

**ATTACHMENT 2**

**Summary of Deal Points**

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Based upon direction provided by the City Council in closed session as well as the Art Center Board of Trustees at their October 25, 2007 meeting, the attached Agreements were negotiated in good faith and include the following terms of approval:

**A. Lease Agreement for Parcel B**

1. Initial Lease Term of 55 years to commence upon City Council approval of Lease Agreement.
  - (a) Lease Term to be extended to 99 years upon successful exercise of Option for Parcel A.
2. Lease Rate of \$1 per year for Art Center Uses.
3. Parcel B to be used for construction staging for student housing on the 950 S. Raymond site, and subsequent development of a parking structure.
4. Art Center responsible for removal of tanks and any remediation triggered as a result of Art Center projects on Parcel B.
5. Within 12 months of Lease Commencement Date, Art Center must submit a Design Review Application to the City for the Student Housing project if it is to move forward.
6. Parking structure subject to full city review (including Design Review) and shall be constructed within the timeframe detailed in the Schedule of Performance.
7. The City may terminate the Lease if Art Center does not complete any one of the following actions within three years of the Lease Commencement Date:
  - (a) Commence construction of Student Housing (and, subsequently, Parcel B parking structure). Construction on these two projects must conform to the timeframes established in the Schedule of Performance, which is attached to the Lease Agreement as Exhibit E.
  - (b) Exercise the Option Agreement for Parcel A.

**B. License Agreement for Parcels D & E**

1. Effective Date to be concurrent with Lease Agreement Commencement Date.
2. To be used for overflow surface parking and construction staging in connection with Art Center's development of improvements on Parcel B, Parcel A, and other property that Art Center owns located across Glenarm Street to the north of the Property.
3. License Term shall terminate after three years or when the site is no longer required for its approved purpose, whichever occurs first.
4. Parcel E shall be maintained at all times for PWP ingress/egress.

5. License Agreement will not be effective until any reviews required by law have been completed.

### **C. Option Agreements**

1. Immediately upon execution of Option Agreements ("Effective Date"), Art Center and City to negotiate exclusively for a period not-to-exceed two years to develop a comprehensive proposal for the reuse of the Power Plant Building (Parcel A) and for a period not-to-exceed three years for the potential development of the Parcel D Site. Proposals shall include full project descriptions and evidence of financing for each. If City finds each proposal to be acceptable, each shall be fully negotiated and reflected in separate leases for each parcel.
2. Annual Option Payments in the amount of \$10,000 for each Option Agreement shall be paid by Art Center to the City, beginning on the Effective Date of the Option Agreements.
3. City responsible to complete remediation for those items relating to the current Phase II seismic and remediation work currently underway. Art Center to be responsible for identification, remediation, and disposal of those items triggered by their work.
4. Art Center shall work with the City to accommodate ingress & egress of PWP vehicles for City's demolition, removal and/or maintenance of equipment on the Glenarm and Broadway Power Plant Sites.
5. The Parties acknowledge and agree that Art Center will be unable to use significant portions of the Power Plant Building for Art Center's intended purposes unless and until certain pieces of existing equipment previously used to generate electrical power (the "Generating Equipment") are removed from the Power Plant Building. Such Generating Equipment includes, but is not limited to, existing turbines, burners, boilers, condensers, and associated piping and machinery. The designation of any or all of the Generating Equipment as either primary or secondary contributing elements to the character of the Power Plant Building as a historical structure would require approval by the City of a Certificate of Appropriateness. The decision to grant or deny approval of a Certificate of Appropriateness is and shall remain in the sole and absolute discretion of the City, and any such decision shall conform to all of the City's laws and policies, the laws of the State of California, and the laws of the United States of America including but not limited to the California Environmental Quality Act.
6. In the event that City and Art Center are unable to agree to terms for the Lease of Parcel A and Parcel D sites within the above referenced exclusive negotiating periods, exclusive negotiation rights between Art Center and the City will terminate.