

CITY OF OAKLAND

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OAKLAND

2018 JAN 11 PM 5:42

# AGENDA REPORT

**TO:** Sabrina B. Landreth  
City Administrator

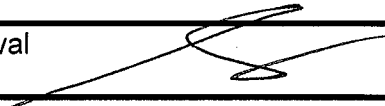
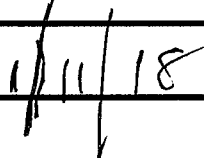
**FROM:** Mark Sawicki  
Director, EWD

**SUBJECT:** New Leases for Existing Cultural Arts  
Tenants at 150 Frank H. Ogawa Plaza

**DATE:** January 3, 2018

City Administrator Approval

Date:

## RECOMMENDATION

**Staff Recommends That The City Council Adopt An Ordinance Authorizing The City Administrator To Negotiate And Execute Below Market Rent Leases For The Betti Ono and Pro Arts Galleries Located At 150 Frank H. Ogawa Plaza For The Term Of Five Years In Exchange For In-Kind Services And Cultural Benefits As Authorized By O.M.C. Section 2.42.110.**

## EXECUTIVE SUMMARY

The Betti Ono and Pro Arts galleries are two arts and culture organizations that occupy spaces on the ground floor of the City-owned building at 150 Frank H. Ogawa Plaza. Neither tenant currently has a long-term lease agreement in place. Staff has recently concluded negotiations with both organizations to continue renting at a below market rental rate ("BMR") and recommends that the City Council approve the two leases, with the terms specified below. The leases would include a below market rate rent in exchange for the social and cultural benefits the organizations will provide to Oakland, including defined in-kind services. While leasing at a rate less than fair market rental value in exchange for in-kind services is provided for under the Oakland Municipal Code ("OMC") Section 2.42.110, these two leases represent a pilot program template for BMR leases of City-owned spaces for cultural uses, and can inform future updates to the City's real estate disposition policy to better clarify the process and approach to leasing City-owned property for cultural uses.

## BACKGROUND / LEGISLATIVE HISTORY

The Oakland City Charter provides the City Council with the authority to lease or sell real property owned or controlled by the City, in accordance with procedures described in OMC Section 2.42.110, which establishes that City-owned real property should be leased at a rent or fee equal to or exceeding the property's fair market rental value. It also allows the City Council to approve leases at less than fair market value if it determines it is in the best interests of the City and that certain benefits to the City can be demonstrated. The provision of in-kind services in lieu of cash rent by a lessee may be considered by the City Council in making its

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determination. Per OMC Section 2.42.110, "in-kind services" include benefits or values the lessee renders to the City or the community at large, and may include social and cultural benefits to the community. The City has recently adopted or launched a number of public policy initiatives that further support the use of City-owned property to provide space to arts and culture organizations.

In late 2015, the Mayor convened a Task Force on Affordable Artist Housing and Workspaces to identify strategies for mitigating the displacement of artists and arts organizations from the City in the face of quickly rising commercial rents. The Task Force's recommendations, released on December 23, 2015, include a strategy to use City-owned property to provide affordable space for arts organizations, with long-term leases, modeled on similar programs in New York City and Toronto. The Task Force further recommended piloting the program in a City-owned location with existing arts uses.

The City's Planning and Building Department is undertaking a Specific Plan for Downtown Oakland. A robust public input process identified priorities and a vision for downtown, and thus the planning effort is placing a high value on arts and culture and has called out the need for policies to protect and support downtown's cultural resources. The plan is studying ways to create more affordable spaces for arts and culture uses in the downtown, including in established cultural districts.

On January 19, 2016, the City Council adopted Resolution No. 85958 C.M.S. which established the Black Arts Movement and Business District. The intent of this designation is to support creative place-making, historic preservation, and "a critical mass of arts and entertainment establishments" in portions of Downtown and West Oakland. The City's property at 150 Frank Ogawa Plaza, including both the Betti Ono and the Pro Arts Gallery spaces, falls within the adopted Black Arts Movement and Business District.

This past summer, the Cultural Affairs Division of the Economic & Workforce Development ("EWD") Department launched the preparation of a new Cultural Plan for the City -- Oakland's first comprehensive Citywide plan focused on arts and culture. The plan will create a snapshot of Oakland's unique cultural assets and define cultural policies and priorities for the City. Feedback from that planning effort has confirmed that a lack of affordable spaces for Oakland's artists and arts organizations is a key barrier, and the plan will include strategies for addressing the space needs of Oakland's creative community.

Finally, the City is currently considering amendments to OMC Sections 2.41 and 2.42, which govern the acquisition and disposition policies for City real property. This is part of a larger discussion around recommended changes to the City's public lands policy intended to establish clear procedures, protocols, and priorities for the disposition and lease of City-owned property. This will also provide an opportunity to clarify the process for executing BMR leases to tenants that provide social and cultural benefits to the community, using these two leases as a pilot program to evaluate and consider. As an example, the City may consider clarifying that BMR tenants must be established 501(c)3 non-profit organizations; that a clear and transparent delineation of the in-kind services must be identified; and that a competitive process for offering vacant spaces must be considered.

Against this backdrop, these two existing art gallery tenants, located in the City-owned building at 150 Frank H. Ogawa Plaza, have been leasing on a month-to-month basis and are overdue for lease renewals:

1. **Betti Ono Gallery.** The Betti Ono Gallery began leasing space in 150 Frank H. Ogawa Plaza in 2011, in one of the retail storefronts fronting Broadway. The Betti Ono Gallery is a Black-owned business that showcases the work of artists of color, as well as other Oakland-based artists. The gallery's mission is to amplify the work and voices of under-represented artists and to celebrate the culture of everyday people with a focus on participation, accessibility, and inclusivity. The gallery regularly organizes and hosts community discussions in support of Oakland's arts and culture community. The Betti Ono Gallery is located in the Black Arts Movement and Business District.
2. **Pro Arts Gallery.** The Pro Arts Gallery is a 501(c)3 non-profit art gallery located in 150 Frank H. Ogawa Plaza along Kahn's Alley next to the Rotunda building. Pro Arts is one of the oldest art galleries in Oakland, opening in 1974. Pro Arts' public programs consist of exhibitions, performances, literary and film events, lectures and discussions. The gallery hosts more than 200 artists annually and serves hundreds of youth with its art education programs. In 2016, Pro Arts began hosting two new professional development programs: Studio Lab Curatorial and Studio Lab Artist Residency Programs. The Pro Arts Gallery is also located in the Black Arts Movement and Business District. The space that Pro Arts leases in 150 Frank H. Ogawa Plaza was designed to be a gallery following the City of Oakland's purchase and demolition of the Pardee building (now 250 Frank H. Ogawa Plaza) in 1992. The privately-owned Pardee building was a home to many working artists and arts organizations. As part of a negotiated relocation settlement with the former tenants (the Wetmore/Pardee Relocation Agreement, dated April 20, 1995), the City of Oakland agreed to allow a gallery to operate rent free in the 150 Frank H. Ogawa Plaza building until 2012, although the City continued this arrangement beyond that sunset date. Staff recommends that Pro Arts begin paying a BMR rent under a lease that is consistent with a standard City policy for nonprofit and arts/cultural space.

## ANALYSIS AND POLICY ALTERNATIVES

The arts represent a key sector in Oakland's economy. Art businesses, such as these galleries, add vibrancy and a distinct sense of place to Oakland's downtown area, provide a creative identity for the City, and host frequent programming that draws people to downtown, including on evenings and weekends. However, commercial rents in Oakland are rising quickly and demand for space is high. Arts and culture uses often cannot compete in high demand areas such as Downtown Oakland. If the City were to require market rate rents of the Betti Ono and Pro Arts galleries, both would not be able to remain in these spaces, and may be displaced from Downtown Oakland. Offering a multi-year, BMR lease provides these organizations a degree of stability in a hot rental market and allows them to pursue organizational funding with a degree of certainty about their space and costs.

Pro Arts and Betti Ono galleries are operating on month-to-month rental agreements. Consistent with OMC Chapter 2.42, City Council approval is required to execute BMR leases

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with these two cultural organizations. An in-kind services model allows these arts and culture uses to remain in Downtown Oakland and also identifies the benefits to be received by the community in exchange for BMR rent. Executing in-kind service leases is not an uncommon practice for the City of Oakland. For example, in the Spring of 2015, the City granted a pro bono lease to the East Oakland Boxing Association in exchange for in-kind services for youth and, in January 2014, the City Council granted East Oakland Youth Development Center a BMR lease in exchange for in-kind services.

In addition, the cities of San Jose, Seattle, New York, and Toronto, Canada all have BMR policies in place for City-owned space. The City of Seattle defines "Cultural Space" to include all arts presentation spaces: museums and galleries, as well as live theaters and music venues, and multidisciplinary arts spaces, as well as cultural heritage sites. These spaces are typically open to the public. Cultural heritage spaces are further defined as including ethnic community meeting spaces, gathering spaces for immigrant communities, traditionally monocultural spaces dedicated to celebrating a unique heritage, and other spaces, either shared or dedicated, that support diverse communities.

### **Proposed Lease Terms**

For reasons described above and in the previous section of this report, staff is now proposing to offer multi-year, BMR leases to both the Betti Ono Gallery and the Pro Arts Gallery because of the cultural benefits they bring to Downtown Oakland and in exchange for specific in-kind services.

While the Pro Arts Gallery is already an established non-profit organization, the Betti Ono Gallery is not. As part of the BMR lease agreement, the Betti Ono Gallery will be required to secure its formal non-profit status. The executed LOI with Betti Ono Gallery also required that the tenant become current on outstanding delinquent rent. The tenant has begun making payments and will be completely current by October 30, 2018.

Per the terms in the table below, staff is proposing that each tenant receive a BMR rent for a five-year lease term. As determined by a market survey, the fair market rental rates of the two spaces are different, reflecting that the Broadway side of the building is a premium location. The BMR rents also reflect this locational difference. In addition, since the Pro Arts Gallery is currently paying no rent, the proposal calls for a graduated increase in rent over 60 months, until they get to a stabilized rent. After that, like the Betti Ono Gallery, the Pro Arts Gallery will increase annually at on 2% per year.

**Summary of Key Terms in Executed Letters of Intent**

	<b>Deal Points</b>	<b>Betti Ono Gallery</b>	<b>Pro Arts Gallery</b>
1	Lease Term	5-years	5-years
2	Square Feet	2,636	2,213
3	Non-Profit Status	Incorporation as a non-profit required	Currently incorporated as a non-profit
4	Monthly Fair Market Rent	\$5,140.20 or \$1.95 per sq. ft. – Located on Broadway. Visible to very high foot and auto traffic.	\$3,585.06 or \$1.62 per sq. ft. – Located in the Plaza. Very low foot traffic. No visibility from Auto traffic.
5	Monthly Below Market Rent Proposal	\$3,031.40 or \$1.15 per sq. ft.  Rent will increase by 2% annually.	<b>Months 1-12:</b> \$885.20 <b>Months 13-24:</b> \$1,327.80 <b>Months 25-36:</b> \$1,770.40 <b>Months 37-48:</b> \$2,434.30 <b>Months 49-60:</b> \$2,876.90  Rent will increase by 2% annually
6	Monthly Common Area Maintenance	\$263.60 or \$0.10 per sq. ft.	\$221.30 or \$0.10 per sq. ft.
7	Subsidized Rent or Value Given for In-Kind services provided	\$1,845 monthly	\$1,504 monthly five-year average

**In-Kind Services and Reporting**

Both tenants will be required to provide specific in-kind services delineated in the lease agreement. These in-kind services include:

- Programming of installations or art events on Frank H. Ogawa Plaza to help activate the public realm;
- Curating video or media installations on the “blank” walls around Frank H. Ogawa Plaza to help activate the space;
- Providing event spaces to the City and other non-profit organizations at no cost;
- Showcasing the work of Oakland artists and youth.

The tenants will be required to submit an annual “Conformance Report” describing how they performed the required in-kind services. Per the terms of the lease, each year the City’s Cultural Affairs Division will confer with the Real Estate Asset Management Division of EWD to assess whether the tenants have met their in-kind service obligations.

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## Summary of Policy Alternatives

*Recommendation: Execute below market rate in-kind service lease with Betti Ono and Pro Arts*

Pros:

- Retains existing arts and culture programming in 150 Frank H. Ogawa Plaza
- Reinforces the broader City strategy to support cultural arts and economic development.
- Supports the Black Arts Movement and Business District and is consistent with priorities voiced as part of the Downtown Specific Plan planning effort.
- Avoids vacancies in high foot and street traffic areas.
- The City and residents will receive arts and cultural in-kind services with an estimated value of \$40,200 dollars annually including showcasing the work of Oakland residents, implementing art installations and other programs in Frank H. Ogawa Plaza to help bring activity and interest to the Plaza, and making these spaces free to other local non-profits needing affordable spaces for events, meetings and other gatherings.

Cons:

- In year one, The City will lose annual market rent revenue estimated at \$57,703 in exchange for in-kind services provided by Betti Ono and Pro Arts.
- Other arts and cultural service providers will not have an opportunity to compete for the space because Betty Ono and Pro Arts are existing tenants.

*Alternative 2: Terminate tenancies and rent the spaces for fair market rent*

Pros:

- Maximize revenue that can be used to support General Fund obligations, or to subsidize other BMR leases at other locations.

Cons:

- Unless they can find other space at an affordable rent, terminating the lease will likely displace these arts and culture tenants who are currently providing a community benefit in Downtown Oakland and in the recently established Black Arts Movement and Business District.

*Alternative 3: Vacate the spaces and market them to other arts and culture service providers*

Pros:

- Allow other arts and culture organizations the ability to compete for space and provide alternative in-kind services and/or higher rent.

Cons:

- Could displace existing arts and culture tenants who are currently providing a community benefit in Downtown Oakland.

**FISCAL IMPACT**

If both below market leases are approved, the target rent commencement dates are May 1, 2018.

Combined the City will collect \$7,833.20 (\$885.20 + \$3,031.40 x 2 months) in the first fiscal year (May and June 2018). The City's opportunity loss in the first fiscal year is \$9,617.32 (\$17,450.52 full market rent – \$7,833.20 BMR), which represents the annual additional amount the City could have received if both spaces were leased at full market value.

Combined the City will collect \$48,005.66 in the second fiscal year. The City's opportunity loss in the second fiscal year is \$58,791.52 (\$106,797.18 full market rent – \$48,005.66 BMR), which represents the annual additional amount the City could have received if both spaces were leased at full market value.

Once the Pro Arts rent is stabilized, the City's annual estimated opportunity loss will be \$41,456.16 (\$115,600.70 full market rent – \$74,144.55 BMR), which represents the annual additional amount the City could have received if both spaces were leased at full market value. However, the City will receive the community benefits described in Appendix A of each Letter of Intent, which is valued at least in the amount of the BMR opportunity cost.

The first fiscal year (May and June 2018) the annual rent revenue from Pro Arts will be \$1,770.40 (\$885.20 per month x 2 months). In the second fiscal year, it will be \$11,507.60 (\$885.20 x 10 + \$1,327.80 x 2). In the third year, it will be \$16,818.80 (\$1,327.80 x 10 + 1,770.40 x 2). In the fourth year, it will be \$22,572.60 (\$2,434.30 x 10 + \$2,876.90 x 2). In the fifth year, it will be \$30,096.80 (\$2,434.30 x 10 + \$2,876.90 x 2). Thereafter, the rent will increase by two percent annually.

The first fiscal year (May and June 2018) the annual rent revenue from Betti Ono will be \$6,062.80 (\$3,031.40 per month x 2 months). The second fiscal year it will be \$36,498.06 (\$3,031.40 x 10 + \$3,092.03 x 2). Thereafter, the rent will increase by two percent annually.

The first fiscal year (May and June 2018) the annual common area maintenance revenue from Betti Ono will be \$527.20 (\$263.60 per month x 2 months). In the second fiscal year, the revenue will be \$3,163.20 (\$263.60 per month x 12 months). This amount also represents the estimated annual maintenance cost for the space.

The first fiscal year (May and June 2018) the annual common area maintenance revenue from Pro Arts will be \$442.60 (\$221.30 per month x 2 months). In the second fiscal year, the revenue will be \$2,655.60 (\$221.30 per month x 12 months). This amount also represents the estimated annual maintenance cost for the space.

Rent collected from both tenants will be placed in following General Ledger Account; General Purpose Fund (1010), Real Estate (85231), Other Rental: Miscellaneous (44419), Project (1000019), Real Estate (PS32).

Common Area Maintenance revenue from both tenants will be placed in the following General Ledger Account; City Facilities Fund (4400), Facilities Services: Civic Center Complex (30632), Facility Rental: Facility Rentals to Profit-Making Groups (44319), Project (1000010), Facilities Management & Development (IN02).

### **PUBLIC OUTREACH / INTEREST**

In late 2015, the Mayor convened an Artist Housing and Workspace Task Force to recommend strategies to stem the displacement from Oakland of artists, and arts and culture organizations, in face of rising commercial rents and residential costs. The task force included a broad range of stakeholders including artists and representatives from arts organizations, community development experts, non-profit legal advisors, affordable housing developers, as well as staff from the City's Planning and Building, EWD, and Housing and Community Development Departments. The Task Force recommended that the City lease a portion of its property at affordable rates to artists and nonprofit arts organizations as one strategy to stem the displacement of arts uses. The Task Force further recommended piloting the strategy in a City-owned location with existing arts uses.

In addition, the Downtown Specific Plan process has included dozens of community meetings and stakeholder interviews over the last two years, and the retention and creation of affordable arts and culture spaces in the downtown emerged as a key priority.

### **COORDINATION**

The preparation of this report and legislation has been coordinated by the Real Estate Asset Management Division of EWD in consultation with the Controllers' Bureau, the Mayor's Director of Arts Spaces, and the Office of the City Attorney.

### **SUSTAINABLE OPPORTUNITIES**

***Economic:*** The City will be exchanging fair market rent for measurable in-kind art and cultural services currently being offered by the galleries. Retaining the galleries and their related programming will help to support artists in Oakland as well as create new opportunities. Cultural programming is an investment in placemaking in the downtown area.

***Environmental:*** There are no environmental impacts associated with this action.



**Social Equity:** Retaining the galleries in their current locations helps to maintain the integrity of their associated artistic and cultural communities and advances new cultural development opportunities. Both galleries are located in the recently designated Black Arts Movement and Business District.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff recommends that the City Council adopt an Ordinance Authorizing The City Administrator To Negotiate And Execute Below Market Rent Leases For The Betti Ono and Pro Arts Galleries Located at 150 Frank H. Ogawa Plaza For The Term Of Five Years In Exchange for In-Kind Services and Cultural Benefits As Authorized by OMC Section 2.42.110.

For questions regarding this report, please contact James Golde, Manager, Real Estate Division at 510-238-6354.

Respectfully submitted,

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Mark Sawicki  
Director, Economic and Workforce  
Development Department

Reviewed by:  
James Golde, Manager, Real Estate Division

Prepared by:  
Anthony J. Reese, MBA, Real Estate Agent  
Marisa Raya, Analyst, EWD

**Attachments (2):**

- A. Letter of Intent with Betti Ono Gallery
- B. Letter of Intent with ProArts Gallery

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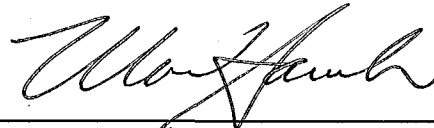
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For questions regarding this report, please contact James Golde, Manager, Real Estate Division at 510-238-6354.

Respectfully submitted,



Mark Sawicki  
Director, Economic and Workforce  
Development Department

Reviewed by:  
James Golde, Manager, Real Estate Division

Prepared by:  
Anthony J. Reese, MBA, Real Estate Agent  
Marisa Raya, Analyst, EWD

Attachments (2):

- A. Letter of Intent with Betti Ono Gallery
- B. Letter of Intent with ProArts Gallery

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250 FRANK H. OGAWA PLAZA OAKLAND, CALIFORNIA 94612-2033

Office of economic and Workforce Development  
Real Estate Services, Suite 4314

(510) 238-3541  
FAX (510) 238-2240  
TDD (510) 839-6451

October 18, 2017

To:

Anyka Barber  
Yvette Price  
Betti Ono Gallery  
1427 Broadway  
Oakland, CA 94612  
Attention: Anyka Barber & Yvette Price  
(510) 717-3175  
anyka@bettiono.com  
yvette@bettiono.com

From:

Anthony J. Reese, MBA, Real Estate Agent  
City Of Oakland  
250 Frank H. Ogawa Plaza, #4314  
Oakland, CA 94612  
510.238.6357  
areese@oaklandnet.com

Re: **Non- Binding Letter of Intent ("LOI") to Lease Space located at 1427 Broadway, Oakland, CA**

Dear Ms. Barber and Ms. Price:

This non-binding Letter of Intent ("LOI") sets forth the terms and in-kind social and cultural benefits to the community that your art gallery, doing business as "Betti Ono Gallery," shall be required to provide to the citizens of the City of Oakland in support of a proposed lease of City-owned property for less than its fair market rental value. "Article III – Lease of City-Owned Real Property, Generally-Section 2.42.110- Rent" of the Oakland Municipal Code provides that the City-owned real property must be leased for the property's fair market rental value unless City Council makes a finding and determination that the lease of City-owned property for less than its fair market rental value is in the best interests of the City. Based on the framework below, City Staff will dedicate efforts and work with you to present this proposal to City Council's for its consideration.

1	<b>LANDLORD:</b>	City Of Oakland
2	<b>TENANT:</b>	Anyka Barber and Yvette Price <i>doing business as</i> Betti Ono Gallery. Tenant may transfer its leasehold interest to a nonprofit corporation created by Tenant, with the prior written approval of Landlord
3	<b>PREMISES:</b>	150 Frank H. Ogawa Plaza, Suite 1C, AKA 1427 Broadway, Oakland, California 94612
4	<b>EXISTING USE:</b>	Art Gallery / Retail
5	<b>BUSINESS OPERATION REQUIREMENTS:</b>	The below-market rent contemplated in this LOI is to support an arts and culture use in City-owned property.  To maintain below-market rent, business must primarily be an arts and/or culture provider, with at least 65 percent of business activities and expenses dedicated to arts and culture.
6	<b>ESTIMATED DAILY VISITORS:</b>	Tenant to provide
7	<b>SIZE OF INTERIOR SPACE:</b>	2,636 sq. ft.
8	<b>HOURS OF OPERATION:</b>	Wednesday – Saturday 11 AM to 5 PM and as otherwise scheduled by appointment.
9	<b>LEASE TERM:</b>	5 years, with one option period described in item No. 38 below.
10	<b>IN-KIND SERVICES TO BE PROVIDED BY TENANT</b>	See Appendix A.

11	<b>ANNUAL REPORTING REQUIREMENT:</b>	<p>Tenant shall submit a "Conformance Report" by no later than <u>each lease anniversary date</u>, describing the manner in which Tenant has conformed with the required in-kind services in lieu of cash. The City's Cultural Arts Unit, in partnership with the City's Real Estate Unit, will review the <i>Conformance Report</i> and discuss with Tenant each year. In addition, if requested by City, Tenant shall also submit commercially reasonable information regarding business activities and expenses to ensure compliance with item No. 5 above, which requires that 65 percent (65%) of business activities and expenses be dedicated to arts and culture.</p> <p>If the City determines, in its reasonable discretion, that Tenant has failed to provide agreed upon in-kind services, then the City shall notify the Tenant in writing of its purported failure, giving the Tenant at least 90 calendar days from receipt of such notice to cure such failure, or, if such failure cannot reasonably be cured within the 90-day period, and the Tenant in good faith has commenced such cure within such 90 day period and pursues such cure with diligence and dispatch to completion within a reasonable period (as determined by the City in its discretion), thereafter; provided however that in no event shall the foregoing cure period extend beyond six months. If the Tenant does not cure within the time periods set forth above, the City may terminate the lease or increase rent to the Premise's fair market rental value.</p>
10	<b>ASSESSMENT OF MARKET RATE RENT:</b>	\$5,140.20 per month or \$1.95 per sq. ft.; including CAM charge.
11	<b>VALUE OF IN-KIND SERVICES TO THE CITY:</b>	In-kind services valuing at \$1,845.20 per month or \$0.70/per square foot (See Appendix A.)
12	<b>BELOW MARKET RENT PROPOSAL:</b>	\$3,031.40 per month or \$1.15 per square foot per month

13	<b>RENT and CAM INCREASE METHOD:</b>	2% annually, beginning the first anniversary of lease commencement on Below Market Rent and CAM
15	<b>DELINQUENT / LATE RENT FEE:</b>	A delinquent rent fee of \$100 will be required if rent is not received within five days of due date.
16	<b>ESTIMATED CAM / BUILDING OPERATING COST:</b>	\$0.10 per sq. ft. or \$295.27 per month
17	<b>SECURITY DEPOSIT:</b>	The existing security deposit maintained by City. No new or increased security deposit will be required.
18	<b>PROPERTY TAXES:</b>	\$0
19	<b>POSSESSORY TAX:</b>	Tenant Pays 100%
20	<b>TENANT IMPROVEMENTS:</b>	N/A
21	<b>OWNER IMPROVEMENTS REQUESTED:</b>	Tenant shall be responsible for all required repairs and maintenance in the Premises. Tenant shall receive a rent credit in the amount of fifty percent (50%) of the first months rent to reimburse Tenant in making any necessary repairs to electrical and/or hvac systems.
22	<b>COMMENCEMENT AND DELIVERY OF PREMISES:</b>	Tenant is currently occupying the Premises. The lease term shall commence on the later of (i) the date Tenant executes the Lease and (ii) the date that the City executes the Lease following City Council approval.
23	<b>RENT COMMENCEMENT DATE:</b>	Commencement Date of the Lease.
24	<b>PARKING:</b>	No parking provided by the City
25	<b>CONDITION OF PREMISES:</b>	As-Is, Where-Is.

26	<b>UTILITIES:</b>	Tenant shall pay for all utilities separately metered and serving Tenant's premises exclusively.
27	<b>SIGNAGE:</b>	Prior written approval (not to be unreasonably withheld, conditioned or delayed) from City is required. Signage approved by the City shall be paid for by the Tenant.
28	<b>BROKERS:</b>	City is not responsible for any broker, referral or like fees related to this transaction.
29	<b>LEASE FORM:</b>	Prepared by City Attorney's Office.
30	<b>TIME OF THE ESSENCE:</b>	This LOI expires on November 1, 2017.
31	<b>BUILDING MAINTENANCE AND REPAIRS:</b>	Tenant responsible for maintenance and repair of the Premises. The City responsible for exterior of building, including windows and door locks.
32	<b>TENANT INSURANCE:</b>	Tenant to maintain insurance and name City as an additionally insured party. Tenant to provide insurance specified in the Annex B.
33	<b>ASSIGNMENT:</b>	Tenant is prohibited from assigning the Premises to another party without the City's prior written consent. Given below market rate rent terms, any assignments or subleases must be for other arts and/or culture providers meeting the description outlined in item No. 5 above. Tenant may assign its lease to a to be formed nonprofit with the prior approval of the City.

34	<b>SUBLEASE/EXCESS:</b>	Tenant may sublease a portion of the space to a non-profit; an arts and culture organization and/or; a small, local business owned by an underrepresented group to encourage the growth of such organization in Oakland, with the City's prior written consent, provided, however, that any such subtenant shall not be obligated to provide in-kind services in addition to those provided by Tenant. Tenant shall pay to the City as Additional Rent ninety percent (90%) of the any rent paid by the sublessee in excess of the rent payment of the \$1.25 per square foot rent required in item 13 above, as escalated annually. As a current sublessee, Show & Tell, a local retail business, is exempt from the requirements outlined in item No. 5 above for purposes of this LOI.
35	<b>HOLDING OVER:</b>	If, at the end of the term, Tenant has not vacated the Premises or a new lease has not been negotiated, hold over rent shall increase by 25% on lease expiration date.
36	<b>CONTINGENCIES:</b>	Findings, determinations and approval required by City of Oakland, City Council and approval as to form and legality by City Attorney's office.



37	<b>BUSINESS TYPE:</b>	<p>Within three months of Lease execution, Tenant shall provide the City with draft Articles and Bylaws, for the City's review and approval, for a to be formed a nonprofit corporation. Tenant shall file the Articles within two weeks following the City approval and shall make a good faith effort to obtain a 501(c)(3) tax determination within one year of forming the corporation. Tenant may transfer its lease to the newly formed corporation upon obtaining a Certificate of Good Standing from the Secretary of State. In the event Tenant fails to form a new corporation or obtain the tax exemption specified in this item No. 37 by the time set forth herein, the City may, with notice and in its sole discretion, increase the rent to a market rent or terminate the lease; provided, however, that if all proper documentation has been submitted to the applicable state and federal agencies within the time period set forth herein; Tenant responds to all state and federal inquiries in a timely fashion and the delay is not the result of Tenant's acts or omissions, Tenant will be afforded additional time as reasonably required to finalize its non-profit status without being in default or breach of the lease.</p>
38	<b>OPTION(S) TO EXTEND TERM OF THE LEASE:</b>	<p>If the Tenant has no uncured defaults, Tenant will be granted one option with a term of two years. Tenant required to provide Landlord with six months written notice.</p>

39	<b>DELINQUENT BALANCE</b>	<ol style="list-style-type: none"> <li>1. (Down payment) Tenant required to pay 50% of delinquent account balance (\$16,825) upon signing the LOI or by November 1, 2017, whichever occurs first. As of October 18, 2017 the Tenant's delinquent balance (including late fees) is \$33,650.</li> <li>2. (1st payment in addition to the regular monthly rent) Tenant required to pay 12.5% (\$4,206.25) of the remaining balanced by January 30, 2018.</li> <li>3. (2<sup>nd</sup> Payment in addition to the regular monthly rent) Tenant required to pay 12.5% (\$4,206.25) of the remaining balanced by April 30, 2018.</li> <li>4. (3rd Payment in addition to the regular monthly rent) Tenant required to pay 12.5% (\$4,206.25) of the remaining balanced by July 30, 2018.</li> <li>5. (4th Payment in addition to the regular monthly rent) Tenant required to pay 12.5% (\$4,206.25) of the remaining balanced by October 30, 2018.</li> <li>6. Failure to execute the LOI and make the Down payment will result in; <ol style="list-style-type: none"> <li>a.) Withdrawning the Agenda Item for these lease negotiations from the City Council's calendar.</li> <li>b.) Your account will be sent to collection.</li> </ol> </li> <li>7. Failure to pay the regular monthly base rent or these additional delinquent balances, on time will result in termination of tenancy.</li> </ol>

**This Letter of Intent is non-binding and an expression of interest by the undersigned parties in pursuing further discussions concerning a potential lease of real property for less than its fair market rental value.**

**However, nothing in this Letter of Intent shall for any purpose be construed to obligate either of the Parties to conduct any further discussions or negotiations nor to take any further action whatsoever concerning any lease or potential lease of real property, or deemed a waiver of or limitation on any rights under the existing lease. Notwithstanding anything else to the contrary in this Letter of Intent, nothing in this document is intended to nor shall it constitute any offer nor any acceptance of any term or provision relating**

to any lease of the Premises identified above, and nothing in this Letter of Intent shall be binding upon the Parties or either of them for any purpose whatsoever with the sole exception that each of the Parties covenant and agree that they will keep all of the terms and provisions of this Letter of Intent confidential and that they will not disclose it to any person or entity except to their legal counsel or real estate professional, except for such disclosures as City staff may make in connection with processing the terms hereof for the approval by the City Council or as may otherwise be required by the City as a public entity under applicable law. Each of the Parties to this Letter of Intent hereby represent and warrant that they are not relying nor will they rely upon any statement, term, provision or portion of this Letter of Intent for any purpose whatsoever. To the extent any conflict exists between this paragraph and any of the other terms or provisions of this Letter of Intent, the terms of this paragraph shall control.

The terms in this Letter of Intent require written findings, determinations and approval by the City of Oakland, City Council & approval as to form and legality by City the Attorney's Office.

(Anyka Barber, Betti Ono Gallery)

10.31.17  
(Date)

(Yvette Price, Betti Ono Gallery)

10.31.17  
(Date)

(Owner / Agent Signature)

11/8/17  
(Date)

(Owner / Agent Printed Name)

(Date)

**APPENDIX A: IN-KIND SERVICES TO BE PROVIDED BY TENANT**

IN-KIND SERVICES	REQUIRED FREQUENCY
1. Use of the space by the City, including non-profit partners of the City, for events and/or trainings at no cost.	2 times per year
2. Programming of installations or events once a year that help activate Frank Ogawa Plaza, such as temporary art installations, lectures, music events, installations associated with gallery shows etc.*	1 time per year
3. Responsibility for curating one of the "blank" spaces in Frank Ogawa Plaza (such as the blank Rotunda Building wall in Kahn's Alley or the BART elevator shaft near 14th & Broadway, or other spaces) with video and/or media art installations once a year to help activate the area. *	1 time per year
4. Feature work of local Oakland artists in one show and associated opening party per year. Local artists could include student artists associated with local public schools.	1 times

\* Tenant agrees to work with all property owners and City of Oakland on all necessary permits and approvals and pay cost of permits (if any required).

CITY OF OAKLAND



250 FRANK H. OGAWA PLAZA OAKLAND, CALIFORNIA 94612-2033

Office of economic and Workforce Development  
3541  
Real Estate Services, Suite 4314  
2240

(510) 238-  
FAX (510) 238-  
TDD (510) 839-6451

~~May 5, 2017~~

December 21, 2017

To:  
Pro Arts Gallery  
Attn: Natalia Mount  
150 Frank H. Ogawa Plaza, Suites 1F & 1E  
Oakland, CA 94612  
Natalia@proartsgallery.org  
510.763.4361

From:  
Anthony J. Reese, MBA, Real Estate Agent  
City Of Oakland  
250 Frank H. Ogawa Plaza, #4314  
Oakland, CA 94612  
510.238.6357  
areese@oaklandnet.com

Re: Non-Binding Letter of Intent ("LOI") to Lease Space located at 150 Frank H. Ogawa Plaza, Suites 1F & 1E, Oakland, California ("Premises")

Dear Executive Director:

This non-binding Letter of Intent ("LOI") sets forth the terms and in-kind social and cultural benefits to the community that your non-profit art gallery, doing business as Pro Arts Gallery, shall be required to provide to the citizens of the City of Oakland in support of a proposed lease of City-owned property for less than its fair market rental value ("Below Market Rent" or "BMR"). "Article III – Lease of City-Owned Real Property, Generally-Section 2.42.110- Rent" of the Oakland Municipal Code provides that the City-owned real property must be leased for the property's fair market rental value unless City Council makes a finding and determination that the lease of City-owned property for less than its fair market rental value is in the best interests

LOI-150 Frank H. Ogawa Plaza, Suite 1F & 1E  
of the City. Based on the framework below, City Staff will dedicate efforts and work with you to  
obtain City Council's finding, determination and approval of a less than fair market rental value  
for the Premises.

1	<b>LANDLORD:</b>	City Of Oakland
2	<b>TENANT:</b>	Pro Arts Gallery
3	<b>PREMISES:</b>	150 Frank H. Ogawa Plaza, Suite 1F & 1E, Oakland, California 94612
4	<b>EXISTING USE:</b>	Art Gallery
5	<b>BUSINESS OPERATION REQUIREMENTS</b>	<p>The below-market rent ("BMR") contemplated in this LOI is to support a non-profit arts and culture use in City-owned property.</p> <p>To maintain below-market rent, Tenant must use the Premises primarily as an arts and/or culture center, with at least 65 percent of business activities and expenses dedicated to arts and culture. Pro Arts must maintain status as a non-profit.</p>
6	<b>ESTIMATED DAILY VISITORS:</b>	50
7	<b>SIZE OF INTERIOR SPACE:</b>	2,213 sq. ft. (Suites 1E – 1025 sq. ft. and 1F – 1,188 sq. ft.)
8	<b>HOURS OF OPERATION:</b>	Wednesday – Friday 12pm – 6pm; Special Event Weekends.
9	<b>LEASE TERM:</b>	5 years. Tenant option to renew Two (2) terms for 3 years. Base Rent continuing to increase at fixed rate (2%) from the base rent from last year of the initial term.
10	<b>IN-KIND SERVICES TO BE PROVIDED BY TENANT</b>	See Appendix A.

<p>11</p>	<p><b>ANNUAL REPORTING REQUIREMENT</b></p>	<p>Tenant shall submit a "Conformance Report" by no later than <u>each lease anniversary date</u>, describing the manner in which Tenant has conformed with the required in-kind services in lieu of cash rent. The City's Cultural Arts Unit, in partnership with the City's Real Estate Unit, will review the Conformance Report and discuss with Tenant each year. In addition, if requested by City, Tenant shall also submit information regarding business activities and expenses to ensure compliance with term #5 above, which requires that at all times, 65 percent of business activities and expenses be dedicated to arts and culture.</p> <p>If the City determines, in its sole and absolute discretion, that Tenant has failed to provide agreed upon in-kind services, then the City shall notify the Tenant in writing of its purported failure, giving the Tenant at least 90 calendar days from receipt of such notice to cure such failure. If such failure cannot reasonably be cured within the 90-day period, and the Tenant in good faith commences such cure within such 90 day period and pursues such cure with diligence and dispatch to completion within a reasonable period (as determined by the City in its sole and absolute discretion), thereafter. In no event shall the foregoing cure period extend beyond six months. If the Tenant does not cure within the time periods set forth above, the City may terminate the lease or increase rent to the Premise's fair market rental value.</p>
<p>12</p>	<p><b>ASSESSMENT OF MARKET RATE RENT</b></p>	<p>\$3,585.06 per month or \$1.62 per sq. ft.; including CAM charges</p>

13	<b>ESTIMATED VALUE OF IN-KIND SERVICES TO THE CITY (FOR REFERENCE ONLY)</b>	In-kind services valuing at least \$2,083 per month or \$0.94 per sq. ft.
14	<b>BELOW MARKET RENT PROPOSAL</b>	<ul style="list-style-type: none"> <li>• Months 1-12= \$885.20 or \$0.40 per sq.ft;</li> <li>• Months 13-24= \$1,327.80 or \$0.60 per sq.ft;</li> <li>• Months 25-36= \$1,770.40 or \$0.80 per sq.ft;</li> <li>• Months 37-48= \$2,434.30 or \$1.10 per sq.ft;</li> <li>• Months 49-60= \$2,876.90 or \$1.30 per sq ft.</li> </ul>
15	<b>RENT INCREASE METHOD:</b>	Year 5 and thereafter, 2 % annual on lease commencement anniversary (tentatively January 1st.)
16	<b>DELINQUENT / LATE RENT FEE:</b>	A delinquent rent fee of \$100 will be required if rent is not received within five days of due date.
17	<b>ESTIMATED CAM / BUILDING OPERATING COST:</b>	\$0.10 per sq. ft. or \$221.30 per month
18	<b>SECURITY DEPOSIT:</b>	\$1106.05
19	<b>PROPERTY TAXES:</b>	\$0
20	<b>POSSESSORY TAX:</b>	Tenant Pays 100%
21	<b>TENANT IMPROVEMENTS:</b>	Tenant shall pay for all improvements.
22	<b>COMMENCEMENT AND DELIVERY OF PREMISES:</b>	Tenant is currently occupying the Premises. The lease term shall commence on the later of (i) the date Tenant executes the Lease and (ii) the date that the City executes the Lease following City Council approval.
23	<b>RENT COMMENCEMENT DATE:</b>	<p>January 1<sup>st</sup>, 2018.</p> <p><i>May 1<sup>st</sup> 2018 NM</i></p>



24	<b>PARKING:</b>	No parking provided by the City
25	<b>CONDITION OF PREMISES:</b>	As-Is, Where-Is.
26	<b>UTILITIES:</b>	Tenant shall pay for all utilities separately metered and serving Tenant's Premises exclusively.
27	<b>SIGNAGE:</b>	Prior written approval from City is required.
28	<b>BROKERS:</b>	City is not responsible for any broker, referral or like fees related to this transaction.
29	<b>LEASE FORM:</b>	Prepared by City Attorney's Office.
30	<b>TIME OF THE ESSENCE:</b>	This LOI expires on December 1st, 2017
31	<b>BUILDING MAINTENANCE AND REPAIRS:</b>	Tenant responsible for maintenance and repair of the Premises. The City responsible for exterior of building, including windows and door locks.
32	<b>TENANT INSURANCE:</b>	Tenant to maintain insurance and name City as an additionally insured party. Tenant to provide insurance specified in the Annex B.
33	<b>ASSIGNING/SUBLEASE:</b>	Tenant prohibited from assigning or subleasing the Premises to another party without the City's prior written consent. Given the below market rate rent terms, any assignments or subleases must be for other arts and/or culture providers meeting the description outlined in term #5 above.

34	<b>SUBLEASE/EXCESS:</b>	If the Tenant is authorized to sub-let, Tenant may sublease a portion of the space to a non-profit; an arts and culture organization and/or; a small, local business owned by an underrepresented group to encourage the growth of such organization in Oakland. Tenant shall pay to the City as Additional Rent ninety percent (90%) of the any rent paid by the sublessee in excess of the rent payment of the \$1.00 per square foot rent required in item 14 above, as escalated annually
35	<b>HOLDING OVER:</b>	If, at the end of the term, Tenant has not vacated the Premises or a new lease has not been negotiated, hold over rent shall increase by 25% on lease expiration date.
36	<b>CONTINGENCIES:</b>	Findings, determinations and approval required by City of Oakland, City Council and approval as to form and legality by City Attorney's office.

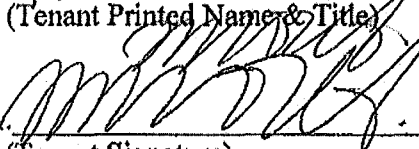
**This Letter of Intent is non-binding and an expression of interest by the undersigned parties in pursuing further discussions concerning a potential lease of real property for less than its fair market rental value.**

**However, nothing in this Letter of Intent shall for any purpose be construed to obligate either of the Parties to conduct any further discussions or negotiations nor to take any further action whatsoever concerning any lease or potential lease of real property. Notwithstanding anything else to the contrary in this Letter of Intent, nothing in this document is intended to nor shall it constitute any offer nor any acceptance of any term or provision relating to any lease of the Premises identified above, and nothing in this Letter of Intent shall be binding upon the Parties or either of them for any purpose whatsoever with the sole exception that each of the Parties covenant and agree that they will keep all of the terms and provisions of this Letter of Intent confidential and that they will not disclose it to any person or entity except to their legal counsel or real estate professional. Each of the Parties to this Letter of Intent hereby represent and warrant that they are not relying nor will they rely upon any statement, term, provision or portion of this Letter of Intent for any purpose whatsoever. To the extent any conflict exists between this paragraph and any of the other terms or provisions of this Letter of Intent, the terms of this paragraph shall control.**

**The terms in this Letter of Intent require written findings, determinations and approval by the City of Oakland, City Council and approval as to form and legality by the City Attorney's Office.**


Natalia Mount, Executive Director Dec. 21, 2017  
150 Frank H. Ogawa Plaza, Suite 1F & 1E

Natalia Mount, Executive Director July 27, 2017  
(Tenant Printed Name & Title) (Date)

  
(Tenant Signature)

July 27, 2017  
(Date)

Anthony Reese, Acting for James Golde 7-28-17  
(Landlord Printed Name & Title) R.E. Manager (Date)

  
(Landlord Signature) Real Estate Agent

(Date)  
12/21/17

**APPENDIX A: IN-KIND SERVICES TO BE PROVIDED BY TENANT**

IN-KIND SERVICES	REQUIRED FREQUENCY	ESTIMATED VALUE IN EXCESS OF (for reference only)
1. Use of the space by the City, including non-profit partners of the City, for events and/or trainings at no cost.	2 times per year	\$500 - \$1,000 per event (\$1,000 - \$2,000 per year )
2. Responsibility for curating the "blank" spaces in Frank Ogawa Plaza (such as the blank Rotunda Building wall in Kahn's Alley or the BART elevator shaft near 14th & Broadway, or other spaces) with video and/or media art installations once a year to help activate the area. Tenant shall facilitate and manage a selection process that includes surrounding stakeholders including building owner, nearby non-profit and arts organizations, local schools, city representatives, Public Art Advisory Committee members etc. *	1 time per year	\$6,000 - \$8,000 per video and/or media art installation

3. Feature work of local Oakland artists in at least three show per year including an associated opening party.	3 time per year	\$9,000 - \$18,000 per show
4. Host three "artist residency" per year that gives an Oakland artist, arts organization or cultural worker space to work and, if practical, a gallery show.	3 per year	\$9,000 - \$30,000
<b>TOTAL ESTIMATED VALUE IN EXCESS OF</b>		\$25,000 - \$58,000 + per year (\$2083 - \$4,833 per month)

\* Tenant agrees to work with all property owners and the City of Oakland on all necessary permits and approvals and pay cost of permits (if any required).

ANNEX B

INSURANCE REQUIREMENTS

Exhibit Q to be inserted

**DRAFT**

City Attorney

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

OAKLAND CITY COUNCIL

2018 JAN 11 PM 5:41

ORDINANCE No. \_\_\_\_\_ C.M.S.

**AN ORDINANCE AUTHORIZING THE CITY ADMINISTRATOR TO NEGOTIATE AND EXECUTE BELOW MARKET RENT LEASES FOR THE BETTI ONO AND PRO ARTS GALLERIES LOCATED AT 150 FRANK H. OGAWA PLAZA FOR THE TERM OF FIVE YEARS IN EXCHANGE FOR IN-KIND SERVICES AND CULTURAL BENEFITS AS AUTHORIZED BY O.M.C. SECTION 2.42.110**

**WHEREAS**, Betti Ono Gallery and Pro Arts Gallery are two arts and culture organizations that have occupied spaces on the ground floor of the City-owned building located at 150 Frank H. Ogawa Plaza pursuant to below market rate leases that have expired; and

**WHEREAS**, Section 2.42.110 of the Oakland Municipal Code ("O.M.C.") (a) authorizes the City to enter into a lease of real property for consideration less than the property's fair market value if the City Council makes a finding and determination that the lease of the property for less than its fair market value is in the best interests of the City and (b) provides that the City Council may consider the value of in-kind services to the City or the community at large, including social and cultural benefits to the community, in making the required finding and determination; and

**WHEREAS**, City staff have negotiated with the lessees terms for new leases that would include a below market rate ("BMR") rent in exchange for the social and cultural benefits the organizations will provide to Oakland, including defined in-kind services, as further described in the agenda report accompanying this Ordinance (the "Agenda Report"); and

**WHEREAS**, such proposed terms for the leases are described in the Summary of Lease Terms attached hereto as Exhibit A (the "Summary of Lease Terms"), incorporated herein by this reference; and

**WHEREAS**, Rent collected from both tenants will be placed in following General Ledger Account; General Purpose Fund (1010), Real Estate (85231), Other Rental: Miscellaneous (44419), Project (1000019), Real Estate (PS32); and

**WHEREAS**, Common Area Maintenance revenue from both tenants will be places in the following General Ledger Account; City Facilities Fund (4400), Facilities Services: Civic Center Complex (30632), Facility Rental: Facility Rentals to Profit-Making Groups (44319), Project (1000010), Facilities Management & Development (IN02); now, therefore

**THE COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:**

**Section 1.** The City Council finds and determines the foregoing recitals to be true and correct and hereby makes them a part of this Ordinance.

**Section 2.** Pursuant to O.M.C. Section 2.42.110, and based on information and analysis contained in the Agenda Report, the City Council finds and determines that it is in the City's best interest to enter into BMR leases with Betty Ono Gallery and Pro Arts Gallery in exchange for the provision of in-kind community benefits, art and culture services.

**Section 3.** The City Administrator is hereby authorized to enter into BMR leases with Betty Ono Gallery and Pro Arts Gallery consistent with the terms set forth in the Summary of Lease Terms and the Agenda Report.

**Section 4.** The City Attorney's Office shall review and approve the leases as to form and legality and a copy of each shall be placed on file with the City Clerk.

**Section 5.** Rent collected from both tenants will be placed in following General Ledger Account; General Purpose Fund (1010), Real Estate (85231), Other Rental: Miscellaneous (44419), Project (1000019), Real Estate (PS32).

**Section 6.** Common Area Maintenance revenue from both tenants will be placed in the following General Ledger Account; City Facilities Fund (4400), Facilities Services: Civic Center Complex (30632), Facility Rental: Facility Rentals to Profit-Making Groups (44319), Project (1000010), Facilities Management & Development (IN02).

**Section 7.** The City Council hereby finds and determines that on a separate and independent basis each of the following exemptions from the requirements of the California Environmental Quality Act (CEQA) Guidelines apply to the action of entering the Lease: (i) Section 15301 which exempts existing facilities that involve negligible or no expansion of use beyond that existing at the time of the City's determination; (ii) Section 15183 which exempts projects consistent with the City's General Plan; and (iii) Section 15061(b)(3) which exempts projects where it can be seen with certainty that there is not a possibility that the activity in question may have a significant effect on the environment.

**Section 8.** The Ordinance shall be in full force and effect immediately upon its passage as provided by Section 216 of the City Charter if adopted by at least six members of Council, or upon the seventh day after final adoption if adopted by fewer votes.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_

PASSED BY THE FOLLOWING VOTE:

BROOKS, GALLO, CAMPBELL-WASHINGTON, GIBSON-McELHANEY, GUILLEN,  
KALB, KAPLAN, PRESIDENT REID

AYES -

NOES -

ABSENT -

ABSTENTION -

ATTEST: \_\_\_\_\_

LaTonda Simmons  
City Clerk and Clerk of the  
of the City of Oakland,

Council  
California

**EXHIBIT A**

**Summary of Lease Terms**

	<u><i>Deal Points</i></u>	<u><i>Betti Ono Gallery</i></u>	<u><i>Pro Artis Gallery</i></u>
1	Lease Term	5-years	5-years
2	Square Feet	2,636	2,213
3	Non-Profit Status	Incorporation as a non-profit required	Currently incorporated as a non-profit
4	Monthly Fair Market Rent	\$5,140.20 or \$1.95 per sq. ft. – Located on Broadway. Visible to very high foot and auto traffic.	\$3,585.06 or \$1.62 per sq. ft. – Located in the Plaza. Very low foot traffic. No visibility from Auto traffic.
5	Monthly Below Market Rent Proposal	\$3,031.40 or \$1.15 per sq. ft.  Rent will increase by 2% annually.	<b>Months 1-12:</b> \$885.20 <b>Months 13-24:</b> \$1,327.80 <b>Months 25-36:</b> \$1,770.40 <b>Months 37-48:</b> \$2,434.30 <b>Months 49-60:</b> \$2,876.90  Rent will increase by 2% annually.
6	Monthly Common Area Maintenance	\$263.60 or \$0.10 per sq. ft.	\$221.30 or \$0.10 per sq. ft.
7	Subsidized Rent or Value Given for In-Kind services provided	\$1,845 monthly	\$1,504 monthly five-year average