussions about the future of the fairground have dragged on. A master plan approved in 2004 remains little more than a drawing. Efforts to at least create ballfields have stalled. The fair board, formally known as the Boone County Agricultural and Mechanical Society, has struggled to keep the operation afloat and implored county officials to get the city of Columbia involved. Harris, meanwhile, continues to work under a “temporary” agreement forged in 1999.

Uncertainty compounds the problems. A major annual horse show has ditched the fairground for a more stable location. Youth baseball organizations that once pledged thousands of dollars in assistance have grown frustrated and skeptical as the need for new fields grows. County commissioners' efforts to get a handle on fairground finances have largely failed.



Opinions abound about the reasons behind the lack of progress. Some say county officials should have deliberated longer before buying. Others say it was never a good idea or that the county is simply failing to take the right steps.

Commissioners, meanwhile, urge patience, saying the wheels of government turn slowly.

The effort is picking up speed. A meeting this month created at least the impression of momentum when city officials told county and fair board representatives that they are willing to lend their expertise in an effort to push the fairground forward.

MANAGEMENT ANGST

Running the fairground is an intricate financial affair. Despite consistently full year-round schedules, the fairground's events-based business, which doesn't include the annual fair, lost \$78,888 in 2004 and \$83,733 in 2005.

Leigh Nutter, former treasurer of the not-for-profit fair board, said that's common. Other events-based businesses around the county rely on secondary revenue to counter losses on event bookings. The Midway Expo Center, for example, has an antique mall, a convenience store and a restaurant to help keep it in the black.

At the fairground, the saving grace is the 10-day fair, which in 2004 and 2005 cut the fairground's losses to \$20 and \$192, respectively.

Relying on the fair every year, however, makes the fair board uncomfortable, Nutter said.

"Our financial stability is weather-dependent," she said. "We're just put in a very risky position."

The management angst can be traced to the fairground's relocation to Oakland Gravel Road. By the late 1980s, the fair had become cramped at the Clinkscates Road and Ash Street site. It is now the site of the Activity and Recreation Center.

The fair board said it felt a change of locale was necessary. In 1991 the newly-formed Boone County Fair Board Inc. bought the former Cotton Woods Memorial Airport, which at the time was primarily a rolling pasture of fescue shaded by scattered elm trees.

Vicki Russell, the fair board president, said the size of the property made it prime for hosting more than just an annual fair. The board took out loans to create a gravel parking lot and to build stalls, barns and the Coliseum, the site's headquarters. And it hired Harris, who had been managing the Midway Expo Center, to oversee the operation.

Harris said business was good, or at least as good as it could be. The business of hosting events, he said, is rarely profitable on its own.

Harris charges the organizations that use the grounds different amounts depending on the season and how much of the facilities they use. His standard fee for use of the front room of the Coliseum, for example, is \$2,500 a day, but he's willing to charge less during slow times of the year.

Harris lands many events by bidding against other fairgrounds, some as far away as New York state.

"I have to price this facility with what the competition price is," he said.

Once the bills for utilities, labor and management are factored in, however, those prices have produced no profit. It didn't take long for the fair board to learn it wouldn't be able to pay off its loans. By 1998, it was \$2.5 million in debt. When Russell joined the board, the debt was rising by more than \$400 a day.

The fair board sought a remedy in June 1998, when it approached the Boone County Commission about buying the property. A year later, and after much debate about whether the county had any use for the land or whether it had the capacity to manage a major park, the county bought the fairground and its buildings for about \$2.6 million.

Discussion quickly turned to the question of who would manage the year-round events business. Don Stamper, presiding commissioner at the time, said the fair board would have to continue managing the business only through 1999.

"It appeared to us (that the fair board) wanted out of (managing the property) right away," Southern District Commissioner Karen Miller said recently. "So we were trying to do that."

Under a contract signed in 1999, the county leases the fairground month to month to the fair board for free. If and when a new operator is found, the board's responsibilities will be limited to conducting the annual fair.

"That was supposed to be a short-term arrangement, but here we are six years later," said Northern District Commissioner Skip Elkin, who was not in office when the fairground was purchased.

Trouble started quickly. The commission had a difficult time drafting a request for proposals for potential managers and didn't send them out until May 2000, five months beyond the original goal.

Then the commission hit another snag. Only one person — Harris — applied.

He proposed leasing the land from the county for \$50,000 less per year than the commission had hoped.

Despite Harris' eight years of experience managing the fairground, the commission turned him down.

"I think they were disappointed with my offer," Harris said.

The county subsequently halted its search, but the fair board continued to employ Harris as the property's manager under the same terms of his 1991 hiring. But the issue reared its head again when something as simple as a broken industrial-size air conditioner challenged the fair board just before the 2005 fair. Because it had no extra money and with the annual fair just around the corner, the board asked the county to pay for the \$10,000 repair. Current Presiding Commissioner Keith Schnarre caused a stir

when he suggested closing the fairground. "If you can't cover your costs, at some point you've got to shut down," Schnarre said at the time.

While the fairground didn't close, Russell said the broken air conditioner was a wake-up call.

"We have eight of those, and they are all the same age," she said. "If we continue to have major breakages, it could put us out of business."

A CALL FOR COOPERATION

In December the fair board formally asked that county commissioners meet with Columbia officials to seek help in solving the management issue and to push planning for the fairgrounds ahead. The biggest issue with taking over management of the property has been determining how the county can avoid making it a financial burden.

Russell said the solution is for the county to work with Columbia. She proposes that the city's Parks and Recreation Department manage the fairground. After all, she said, the city will soon surround the fairground.

In Russell's vision, the county, which has no parks department, would continue to own the land, and the county, the city and the fair board would appoint representatives to a fairground advisory board.

"That would be a beautiful marriage," she said.

City Manager Bill Watkins said he thinks Russell's idea could work, especially because it would represent a cooperative community effort. But the city, he said, isn't really interested in inheriting year-round management.

"We don't have immediate expertise in running an events-based facility," Watkins said. "I think we can learn to do it, but we're not real anxious to take it over."

The city probably would limit its involvement to lending unique expertise on parks development and management, Watkins said.

Miller was happy when Watkins said the same at the meeting with commissioners and fair board members. "That's exactly what I wanted to hear," she said.

While Miller said she is intrigued by the idea of city involvement in recreational planning, she wants to ensure the fairgrounds remain a facility where the entire county is welcome.

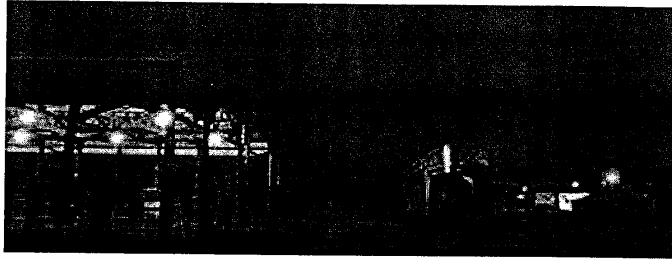
"I want to make sure that county users can come from any city without any conflict," she said. "If there's a (youth sports) league in Ashland that's overcrowded, I want them to be able to come there, too."

Miller also hopes to make the events business profitable. Her proposal, which was tentatively approved by all sides at the meeting, is to have the county hire a consultant to analyze market demand. A management decision would follow.

Lorah Steiner, executive director of Columbia's Convention and Visitors Bureau, said that's an important step.

“We have to look at fairgrounds across the country that are analogous to our facility,” she said.

What’s been a challenge is finding such facilities. Steiner said no national organization exists that focuses on year-round fairgrounds. Still, she said, a consultant who has experience with similar fairgrounds could guide plans in the right direction, whether that means trying to make a profit or using the land for a different purpose.



Night falls over the stables of the Boone County Fairground during the World Foxtrotting Horse Sale on March 19.

“It’s about finding out the best practices,” she said.

That solution could allay the fears of some county officials who want precise knowledge about the profits or losses produced by each fairground event. Right now, those balance sheets don’t exist.

“We don’t know what fees are charged, how the money is being handled out there,” County Treasurer Kay Murray said. “I think if we own the fairground, probably we ought to be somewhat enlightened on that.”

The fair board tracks annual revenue and spending, but does no accounting on individual events outside the fair. Russell said the board lacks the money to hire someone to do that.

Russell also doesn’t like the idea of just going after events that will bring in a lot of money.

“We’re not saying we ditch non-moneymakers for big moneymakers,” Russell said. “It’s hard. You don’t just go out and get huge events.”

CONSEQUENCES OF UNCERTAINTY

Prolonged indecision about the future of the fairground has come at a price. Groups that either hold events at the fairground or hope to have a stake in its development have grown weary of the stalemate.

The Missouri Paint Horse Club is among them. It recently decided to pull one of the fairground’s biggest events, its annual Labor Day horse show, in part because it sees no consensus emerging on what to do with the property.

“All that indecision about what to do in the future is a major concern to us,” club treasurer Greg Tambke said.

The show has been a staple at the fairground for 15 of the past 16 years. Club members, however, wanted to move it to a more stable location because it’s their biggest show of the year, drawing exhibitors from 13 states.

“We’ve been big supporters of the Boone County Fairground,” Tambke said. “Maybe us moving out will be a wake-up call.”

County officials, however, refuse to set a new deadline for finding new management. Miller said repeated failures to meet deadlines are unfair to others involved.

“You have to think about Mr. Harris, not knowing whether he’s going to be around six months from now or not being around six months from now,” Miller said. “We wanted to (replace management) by the first of the year, and then we wanted to do it by the end of the fair. Let’s not do this to this man.”

Along with the management issue, there’s also the continued lack of progress on development of the fairground and an adjacent 80-acre tract that Tom Atkins donated to the city and county.

A master plan approved by the County Commission and the Columbia City Council in 2003 calls for 12 baseball fields, three soccer fields, a 3.5-acre dog park and youth camping areas. It also included a 10-year timetable for completion. The first phase, which calls for nine ballfields to be constructed on the Atkins tract, was supposed to be finished this year.

So far, nothing has happened. Elkin said money is the main reason.

“Our coffers aren’t just overflowing with extra money to invest in parks and rec opportunities,” he said.

Elkin tried to boost funding early on by approaching youth sports organizations. Diamond Council of Columbia pledged \$10,000 and the BC Baseball League pledged up to \$25,000.

But Steve Reller, executive director of the BC league, said that the league has heard very little from the commission since its pledge. He was unaware the county had any plans to build this year.

Paul Blythe, president of Diamond Council, said he isn’t surprised that construction hasn’t begun. “We’re dealing with government,” he said.

Both Elkin and Miller said they think there will be two ballfields at the fairgrounds by the end of this year.

“We’re getting ready to see some things out there,” Elkin said.

Reller, however, said the need for ballfields is higher. “I could use six right now.”

Miller said she understands. She said: “The city admits there’s a need. The county admits there’s a need. The groups that try to manage that need are crying because there’s a need. But it takes all of us having a spearheaded effort ... to make things happen.”

Another incentive to build the fields quickly is a \$76,005 national grant that requires initial work to be done this year. Elkin said the county had planned to have the National Guard do the work through a special program, but the guard has been unavailable because of the war in Iraq. He’s now working with Columbia Parks and Recreation Director Mike Hood and an engineer to determine how much earthwork must be done and how much it will cost. Once that information is in hand, the actual work shouldn’t take long, he said.

STALLED DEVELOPMENT

Plans for developing the fairground for recreation began before the county bought the land. What type of recreation, however, remained unclear for some time. Some wanted an ice arena; others wanted the

focus to be on youth ballfields.

In early 2002, after a preliminary master plan showed 13 youth ballfields and a multipurpose sports facility, the county sent out requests for ice arena proposals. Several companies submitted them, but they were all rejected because they sought money from the county.

The potential for a recreational fairground didn't die, though. Instead, Atkins' donation of the 80 acres furthered it. The county had intended to buy that land in 1998, along the north side of the fairground, as part of its original purchase. But Atkins beat them to it.

However, in 2002 Atkins donated that property to the city and the county with two stipulations: The governments had to work together, and they had to develop the fairground for recreational purposes.

"What I'm hoping for is a youth sports facility," Atkins said in 2002. "We need to look after the youth of our community first. Later, they'll take care of us."

While the city and county accepted the donation and agreed to cooperate, they've made little progress. Columbia voters did pass a parks sales tax in November that included \$700,000 for youth ballfields, but the city has yet to decide whether it will spend that money at the fairground or at the planned Bristol Lake park.

Because many aspects of the fairground's recreational development remain indefinite, some think the master plan might never be realized.

"With all the years of my experience, I wouldn't hold my breath seeing it happen," said Murray, the county treasurer. She said she wonders how the county will ever be able to find the estimated \$4.5 million the master plan would cost to implement.

"The commissioners have said they'll never use general revenue funds to keep up with the fairground," she said. "Well, if you're not going to do that, then you better think of another way to get money to come in, and that doesn't seem to be on anybody's agenda."

Commissioners thus far have spent no general revenue on the fairground, relying instead on a \$541,000 insurance settlement in the wake of a 2002 tornado that damaged fairgrounds buildings.

The county is lobbying the state House and Senate to enable it to create a regional recreation district that would let it tax commercial enterprises in and around the fairgrounds. The Senate version of the bill never got voted on, but the House bill is still alive. Even if that bill passes, the immediate impact would be minimal, Elkin said, because there's nothing around the fairground to tax.

Still, commissioners maintain they're making steady progress.

"Government doesn't move fast," Miller said. "You make a lot of mistakes if you move too fast in government. It's very frustrating sometimes, but that's just the way it is."

"If people want (fairground development) done quicker, they're going to have to come together and take it to the voters."

But former commissioner Stamper said the commission simply isn't aggressive enough.

"I think there's some opportunities being missed," he said. "There are some folks in the community you could go to and ask for direct contributions and funding. There's just endless possibilities. But they have to want to see them and look for them."

20/20 HINDSIGHT

Before the county bought the fairground, many residents and officials voiced concern about whether it would be a good move. Some remain unconvinced. Both Murray and County Auditor June Pitchford were openly hesitant at the time of the purchase, and they remain critical today.

"It was a significant capital acquisition that had not been identified in any long-range plan of the county," Pitchford said. "It came to the commission rather out of the blue, and it was acted upon without the typical study and analysis we're accustomed to."

She said she wishes the commission had spent more time asking what public purpose taking over the fairground's operations would serve.

"County government is responsible for state services that have been delegated to it by the state," Pitchford said. "Operating an exhibit center is not one of those."

But quality of life is a county responsibility, Commissioner Miller said. "And recreation is a big part of quality of life."

There were other qualms. In 1999, Murray worried that a county-owned fairgrounds would just sit. In a recent interview, she was asked whether her prediction is coming true.

"Oh, sure it is," she said. "I'm not against county government buying property, but the circumstances surrounding that purchase were definitely not palatable to the rest of the county officials because it was just bailing out a certain group of people."

She was referring to an often-heard argument that Stamper's relationship with former fair board President Billy Sapp was a primary motive for buying the land. Sapp had personally loaned about \$1 million to the fair board when it first started having financial problems. In 1998, the board chose to consolidate all of its debt with First National Bank. Sapp guaranteed his part of the amount to the bank, putting himself at financial risk if the county didn't buy.

Stamper, now a spokesman for Con-Agg, which Sapp owns, and for the Central Missouri Development Council, for which Sapp serves as board president, said a bailout was never his intent.

"(The purchase) was more controversial than it should have been," Stamper said recently. "It was about kids. It was about future generations. It was about setting aside 200-plus acres to give to the use of children."

Murray doesn't buy that.

"They didn't put any effort into it for the kids," Murray said. "That's what I was worried about, that they'd just let it sit."

Schnarre criticized the purchase throughout the 2002 campaign against Stamper. Today, however, he wants to put that criticism behind him.

"I don't think that's something to discuss anymore," he said. "As far as (the fairground) being a bad investment, no."

Others agree it's time to move on.

"If we continue to beat ourselves up about past issues that were good or maybe not good, depending on your perspective, we're never going to get anywhere," Watkins said. "They own the property now. We need to move forward and not look back."

Plus, many continue to argue that the purchase was a very good deal.

"You don't get a chance very often to buy that amount of land that close to one of the major cities in the county," Stamper said. He compared the \$20,000-per-acre purchase price to the \$70,000 per acre that the city paid for the Stephens Lake property.

"It was extraordinary," he said of the fairground deal.

BACK TO THE FUTURE

Asked what will be at the fairground in 25 years, many said they see a vibrant area. Schnarre envisions an Atkins tract developed for recreation. The core of the fairground, he said, will have trails and a busy exhibition center. Miller pictures a place for both children and adults.

Even Russell, whose group has seen both the good times and the bad at the fairground, believes it will be thriving in 25 years.

"It will be a nice piece of property that has recreation going on 365 days a year," she said. "The potential is fabulous."

Talk has begun to even expand beyond merely developing. For example, the fact that Columbia will soon surround the fairground creates concerns for its future neighbors.

"There's going to be noise," Miller said. "There's going to be smells. There's going to be light at night."

Another issue is the growth of surrounding roads.

Waco Road, directly north of the fairground, is a strong candidate for expansion, Watkins said.

In the meantime, Harris is content to remain in charge while everything around him plays out. He says he's just happy steps are being taken to keep the fairground alive.

"I don't know if very many other counties have fairgrounds that are comparable to this facility," Harris said. "Many people come here and say, 'Is this where the state fair is held?' and things like that.

"It's been good for the county."

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30113-010

LEASE AND LICENSE AGREEMENT
(Exhibit #3 to Purchase Agreement)

THIS LEASE, dated the 4th day of October, 1999, by and between, Boone County, Missouri through its County Commission, herein "Lessor," and Boone County Agricultural and Mechanical Society, a Missouri pro forma decree corporation, and Boone County Fair, Inc., both of Boone County, Missouri, herein collectively called "Lessee".

WITNESSETH:

WHEREAS, the Lessor is the owner of real estate and buildings more particularly described below, all currently used for and operated as the Boone County Fairgrounds, and

WHEREAS, Lessee is Boone County Agricultural and Mechanical Society, a Missouri pro forma decree corporation and Boone County Fair, Inc., is a Missouri not for profit corporation, and both are established for the purpose of operating the Boone County Fair and other lawful purposes, and

WHEREAS, Lessor intends to lease to Lessee the real described in this lease on a month-to-month basis for a period of time and to thereafter license and permit the use of the same property to Lessee annually for a consecutive fourteen (14) day time period for purposes of conducting the Boone County Fair, and

WHEREAS, both parties hereto desire to reduce and commit the terms and conditions of their agreement to writing.

NOW THEREFORE, in consideration of the performance of the mutual obligations hereunder, the parties agree to the following:

1. *Leasehold Conveyance* - The Lessor hereby leases to the Lessee property purchased by Lessor from Lessee, known as the Boone County Fairgrounds property, all as purchased by Lessor from Lessee under agreement for sale of property dated the 4th day of October, 1999, which agreement and all closing documents are made a part hereof by reference (hereafter referred to as the "Purchase Agreement"). The legal description of the leased real estate is as follows:

A Tract of land in Section 20 and Section 29, both located in Township 49, Range 12, Boone County, Missouri, as shown by survey recorded in Book 505, Page 847, Records of Boone County, Missouri; except that part conveyed to F.J. Caudle and Loretta Faye Caudle by Warranty Deed recorded in Book 1074, Page 437; also except that part conveyed to the State of Missouri by Warranty Deed recorded in Book 1084, Page 502, Records of Boone County, Missouri; and also except the East 1/2 of the Southwest 1/4 of Section 20, Township 49 North Range 12 West of the Fifth Principal Meridian.

Subject to easements and encumbrances of record and existing roadways.

This Lease shall commence on and be effective on the date the Purchase Agreement is closed and the Lessor and Lessee execute instruments transferring ownership of the property herein described from Lessee to Lessor. ~~This lease shall thereafter exist on a month-to-month basis until Lessor gives Lessee, actual 30 days advance notice, by writing or other method which actually communicates a date certain.~~

when Lessee is to surrender possession of the leased property to the Lessor or the Lessor's designee, together with other property rights which are more specifically addressed in this lease, which date shall hereafter be referred to as the "transfer date." After the transfer date, the Lessee shall annually be entitled to use of the property under license for a period of fourteen (14) consecutive days each year for conduct of the Boone County Fair, commencing in the year 2000, subject however, to the terms and conditions further specified in this lease and license agreement.

2. *Leasehold Consideration* - The consideration for this lease is the sale of the leased property by the Lessee to the Lessor under the Purchase Agreement and the performance by each party of the terms and conditions of this lease, which the parties agree is adequate consideration.

3. *Condition of Real Estate* - These premises are conveyed to the Lessee in the current condition without representation or warranty as to physical condition. In executing this Lease the Lessee represents that Lessee is knowledgeable of the physical conditions of the buildings and grounds and other property which is the subject matter of this lease and assumes full responsibility and liability for same subject to the other terms and conditions of this Lease.

4. *Use of Leased Property* - Lessee agrees that it shall use the leased property exclusively for the operation of the Boone County Fairgrounds as an ongoing business operation while this lease exists on a month-to-month basis and thereafter to use the same or substantially the same property as licensed herein on an annual basis exclusively for the conduct of the annual Boone County Fair. Lessee further agrees to operate and maintain the facilities in accordance with the standards, rules and regulations prescribed by the federal, state and local governmental entities having jurisdiction and any other laws, rules or regulations or ordinances as may be applicable concerning the use, operation or maintenance of the premises.

5. *Business Operations Expense and General Upkeep* - Lessee agrees to pay all cost and expense of the business operations conducted on the premises and for all utility services metered to the premises excluding electric which shall be metered in Lessor's name and shall be paid by Lessor and reimbursed by Lessee making payment to Lessor on a month-to-month basis within 30 days of invoice by Lessor to Lessee. In addition, the parties acknowledge that Lessee is qualified to be a tax exempt organization; nonetheless, if and to the extent Lessee may be determined to be subject to taxation, Lessee shall pay all federal, state and local taxes assessed against Lessee or Lessee's real and personal property located on the premises. While this lease exists on a month-to-month basis, Lessee agrees to regularly keep and maintain the leased real estate and personal property thereon in good repair and condition at its own expense as is necessary to comply with all laws, rules, regulations and codes which may be applicable, including but not limited to buildings, structures, electrical and mechanical equipment and appliances, grounds and parking. It is understood and agreed that Lessor shall have no individual or separate responsibility or liability for the maintenance, upkeep or repair of the leased property while this lease exists on a month-to-month basis. After the transfer date and when the property is used for the conduct of the Boone County Fair on an annual periodic basis, it is agreed that Lessor or Lessor's designee shall be responsible for the general repair and upkeep of the leased property and Lessee's responsibility for repair and upkeep of the property shall be limited to the same general terms and conditions which the Lessor or the Lessor's designee would impose upon any party contracting for the use of the Boone County Fairground property for a special event of limited duration.

6. *Additional Provisions Applicable to Leased Property Under Month-To-Month Tenancy* - The following additional provisions shall be applicable to the leased property when under month-to-month tenancy:

6.1 *Business Operations* - Lessee shall be required to use the leased property together with its own property kept and maintained on the premises in order to generate revenues at least sufficient to pay for the operational and maintenance expenses of the property sold hereunder. In this regard, Lessee shall be entitled to contract for or rent the use of the buildings and grounds for public and private events, meetings, concessions, and other lawful uses, so long as such uses are in compliance with applicable laws, rules, regulations and ordinances as may be applicable to the use of the premises. Lessee agrees to first pay and apply all rents, revenues and other income generated from the leased property toward the general operation and maintenance expense of the leased property. Lessee further agrees to pay all debts which accrue when due associated with the operation of the leased property and shall not mortgage, lease (excluding short term vendor booth or stall leases for specific events), transfer, assign or otherwise encumber the leased property without the prior written approval of the Lessor.

6.2 *Insurance* - During Lessee's possession and occupancy of the leased property, Lessee hereby agrees to maintain at its own expense public liability insurance and fire and general casualty insurance on its own personal property to the full insurable value thereof. Lessor shall be a named as insured on any public liability policy. All such insurance shall be in such amounts and with such coverages as shall be approved by Lessor. Lessee shall further maintain fire and general casualty insurance as specified in the purchase agreement for the real estate and improvements thereon pending Lessor obtaining its own fire and general casualty insurance; thereafter Lessee shall be relieved of the obligation to insure the real estate and improvements thereon, but shall be responsible for insuring any property owned by it on the leased premises. If any of the leased property is substantially damaged or destroyed by fire or other casualty prior to the date Lessor obtains its own fire and general casualty insurance, then Lessor shall have a right to receive all insurance proceeds from any such insurance. Further, Lessor shall have the benefit of indemnity under the general liability insurance for any claims or causes of action which may occur as a result of Lessee's continued operation and use of the leased property. The proceeds of any such policies shall be payable to Lessee and Lessor or their lawful assigns, as their interests may appear and subject to this agreement. Upon acceptance of the leased property and upon each insurance renewal date while the month-to-month tenancy is in effect, Lessee shall deliver to Lessor a certificate(s) evidencing all such insurance. In the event of any loss, damage, injury or accident involving the leased property, Lessee shall promptly provide Lessor with written notice thereof and make available to Lessor all information and documentation relating thereto. If and to the extent not covered by insurance during the month-to-month tenancy, Lessee agrees to indemnify Lessor against, and hold Lessor, its designee or assignee, or any participants with such, harmless from, any and all claims, actions, proceedings, expenses, damages, and liabilities for losses (including, but not limited to, attorneys' fees and court costs) arising in connection with the leased property during the month-to-month tenancy.

6.3 *Contracts and Leases*- Upon notification by Lessor to Lessee of its intent to take possession as of the transfer date, Lessee shall assign and transfer to Lessor all existing contracts, leases, bookings, and other agreements for the use of the leased property, whether existing or executory, from and after the transfer date and Lessee shall not be entitled to any income or revenues derived from the use of the leased property from and after the transfer date except such income and revenues which may be derived from annual operation of the Boone County Fair as further specified in this agreement.

6.4 *Maintenance* - Lessee agrees that during its possession and occupancy of the leased property on a month-to-month basis, it shall maintain and keep all such property in good repair and order, ordinary wear and tear excepted, and shall not commit waste on the premises, nor sell, remove, damage or destroy any of the leased property. In this regard, Lessor shall have

a right to inspect the leased property periodically as deemed appropriate by Lessor and require Lessor to make repairs or replacements as necessary at its own expense in order to keep and maintain the leased property in as good a condition as in existence as of the date of closing of the sale under the purchase agreement.

6.5 *Alterations and Improvements* - Lessee shall not make any substantial alterations, additions, or improvements to the leased property which in the judgment of Lessor may diminish the value of the leased property without Lessor's prior written consent, and any permitted alterations, additions, or improvements to the leased property shall become a part of the leased property unless otherwise mutually agreed to in writing between Lessor and Lessee.

6.6 *Transfer of Operations* - Upon notification of Lessor's intent to take possession of the premises, Lessee shall arrange for and execute, effective on the transfer date, the transfer and assignment to Lessee, or Lessee's designee, of all ongoing business accounts receivable and payable, contracts, services and other revenues and obligations necessary for the continued ongoing operation of the leased property together with any executory contracts, bookings or other commitments for the use or occupancy of the leased property from and after the transfer date. Provided, however, that Lessor or Lessor's designee shall have a right to decline transfer or acceptance of any obligation after the purchase agreement is closed which it believes unreasonable or unnecessary for the continued operation of the leased property. In this regard, after the closing of the purchase agreement, Lessee shall be obligated to notify all third parties with whom it contracts or leases for the use of the leased property, or for services to the leased property, that all such leases or contracts are subject to assignment to Lessor or Lessor's designee, and that Lessor or Lessor's designee shall have the option to terminate any such contracts or leases without recourse against Lessor or Lessor's designee when such contracts are terminable. Further, Lessor shall have a right to audit any account, obligation, contract, or lease from which Lessor may be entitled to revenue, or for which Lessor is or may be obligated, with respect to the operation and use of the leased property, and Lessee hereby agrees to make its books and records available to Lessor's auditor, or any auditor appointed by Lessor, for the purpose of inspecting and verifying the status any such contract, lease or other obligation to be transferred by Lessee to Lessor pursuant to this lease agreement. Transfer of all contract and intangible personal property rights pursuant to this agreement shall be by general assignment. It is further agreed that all legally enforceable debts, financial obligations and liabilities not expressly assumed by Lessor resulting from the operation and use of the leased property accruing prior to the transfer date shall be the responsibility of Lessee and Lessee hereby agrees to indemnify and hold Lessor harmless from and against all claims and causes of action for same, including the costs, legal fees and expenses of defense of Lessor. It also agreed that all legally enforceable debts, financial obligations and liabilities resulting from the operation and use of the leased property after the transfer date from Lessee to Lessor, or for which Lessor has expressly assumed liability, shall be the responsibility of Lessor and Lessor hereby agrees to indemnify and hold Lessee harmless from all claims and causes of action for same, including the costs, legal fees and expenses of defense of Lessee. Similarly, it is agreed that all revenues and profits earned, paid or payable as a result of the Lessee's operation and use of the leased property prior to the transfer date shall be those of the Lessee and that all revenues and profits earned, paid or payable as a result of the Lessor's or Lessor's designee's operation and use of the leased property after to the transfer date shall be those of the Lessor or Lessor's designee.

7. *Subletting and Assignment* - Unless otherwise authorized in writing by the Lessor, Lessee shall not assign or sublet part or all of the leased property. This prohibition on assignment shall include permitting business operations to be conducted on the premises other than those conducted by the Lessee

in the ordinary usual course of its business during the month-to-month tenancy without the written consent of the Lessor during any lease term. This prohibition on assignment also shall include permitting business operations to be conducted on the premises during the Boone County Fair other than those usually and normally conducted as a part of the fair.

8. *Annual Use for Boone County Fair* - As further consideration for the sale of the property by the Lessee to the Lessor under the Purchase Agreement, and the performance by each party of the terms and conditions of this lease, Lessor further agrees to license and permit Lessee to use the real property described in this lease and any personal property sold under the Purchase Agreement, to the extent owned and controlled by Lessee, annually for a period of fourteen (14) consecutive days between the first of June and the last day of August each year commencing in the year 2000 for purposes of conducting the Boone County Fair, provided that Lessee notifies Lessor or Lessor's designee of the fourteen (14) day time period in which the fair is conducted prior to the first day of March of each year, and further provided that such fourteen (14) day time period shall not conflict with any time period selected by Boone Electric Cooperative to use the property sold hereunder pursuant to the terms and conditions of the lease with Boone Electric Cooperative recorded in Book 1533, Page 398, of the Records of Boone County, Missouri and any amendments thereto which may be lawfully binding upon Lessor or Lessor's designee. Use of such property during such fourteen (14) day time period shall be exclusively for conducting the Boone County Fair and for no other purpose unless mutually agreed upon by the parties in writing. All expenses incurred by Lessor or Lessor's designee with respect to the use of the property for the conduct of the Boone County Fair shall be at the expenses of Lessee and Lessee hereby agrees to pay, or to reimburse Lessor or Lessor's designee for payment, of any and all such expenses incurred which result from the conduct of the fair. Further, Lessee hereby agrees to procure general public liability insurance and such other insurance coverages as may be determined by Lessor or Lessor's designee for such event at its own expense. Proof of insurance together with coverages in such amounts as may be acceptable to Lessor or Lessor's designee shall be provided by Lessee prior to the date of such annual usage and shall be a condition precedent to Lessee's annual right of usage. To the extent not covered by insurance and limited to claims or demands connected with the property in connection with the annual Boone County Fair, Lessee agrees to indemnify and hold harmless the Lessor from all claims, demands, suits and judgments of any type or kind, including but not limited to reasonable and necessary expenses of litigation including attorney's fees, expert witness fees and costs. In this regard, it is understood and agreed that the Lessor assumes no responsibility or liability for the general business operation or use of the premises and other property licensed to Lessee for use during the Boone County Fair, unless otherwise agreed to in writing by the parties. All net income after payment of expenses derived from the conduct of the annual Boone County Fair shall be payable to Lessee. Except as otherwise provided for in this paragraph, Lessee's usage of the property for the Boone County Fair shall be subject under generally applicable policies, rules or regulations and the same terms and conditions for usage as may be required by Lessor or Lessor's designee for any other contracted use of the property for any special event. The annual right to use the property for purposes of conducting the Boone County Fair shall be exclusive to Lessee and may not be transferred or assigned to any other person or entity without the written consent of Lessor. Further, in the event that Lessor determines that the future use of part or all of the leased property shall be inconsistent or inappropriate with future uses which may be made of the Lessor of leased property, then in such event Lessor shall have the right to cancel or limit Lessee's annual right of usage, but in the event Lessor determines it necessary to cancel the this license for annual use, it shall give Lessee at least one year advance notice of cancellation and Lessor further agrees that Lessor shall use its best efforts to accommodate Lessee's needs for a location for conduct of the Boone County Fair and in the event relocation is necessary, assist Lessee to find an adequate alternative location which is acceptable to the Lessee.

9. *Quiet Enjoyment* - Lessor hereby covenants, warrants, and represents that Lessor has the

full and complete legal right to lease the premises to Lessee according to the terms set forth herein and hereby further covenants that, so long as Lessee is not in default hereunder, Lessee shall be entitled to peaceably and quietly use and enjoy the premises under the terms and conditions of this lease free from the claims of all other persons or entities whatsoever and Lessor hereby agrees to indemnify Lessee and to hold Lessee harmless from any and all damages, losses, or expenses incurred or sustained by Lessee as the result of a breach of the foregoing covenants and warranties of Lessor as specified in this paragraph.

10. *Amendment and Termination* - This Lease may be terminated or amended by mutual agreement in writing. This Lease may also be terminated by the Lessor for any uncured default in performance of the terms and conditions of this Lease unless otherwise prohibited by law.

11. *Relationship of Parties* - Nothing contained in this Lease shall be deemed intended or construed by the parties hereto or by any third party as creating any relationship of principal or agent or of joint venture, or business affiliation. It is understood and agreed that the provisions contained in this Lease or any act of the parties hereto, their agents, officers or employers, shall not be deemed to create a relationship between the parties other than a relationship between Lessor and Lessee.

12. *Notices* - Whenever a notice shall be given under the provisions of this lease it shall be given in writing and delivered in person or mailed by ordinary mail with sufficient postage affixed as follows: (1) to the Lessor by delivery at the Lessor's current official business address which is presently: Boone County Government Center, 801 East Walnut, Room 245, Columbia, MO 65201, and (2) to the Lessee at the leased premises or at another address as directed and actually communicated in writing by the Lessee to the Lessor. Notice shall be sufficient regardless of form if acknowledged as sufficient by the recipient or proven as actually communicated; mailed written notices shall be presumed received on the third business day after the date stamped on the envelope by postal authorities unless the date of delivery is proven by other reliable means.

13. *Default* - This Lease is made upon the condition that Lessee shall punctually perform each and all of the covenants and agreements herein set forth to be by Lessee kept and performed, and if at any time there be any default on the part of the Lessee in the payment of any amount of money herein agreed to be paid by Lessee; or in the performance or observance of any of the other covenants and agreements of this Lease not pertaining to the payment of money, and any such default shall continue for a period of thirty (30) days after written notice thereof shall have been served upon Lessee; or if the Lessee shall cease to use or threaten to cease to use the leased property for the purposes specified in this Lease, or if Lessee shall suffer a loss or forfeiture of its corporate good standing; or shall file a petition in voluntary bankruptcy or commence any proceeding for the adjustment of its indebtedness under any applicable provisions of the Bankruptcy Act as then in effect, or if Lessee be adjudicated a bankrupt in voluntary bankruptcy proceedings and such adjudication shall not have been vacated within forty-five (45) days from the date thereof; or if a Receiver or Trustee of Lessee's property be appointed and the order appointing such Receiver or Trustee be not set aside or vacated within forty-five (45) days after the entry thereof; or if Lessee shall assign Lessee's estate or effects for the benefit of creditors; or Lessee suffers an adverse material change in its financial condition or operations from the date hereof and, as a result, Lessor deems itself insecure in Lessee's performance of any financial obligation under this lease; or Lessee shall be in default under any other agreement executed at any time with Lessor, its affiliates or Lessor's assignee or designee, or under any other agreement or instrument by which it is bound, then, and in any such event, Lessor may, at its option, forthwith and without further notice, terminate this Lease and re-enter upon and take possession of the demised premises and any leased personal property without prejudice, however, to any other right of action or remedy which Lessor may have with respect to any

breach by Lessee of any of the terms or covenants herein contained, including Lessor's right to file and recover the maximum claim in bankruptcy permitted under the Bankruptcy Act as then in effect. In the event of default by Lessee in the performance of any of the covenants of this Lease and by reason thereof Lessor employs the services of an attorney to enforce performance of these covenants, or to evict the Lessee, or take possession of the leased personal property, or to collect monies due from the Lessee or to perform any service based upon such default, then, in any of said events, the Lessee agrees to pay a reasonable attorney's fee and all expenses and costs incurred by Lessor pertaining to enforcement of any remedy provided under this Lease.

14. *Holdover*- In the event Lessee shall continue in possession after the end of the month-to-month tenancy, or extension thereof, or thereafter if this lease has otherwise expired or terminated, it must be with permission of Lessor and shall then be deemed to be a tenancy at will, but if such Lessee shall hold over without Lessor's consent, then the Lessee shall be liable to Lessor for damages as permitted by law which the Lessor or the Lessor's designee might reasonably accrue had such holdover not occurred.

15. *Record Keeping and Auditing* - Lessee agrees that it shall keep and maintain its books and records in accordance with generally accepted accounting standards and to make its books and records available to the Auditor of Boone County, Missouri, or official auditing officer of said county, or an independent certified public accountant appointed by Lessee, or appointed by the Lessor in the absence of appointment by the Lessee, but only as necessary to verify that Lessee's compliance with the terms and conditions of this Lease and License Agreement; such auditing for compliance with the terms and conditions of this Lease and License Agreement shall be performed either annually each calendar year as a part of Lessor's annual independent audit, or as specially requested by the Lessor if the Lessor has reasonable grounds to believe that the Lessee is not complying with one or more terms and conditions of this Lease and License Agreement during any calendar year; any such audit shall conclude with written report of the results of such audit to be provided to Lessor immediately upon completion. The expense of the audit services required hereunder including those of an independent certified public accountant shall be paid by the Lessor.

16. *Binding Effect* - This agreement shall be binding upon the parties hereto and their respective successors and permitted assigns.

17. *Section Headings* - All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Lease.

18. *Waivers* - Waiver of any condition or covenant of this Lease or any breach of any condition or covenant shall not be taken to constitute a waiver of any subsequent breach of such condition or covenant or to justify or authorize the nonobservance on any other occasion of the same or any other condition or covenant hereof. Nor shall any right or remedy of the Lessor herein set forth be exclusive but shall be in addition to any other rights or remedies allowed by law or equity.

19. *Encumbrances*- The Lessee hereby covenants and agrees not to encumber or cause any encumbrance to be made against the property leased or transferred hereunder without the written consent of the Lessor.

20. *Authority of Signatories* - The Signatories to this Agreement on behalf of the respective entities affirmatively represent that they have obtained all necessary resolutions and orders appropriate to enter this lease and are duly authorized to enter into this lease and bind the parties which they represent to all terms and conditions contained herein.

21. Execution - This Lease may be executed in any number of counter-parts, each of which shall be deemed to be an original but altogether shall constitute but one in the same lease.

IN WITNESS WHEREOF, the parties hereto have executed this Lease by their duly authorized governmental or corporate officers effective on the date herein specified.

LESSEE:

Boone County Agricultural and Mechanical Society
by Vicki Russell
President Vicki Russell

ATTEST:
Paul Little
Secretary Paul Little

Boone County Fair, Inc.
by Vicki Russell
President Vicki Russell

ATTEST:
Paul Little
Secretary Paul Little

LESSOR:

Boone County, Missouri
By its County Commission
by Don Stamper
Presiding Commissioner Don Stamper

ATTEST:
Wendy S. King
County Clerk

Approved as a legal form:

John L. Patton
County Attorney John L. Patton

State of Missouri)
County of Boone) ss

On this 4th day of October, 19 99, before me personally appeared Don Stamper, who after being duly sworn upon his oath did state, affirm, and acknowledge that he is the duly elected Presiding County Commissioner of the County of Boone, a political subdivision of the State of Missouri, that he has executed the within instrument on behalf of said County pursuant to the authority vested in him to execute said instrument on behalf of said County as authorized by law and that he executed same for the purposes therein stated.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my seal at my office in Columbia, Missouri, the day and year first above written.

Mary Jo Edmiston
Notary Public MARY JO EDMISTON
Notary Public-Notary Seal
State Of Missouri
Boone County

My commission expires _____ My Commission Expires January 9, 2000

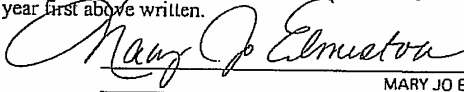
State of Missouri)
County of Boone)

ss

On this 4th day of October, 1999, before me personally appeared **, to me known as the president and chairman of the board of directors of Boone County Agricultural and Mechanical Society and Boone County Fair, Inc., and after being duly sworn upon oath did state, affirm, and acknowledge that said person has executed the within instrument on behalf of said corporations pursuant to the authority of their respective board of directors and that the same was executed for the purposes therein stated.

**VICKI RUSSELL AND PAUL LITTLE

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my seal at my office in Columbia, Missouri, the day and year first above written.



Notary Public

MARY JO EDMISTON
Notary Public-Notary Seal
State Of Missouri
Boone County

My commission expires _____

My Commission Expires January 9, 2000