

REPORT OF GENERAL MANAGER

NO. 05-14

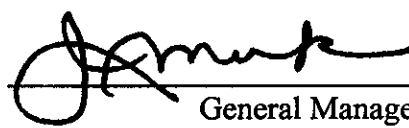
DATE January 19, 2005

C.D. 15

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: ANGELS GATE PARK: REQUEST MAYOR AND COUNCIL TO DISAPPROVE A PREVIOUSLY APPROVED FIVE (5) YEAR LEASE AGREEMENT AND INSTEAD APPROVE A THIRTY (30) YEAR LEASE AGREEMENT WITH THE ANGELS GATE CULTURAL CENTER

* K. Chan	<u>kc</u>	J. Kolb	_____
J. Combs	_____	F. Mok	_____
H. Fujita	_____	G. Stigile	_____

  
 \_\_\_\_\_  
 General Manager

Approved \_\_\_\_\_ Disapproved \_\_\_\_\_ Withdrawn \_\_\_\_\_

RECOMMENDATION:

That the Board:

1. Request the Mayor and City Council to disapprove the previously approved (Board Report No. 04-206) five (5) year lease agreement with the Angels Gate Cultural Center (AGCC), a California 501 C (3) non-profit corporation, due to the AGCC's desire to execute a longer term agreement;
2. Approve the proposed thirty (30) year lease agreement (substantially in the form as on file in Board Office) with the AGCC, for the continued occupancy and use of certain facilities at Angels Gate Park, subject to the approval of the Mayor, City Council, the City Attorney as to form, and the United States Secretary of the Interior, and contingent upon the AGCC satisfying the Development Criteria as specified in Exhibit D;
3. Direct staff to request the Department of Public Works, Bureau of Engineering (BOE), to review all design and construction plans associated with the expansion and development of AGCC facilities, and grant BOE the authority to oversee the related construction process as each planned construction phase progresses;
4. Direct the Board Secretary to transmit the request for disapproval and proposed lease agreement to the Mayor for review and approval in accordance with Executive Directive No. 16; and the proposed lease to the City Attorney for review as to form; and,

## REPORT OF GENERAL MANAGER

PG. 2

NO. 05-14

5. Authorize the Board President and Secretary to execute the thirty year lease agreement upon receipt of necessary approvals.

### SUMMARY:

On June 16, 2004, the Board of Recreation and Park Commissioners (Board) approved a Five (5) year lease agreement between the Department of Recreation and Parks (Department) and the Angels Gate Cultural Center (AGCC), for the AGCC's continued occupancy and use of certain facilities at Angels Gate Park. The purpose of the lease agreement was to allow the AGCC to continue to provide much needed artistic programs and services in the surrounding community to the City of Los Angeles (City). However, subsequent to the Board approving the five (5) year agreement, the existing AGCC Executive Director was replaced, and thereafter the AGCC and its Board of Directors requested that a new, longer term agreement be negotiated. The AGCC's reason for requesting a longer term agreement stems primarily from their need to demonstrate long term site control in order to pursue major funding for the future development and expansion of AGCC facilities and programs. With the support of Council District fifteen (CD-15), the Department and City Attorney were able to renegotiate and restructure the previously approved five (5) year lease agreement, and to prepare the proposed thirty (30) year lease agreement which is presented today for the Board's consideration.

The area and buildings included under the proposed thirty (30) year lease agreement are located on a south-east portion of Angles Gate Park, as shown on the attached Plot Plan (Exhibit-A), and are the same as that which the AGCC currently occupies and uses.

In 1978, Angels Gate Park, formerly known as the Fort MacArthur Upper Reservation, was transferred to the City of Los Angeles, with certain restrictions and exceptions to certain lands and rights, by the United States of America, acting by and through the Secretary of the Interior, acting by and through the Director of the Heritage Conservation and Recreation Service, under and pursuant to the provisions of the Federal Property and Administrative Services Act of 1949 (63 Stat. 337). Quit Claim Deed No. D-Calif-504C, which conveyed said land to the City in perpetuity for public purposes, requires that any third party agreements involving the use of said lands must obtain the written approval of the Secretary of the Interior prior to execution. Furthermore, any development on said lands is subject to the review of the Historic Preservation Officer of the State of California, pursuant to the procedures for compliance with Section 106 of the National Historic Preservation Act of 1966 (Public Law 89-665). Accordingly, the proposed lease agreement has been sent to the Secretary of the Interior for review and written approval.

The Department and AGCC have had a long relationship dating back to the early 1980's. On August 12, 1982, the Department and AGCC executed a three (3) year license agreement granting the AGCC authorization to use certain lands and facilities within Angels Gate Park for the creation and operation of a cultural and arts center, offering various opportunities for the development of

## REPORT OF GENERAL MANAGER

PG. 3

NO. 05-14

public programs to promote cultural and artistic awareness, education, and professional advancement. Following the expiration of the initial agreement, the AGCC continued operating at the site under various extensions and renewals of the original agreement, up until January 1999, when the AGCC's tenancy was continued on a month-to-month basis through a Temporary Operating Agreement prepared by what was then the Department's Pacific Region.

The currently proposed thirty (30) year lease agreement has no rent or monetary consideration associated with it. However, the AGCC will be required to pay a \$500 monthly utility fee, which will be forwarded to the Department of General Services. For purposes of the proposed lease agreement, the previously paid monthly utility fee was raised from \$300 to \$500. The AGCC will continue to pay this utility fee until individual utility meters are installed or the Department deems it necessary to increase the monthly fee. Under the proposed lease agreement and if necessary prior to the installation of individual meters, the Department shall reserve the right to increase the monthly utility fee if the Department determines that the cost of providing electrical and gas service to the AGCC exceeds the \$500 monthly fee.

Angels Gate Park is presently master metered and is occupied by several entities, each conducting distinct activities. It is very difficult to determine the actual utility usage by each entity since the buildings they occupy are not individually metered. Therefore, each entity pays an estimated monthly utility fee. The City previously initiated plans to install individual meters at each building to rectify this situation, but was unable to complete the project when the Department of General Services lost funding for it. At this time, staff is unaware of any funds being allocated by General Services to individually meter the Angels Gate Park facilities. Should meters ever be installed, the AGCC will be billed directly and will be solely responsible for payment of its own utility consumption in its entirety.

Although the AGCC has operated at Angels Gate Park since the early 1980's, its administration has undergone several changes over the years. The current administration has significantly enhanced the facility and improved the AGCC's overall operations. The AGCC continues to expand its programs for art in all media and has improved its fiscal management. The AGCC's administration has demonstrated their continued commitment to the facility by making repairs and upgrading the electrical system, performing roof repairs, and bringing additional elements of the facility up to code according to City standards.

At the Department's request and in response to growing concerns regarding the physical condition of the facilities, the AGCC agreed to perform, at their own expense, certain repairs and upgrades related to electrical junction boxes and wiring, hazardous material abatement, and fire code compliance. The Department has coordinated and overseen the performance of the agreed upon repairs and upgrades through the Department's Safety Engineer, Environmental Management Section, Operations Division, and Real Estate and Asset Management Section.

## REPORT OF GENERAL MANAGER

PG. 4

NO. 05-14

In addition to the above, the AGCC has proposed to develop additional facilities within their leasehold to accommodate the further expansion of the artistic programming, services, and opportunities currently being provided to the art community, children, and the general public. As outlined in their letter to the Department, dated May 22, 2004 (Exhibit-B), the AGCC will be embarking on an extensive capital campaign to obtain the necessary funding to finance the proposed development project. The AGCC recently obtained a \$150,000 grant from the James Irvine Foundation, earmarked for strategic planning in preparation for their fundraising effort.

Although the specifications for the additional facilities being proposed under the planned development project are yet to be determined, the AGCC's vision includes the replacement of certain old buildings with new ones and the refurbishment of other existing structures. As also stated in said letter, the AGCC is soliciting major funding from local and State sources to finance the proposed development project. Although the proposed development of additional facilities on the site and the refurbishment of existing buildings are elements of the proposed lease agreement, the Board's approval of the lease agreement shall not constitute approval of the proposed site development. Any future development of the site will require prior review and approval by the appropriate City, State and Federal agencies, compliance with all applicable State and Federal environmental and historical requirements, and will ultimately be subject to the final approval of the Board and City Council.

Recognizing that the funds being targeted through the AGCC's capital campaign will take some time to obtain, the Department has negotiated mutually acceptable criteria to ensure that the AGCC will maintain a certain level of performance in conducting the various programs it offers while concurrently conducting its fundraising efforts. The criteria for maintaining this level of performance is specifically detailed under the Programming Performance Criteria section of the proposed lease agreement (Exhibit-C).

To assure the Department of its commitment to obtain the funding necessary to expand its programming and develop new facilities, the AGCC has agreed to satisfy a list of Development Criteria (Exhibit-D), meeting specific benchmarks related to: 1) submitting a development master plan for review and approval by the Department and its Board, City Council, United States Secretary of the Interior, and all applicable regulatory agencies; 2) obtaining the necessary funding within a specified time period to finance the development of the proposed improvements and additional facilities; and, 3) completing certain steps towards the proposed development and construction of the site.

The proposed lease agreement's thirty (30) year term will be contingent upon the AGCC submitting for review and approval:

REPORT OF GENERAL MANAGER

PG. 5

NO. 05-14

- A) A three (3) year strategic development plan (Development Plan) within eight (8) months after the agreement's execution, which shall include:
- 1) The AGCC's goals and objectives;
  - 2) An assessment of the community's needs;
  - 3) An assessment of the site's historical qualities;
  - 4) A demonstration of the AGCC's commitment to the natural and recreational qualities of the site; and,
  - 5) Development cost estimates, timelines, and the project scope with an explanation of each development phase; and
- B) Submitting a development master plan (Master Plan) within eighteen (18) months from the date of execution, which shall include:
- 1) A final phase schedule;
  - 2) Final costs and timelines;
  - 3) Plans for a new building on the site;
  - 4) Plans for the adaptive reuse or dispensation of the existing structures;
  - 5) Background research and surveys;
  - 6) A list of consultants;
  - 7) Initial funding pledges; and
  - 8) Proof of compliance with all applicable environmental requirements, including but not limited to CEQA.

The project's development cost will be a minimum of Five Million Dollars (\$5,000,000) and completion is required the later of eighty (80) months after execution of the lease or forty-eight (48) months after approval of the Master Plan by all the government agencies whose approval is required.

The Department shall reserve the right to terminate the AGCC's tenancy should the AGCC fail to comply with any of the provisions contained in the lease agreement, including but not limited to the Programming Performance Criteria and Development Criteria. Should the AGCC fail to satisfy any of the steps listed in the Development Criteria, the lease term shall terminate at the later of five (5) years from the date of execution or ninety (90) days from the date of default or failure to satisfy any of the specified criteria.

The Department's Environmental Management staff has determined that the proposed lease agreement and the AGCC's operations at Angels Gate Park are exempt from the provisions of the California Environmental Quality Act (CEQA), pursuant to Article III, Section 1, Class 1 (14) and Class 4 (7) of the City CEQA Guidelines. However, with respect to any and all future development of the site, the AGCC will be required to comply with all applicable environmental and regulatory requirements, including as applicable, but not limited to, CEQA, the National Environmental Policy

REPORT OF GENERAL MANAGER

PG. 6

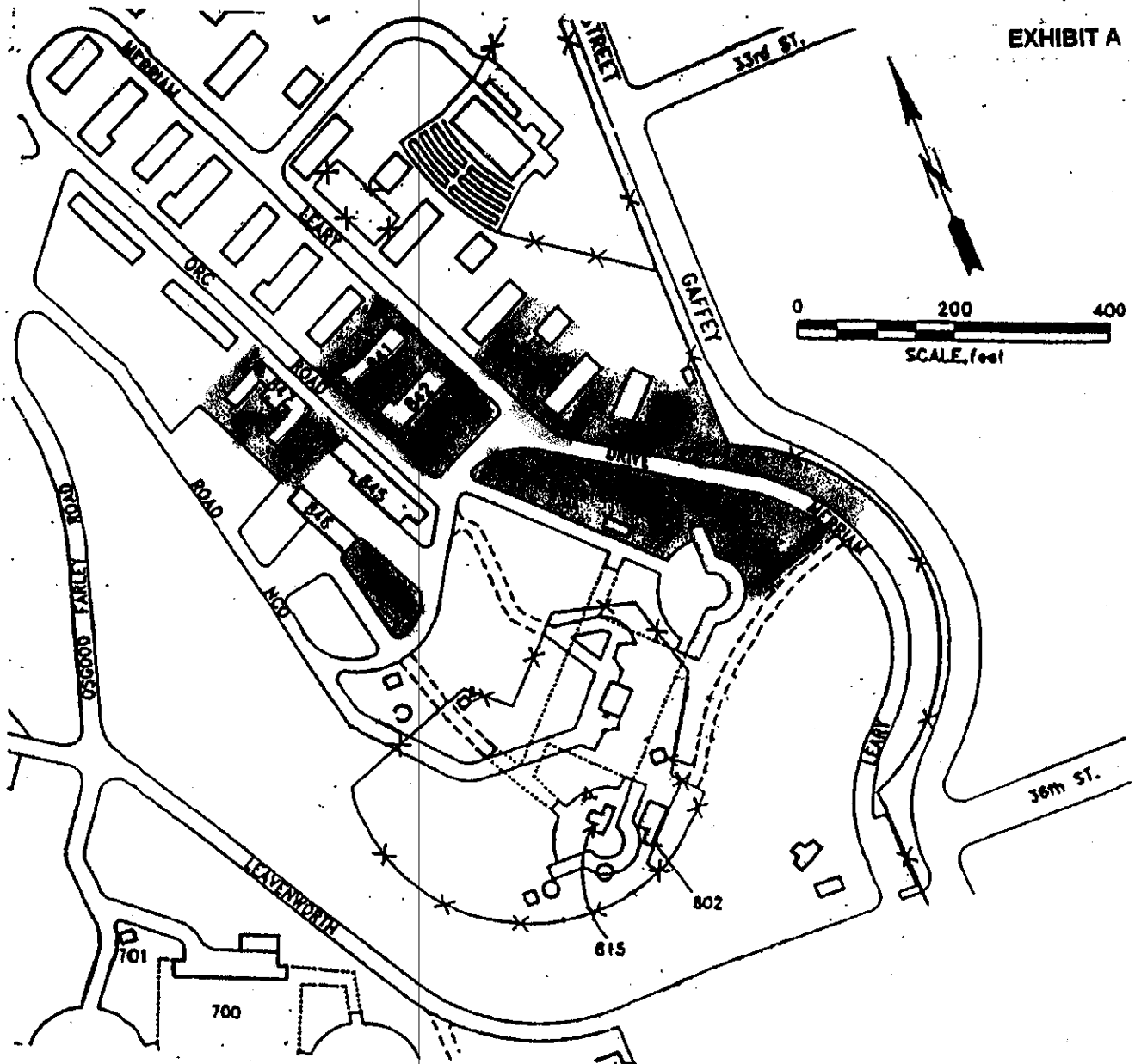
NO. 05-14

Act (NEPA), California State Office of Historic Preservation, California Coastal Commission, natural resources review, and any other applicable requirements.

The AGCC encourages community participation and exploration in the arts through art classes, gallery exhibits and shows, theatrical performances and music productions, work shops, subleased space for rehearsals and studios, and a variety of other resources which are made available to California artists and the general public on a daily basis. It is essential to the surrounding community that the AGCC continue to operate at Angels Gate Park, as the AGCC has become a part of the community's identity, instilling a sense of pride and inspiration in adults and children alike.

The proposed lease agreement has been discussed extensively with the Superintendent of the Operations East, Pacific Service Area, the Operations East Assistant General Manager, and staff from the Office of Councilmember Janice Hahn of the Fifteenth Council District, and all parties concur in support of staff's recommendations.

This report was prepared by Joel Alvarez, Management Analyst II, of the Department's Real Estate and Asset Management Section.



**DESCRIPTION OF BUILDINGS CONTAINED WITHIN LEASEHOLD AND DESIGNATED USES:**

**ANGELS GATE CULTURAL CENTER**

- BLDG. #21 (A): Administration Office and Gallery**
- BLDG. #22 (B): Artist Studios**
- BLDG. #23 (C): Artist Studios and Maintenance Sheds**
- BLDG. #42 (D): Artist Studios and Restroom**
- BLDG. #41 (E): Artist Studios**
- BLDG. #47 (F): Artist Studios, Restrooms, and Central Classroom**
- BLDG. #45 (G): Artist Studios, Restroom, and Gallery**
- BLDG. #46 (H): Artist Studios, Restrooms, Performance and Rehearsal Hall**
- BLDG. #09 (I): Artist Studio and Amphitheater**
- BLDG. #02 (J): Artist Studios**
- BLDG. #15 (K): Artist Studios**

**PLOT PLAN**

**LEASE - ANGELS GATE PARK  
ANGELS GATE CULTURAL CENTER**

angels gate

c u l t u r a l  
c e n t e r

**EXHIBIT B**



22 May 2004

Jon K. Mukri  
General Manager  
City of Los Angeles  
Department of Recreation and Parks  
200 North Main St., #1330  
Los Angeles, CA 90012

Dear Mr. Mukri,

It is a pleasure to be able to write you regarding the exciting developments underway at Angels Gate Cultural Center in Angels Gate Park. I last communicated with your predecessor in January of this year, with an indication of the important transition that the Center is undergoing at this time, and to report on site upgrades that we are undertaking, partly as a result of this transition.

The Center is now rapidly growing from a small arts organization to a mid-sized institution, with the concomitant changes in board and funding structure. This growth will significantly increase the Center's profile as one of the most important arts and education hubs in the South Bay. A vision statement for the institution has been completed, after months of consultation with stakeholders, including community members, Recreation and Parks staff, schools, local organizations, and funders. I have enclosed a copy of the vision statement with this letter in hopes that you may have an opportunity to read it.

Since I began as Executive Director last October there have been significant upgrades in our programs, which serve multiple constituencies in the City, the Southland and the international community. We've created a wholly new administrative infrastructure and begun a new era of communication with our constituencies. We have expanded on-site and off-site arts and creativity education for school-age children in San Pedro, Wilmington, Harbor City, Carson and Lomita.

We are also engaged in the solicitation of major new funding sources at the local and state levels and are planning to begin a capital campaign for development of the site. We believe new buildings and the replacement or refurbishing of existing structures are essential to our future. Without announcing a capital campaign in the next two years, the Center's future will not be secure. This capital campaign is possible only with a long-term (30-year) lease from the Department, and has the potential to bring millions of dollars in private funds to this beautiful site for the purpose of developing a significant public space for the enjoyment of City residents and the creation of one of the most innovative arts education hubs in the Southland.

The time has come for the Center to approach the Department with concrete plans. We are thrilled to report that funders at the local and state levels are taking an



## EXHIBIT B

interest in the project, which we believe is important to the ecology of the Los Angeles art scene as an education hub, a public destination for art and creativity, and as an extraordinarily attractive public space for tourists and residents alike.

I'm pleased to report that the following upgrades and repairs to the Center, begun four months ago, are approximately eighty-five percent complete:

1. Complete demo and rebuild of the outdoor stairways and double landings at the east end of Bldg. B (*completed*);
2. Cleaning, painting and electrical work on Bldg. K (*completed*);
3. Remodel of downstairs office, shop and gallery space in Bldg. A (*65% completed*);
4. Kiln yard clean up, including removal of unused kilns, bricks and debris, removal of small trees and roots affecting building foundations, replacement of gas lines, and the creation of a locked fence enclosure with limited access (*90% completed*);
5. Creation of a state-of-the-art, non-toxic printmaking facility in Bldg. B, including the leveling of the concrete floor, relocation and redesign of water heater and sink, remodel of bathroom, creation of an area for Macintosh computer stations, addition of built-in shelving, stocking of the studio with supplies, and the re-installation of printing presses (*completed*).

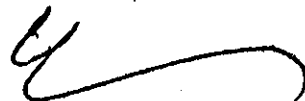
Further, the Center is engaged in a clean up and reinstatement of water to the recently vacated Bldg. J. The Center has also fixed approximately \$5,000 worth of damage due to vandalism, and plans to remodel two of our seven bathrooms this summer, in preparation for our first summer Arts Camp, which will be offered free to Wilmington-area children this July.

The Center now has contacts with significant funders who support the development of a public/private partnership, which the site clearly demands. The 65-year-old military buildings are difficult to maintain on the basis of the current status quo. Our future now relies upon our ability to attract major foundation, corporate and individual funding, for which a long-term (30-year) lease is crucial. At your convenience, I would like to make a presentation to the Department and the Commission to renew our partnership and make it possible for the Cultural Center to pursue the major initiatives that are needed right away to secure the future of the project.

In view of the extraordinary site the City has been kind enough to lease to us, Recreation and Parks is, without doubt, Angels Gate Cultural Center's most important supporter. We are grateful for the support, and wish to return the trust by developing a site that will provide the greatest possible benefit to the City.

Might it be possible to call and make an appointment to discuss these important changes at the Center? I'm looking forward to meeting you!

Sincerely,



Nathan Birnbaum  
Executive Director

cc: Alvarez, Berkowitz, Hayes



## Angels Gate Cultural Center Vision Statement

### *Overview*

Angels Gate Cultural Center is a place of creative discovery, exploration and enlightenment, providing artists, the Southland community and visitors from around the world with opportunities for enrichment and education.

The Center's potential to grow into a sustainable mid-sized institution that benefits the economic vitality of the region as a cultural landmark and an educational infrastructure is currently attracting the attention of stakeholders and funders. As a result, the Center now stands at a critical moment in its history. To achieve its potential, the organization must obtain a long-term lease from the City of Los Angeles Dept. of Recreation and Parks, and create new partnerships with major private and public funders. A capital campaign must be launched to create an exciting public space to attract visitors and serve as an educational hub. Time is of the essence, due to the condition of the Center's 65-year-old former military buildings in Angels Gate Park.

### *Background*

The Center is situated on one of the most beautiful art sites in Southern California, on a bluff overlooking the Pacific with notable views of ocean, harbor and hills. Since its inception in 1982, the Center has provided work-studio space for artists, year-round public gallery space for exhibitions, and occasional performing arts programming. Since 1999, the Center has also administered a highly successful Artists-in-Classrooms program serving Harbor area schools.

In the past few years, San Pedro has seen a sudden and rapid increase in the number of professional artists moving to the area. They are attracted to affordable loft space and the presence of Angels Gate Cultural Center as a community focal point. Plans for the development of the San Pedro waterfront have begun, and the value of the harbor's residential coastal property is moving upward. The development of visitor destinations, and the service jobs that come with them, are an important part of the economic future of the area, yet stimulating arts-oriented public space and educational resources are in short supply. In this context, the Center's role as a cultural venue is significant as a recreational destination and a site for community art classes. It is also a vital resource for educators, students, and young people training for jobs in creative fields. Well-known studies have affirmed the link between the role of creative facilities and the revitalization of economic activity in a community.

While the Center's annual budget has grown to the status of a mid-size arts organization over the last five years—thanks to rental fees and Artists-in-Classrooms grants—it does not attract major support for facilities or program development. The condition of the physical plant is approaching borderline functionality. Without the influx of major developmental funding, the Center may not achieve its full potential as a significant asset to the City. The Center and the site together represent a "sleeping princess" that must awaken soon, or stakeholders risk losing an exceptional resource.

## **EXHIBIT B**

*Stakeholders: Local community, artists and art audiences, school-age children, the City*

The Center and the site are ideally situated to provide significant benefits to (1) the local community, the City and international visitors, as a recreational destination, (2) school-age children and their teachers, as an important educational resource for art, and the technology that is increasingly an important part of art making, (3) professional artists and their patrons, for the development and presentation of new work, and (4) local business interests, as an element in the economic revitalization of the Harbor area. Indeed, there is an audible demand for many of these benefits among a growing number of stakeholders. A successful vision for the future of Angels Gate must address the intersection of these interests.

### ***Program development***

Technologically assisted printmaking, drawing, photography, graphics and interdisciplinary performance, as well as ceramics and painting, represent the future of art in the coming decades. Resources for this work benefit both educational constituencies and professional artists. This symbiosis should define Angels Gate.

### **Art making and public presentation**

The Center's most economically essential program has been the rental of studio space for the creation of art by professionals. The Center must be able to plan major renovations in its 65-year-old temporary army barracks to continue this core program. For the presentation of work, a new public space is required. The Center needs approximately eight to ten thousand square feet of new facilities for digital media and public performances. A new building with an outdoor terrace and appropriate amenities may be built at the south end of the property, where the best views are available to the public. The interior should be devoted to an electronically equipped performance space, an art gallery and an exhibition space devoted to art and technology. The current professional artist studios, educational resources and art making facilities at the north end will be remodeled or rebuilt to work both separately and in combination with the south-end area dedicated to the public. The north-end studios must remain workable for artists to ensure that the symbiosis between the two areas of the campus is capable of bringing the site to full capacity as an exceptional use of public space for art activities, recreation and community enhancement.

---

### **Education**

The Center represents one of the most important arts education hubs in the South Bay. The demand for Artists-In-Classrooms and use of the site for school trips and school-day workshops is increasing beyond the capacity of the current staff. This increase may easily be accommodated with the renovation of the buildings and the addition of a new Education Director staff position. Further, the Center must provide digital resources to students. Art and technology have always developed together; there is greater service to the community in job training and job market preparation where the teaching of art and creativity is taught side by side with technology.

### **Printmaking**

The new Angels Gate Print Studio (AGPS) has the potential of becoming one of the most useful and productive printmaking facilities in the City. By attracting important artists and art

## EXHIBIT B

consumers, printmaking will become a revenue stream for the Center. Equally important, this facility may become the focus of community art activities for artists of high-school age and older.

### Sculpture garden

The site is ideal for a landscaped public sculpture garden. If placed in an area that can be seen from Gaffey St., a sculpture garden will function as an attraction to passing drivers and create an identification of the Center to the community. Artwork should be installed on a temporary basis to allow for changing shows. The Angels Gate sculpture garden would be an outdoor public gallery space, and a significant enhancement of the enjoyment of the site.

### Residencies

Local, national and international residencies have been a priority at Angels Gate, due to the presence of the international Port, the natural beauty of the site, and the continued interest among artists and the community at large in cultural exchange. Any long-term plan for the site should include facilities devoted expressly to artist residencies.

### *Timeline*

The timeline for development at Angels Gate is relatively short. The Center must attract significant investments now to expand its innovative programming profile. A new agreement for a 30-year (minimum) lease from the City is the critical factor for the immediate term.

A capital campaign must be launched within 2-4 years. Funding may be sought from individual donors, private foundations (including the S. Mark Taper, Ahmanson, Irvine and Norris Foundations, and the Johnson and Norton family foundations), state and Federal sources, and local corporations, such as Boeing and Toyota, among others.

### *Summing up*

Two fundamental aspects of this vision are (1) the creation of a public space, for the purpose of education and recreation, focused on art, culture and technology, and (2) the maintenance and development of studios and art making facilities for both students and professionals. These two sides of the organization must work together; the studio and professional facilities program must cohere with a major new use of the Center as a centerpiece of educational activities connected with creativity, technology and the imagination.

With these concepts, the intersection of stakeholder interests may be addressed. Young people can experience the excitement of working in an artistic environment that is fully connected to public showings, and learn technology at the same time, while families can have a weekend destination that caps the experience of the new waterfront, Point Fermin, the Korean Bell, and the Cabrillo Aquarium, concurrently ensuring that the site will remain what it has been for 20 years: a home for some of LA's most talented working professional artists.

If it moves forward boldly, the Center will continue to be a place where everyone can participate in the lively cultural discourse that is such an important part of a vibrant, optimistic community.

Angels Gate Cultural Center  
14 February 2004

## EXHIBIT C

### PERFORMANCE CRITERIA

**THE FOLLOWING LIST OF PERFORMANCE CRITERIA IS TAKEN FROM THE LEASE FOR THE CONVENIENCE OF THE PARTIES AND IS NOT COMPLETE. IN CASE OF ANY INCONSISTENCY BETWEEN THIS LIST AND THE LEASE, THE PROVISIONS OF THE LEASE SHALL PREVAIL. OMISSION OF ANY REQUIREMENT CONTAINED IN THE LEASE FROM THIS LIST SHALL NOT RELIEVE CORPORATION FROM RESPONSIBILITY FOR COMPLIANCE WITH SUCH REQUIREMENT**

- (5.2) - Development Criteria and Time Schedule.
- (5.13.1) - At least ten percent (10%) of all regular programming is free to the public.
- (5.13.2) - Six (6) demonstration seminars per operational year which may be decreased or increased with the approval of the City. The number of demonstration seminars may be reduced, upon agreement by both parties, should Corporation staff decrease in size.
- (5.13.3) - Two (2) special events per operational year.
- (5.13.4) - Two open houses, which may coincide with demonstrations seminars and with special events as stated above.
- (5.13.5) - Continuous exhibits for at least two hundred fifty (250) days per calendar year..
- (5.10.3) - CORPORATION shall serve as a resource to local educational institutions and engage in collaborative efforts with other cultural organizations by developing a college visitation program.
- (5.10.2) - CORPORATION shall provide programs and classes in the cultural arts at a reasonable fee for children, adults, and professional artists within the community and outside the local community.  
  
10% of offered classes free (10 classes listed - 1 class free).
- (5.12.1.) - Compiling within three (3) months of the Execution Date of this Lease Agreement and every two (2) years thereafter, a community assessment/estimate to determine community needs which will be submitted to GENERAL MANAGER within six (6) months of the Execution Date of this Lease and within three (3) months after completion of each successive assessment/estimate; and

## EXHIBIT C

- (5.12.2) - Providing goals and objectives with a three year time line to create programs responsive to those predetermined community needs which will be submitted to GENERAL MANAGER within six (6) months from the date of execution of this Lease; and
  
- (5.15) - CORPORATION shall prepare and present to GENERAL MANAGER a Program Policy Statement. This statement shall be submitted within two (2) months from the date of execution of this Lease. The Statement shall contain detailed information, if applicable, regarding:
  - A. Procedures for soliciting, evaluating, and implementing proposals for classes, plays, studio use, projects, etc.
  - B. Strategies, objectives, goals, and time lines for soliciting funds including grants, bequests, memberships, sponsorships, fees, etc.
  - C. Strategies for increasing public participation in classes, fund raising activities, planning, and use of facilities.
  - D. Plans for maintenance, refurbishment, and/or renovation of existing structures.
  
- (5.16.1) - CORPORATION shall develop and submit within three (3) months from the date of execution of this Lease Agreement, a Policy and Procedure Statement, pursuant to which an evaluation of all co-operators and sub agreements will be made by GENERAL MANAGER. Such policy and procedures agreements shall include, but not be limited to:
  - A. Selection Criteria
  - B. Performance Evaluation
  - C. Rental Fee Policy
  - D. Termination Policy
  - E. Free Community Service Requirements, as set forth in Section 5.11.1, above.
  - F. Standard Sub-Agreement Forms
  
- (5.17.7) - All class schedules must be approved by GENERAL MANAGER. These schedules must be submitted by CORPORATION to GENERAL MANAGER at least three weeks prior to start date. Failure of CORPORATION to comply with this provision may result in cancellation of class schedules, and GENERAL MANAGER will not be responsible for loss of income or cost of publishing class schedules.

## **EXHIBIT C**

(6.2) - CORPORATION shall maintain a method of accounting of all the receipts and disbursements received or made by CORPORATION. The method of accounting, including bank accounts, established for the activities related to the Premises shall be separate from the accounting systems used for any other business operated by CORPORATION which are not related to the Premises or for recording CORPORATION's other financial affairs. Such method shall include the keeping of the following documents:

- A. Regular books of accounting such as general ledgers.
- B. Journals including any supporting and underlying documents such as vouchers, checks, tickets, bank statements, etc.
- C. State and Federal income tax returns and sales tax returns and checks and other documents proving payment of sums shown.
- D. Sales receipts and cash register tapes shall be retained so that day to day sales can be identified.
- E. Any other accounting records that General Manager, in General Manager's sole discretion, deems necessary for proper accounting.

CORPORATION shall obtain and install a point of sale accounting procedure such as ticket dispensing machines, cash registers, or sales receipt books acceptable to the General Manager and CORPORATION through which CORPORATION shall record all gross sales. Such machine(s) shall be non-resettable and sufficient to supply an accurate recording of all sales on tape. CORPORATION shall not purchase or install the machines before obtaining the General Manager's written approval of the specific equipment to be purchased, such approval not to be unreasonably withheld or delayed. All such equipment shall have a counter or number counting system which is visible or available to the public.

(6.4.4) - The Department's Director of the Angels Gate Park Complex, under GENERAL MANAGER'S authority, shall meet with the CORPORATION'S Director as needed, but at least once per month, to discuss programming and other matters related to the operation of the CULTURAL CENTER. It is suggested that this meeting take place on the second Thursday of each month. The first of such meetings shall occur as soon as practical after the execution of this Lease.

(6.4.5) - CORPORATION shall prepare and submit to GENERAL MANAGER on a quarterly basis each year during the term of this Lease, a report of CULTURAL CENTER'S activities on a form approved by GENERAL

## EXHIBIT C

MANAGER. The first report shall be due three (3) months from the date of execution of this Lease and every three (3) months thereafter. The report shall include:

- A. Statement of achievements and accounting for preceding month and quarter.
- B. Statement of goals and objectives for the current quarter.
- C. Description of programs and services offered in furtherance of this Lease.
- D. Public visitation figures.
- E. Facility improvements.
- F. Significant programs planned for the current quarter.
- G. Significant personnel and or organizational changes.
- H. Fund raising activities from preceding quarter.
- I. Quarterly Financial Statement detailing the amount and disposition of revenue generated by Corporation.
- J. Other information as may be requested by GENERAL MANAGER.

(6.4.6) - One year from the date of execution of this Lease (anniversary date), and every year thereafter during the life of this Lease, GENERAL MANAGER shall review and evaluate CORPORATION'S programs and progress of the previous year. This meeting shall also be for purposes of approvals of class schedules, future improvements, and other matters requiring GENERAL MANAGER'S approval.

(6.4.6.1) - Criteria for this evaluation shall include:

- A. Compliance with this Lease Agreement, including the Performance Criteria set forth in Exhibit B to this Lease Agreement.
- B. Public participation in the CULTURAL CENTER'S programs.
- C. Procurement of funding.
- D. Replacement, refurbishment and/or renovation of facilities.
- E. Cooperation with DEPARTMENT staff.
- F. Effective use of facilities.

(6.4.6.2) - Reports which shall be reviewed include:

- A. Program Policy Statement, as referenced in Sec. 5.15
- B. Policy and Procedure Statement, as referenced in Section 5.16.1
- C. Financial Statement, as referenced in Article 6
- D. Quarterly Reports of Activities for previous quarter, as referenced in Sec. 6.4.5.



## **EXHIBIT C**

- (6.5) - CORPORATION shall provide DEPARTMENT with copies of its state and federal income and employee payroll tax returns promptly upon filing them with the appropriate governmental agency and shall notify DEPARTMENT upon receipt of notice of audit of any of its returns.

## EXHIBIT D

### ANGELS GATE CULTURAL CENTER LEASE AGREEMENT CRITERIA FOR SITE DEVELOPMENT

**Development of Premises.** The Three Hundred and Sixty (360) month term of this Lease is contingent upon CORPORATION developing the Premises, which shall include a new building, in accordance with the following schedule:

- (a) Eight (8) months after the Execution Date, CORPORATION shall have established a Project Steering Committee for development of the site, and shall have completed and submitted to City a three (3) year strategic plan for the development of the Premises ("**Development Plan**"), including:
  - (1) Goals and objectives,
  - (2) An assessment of community need,
  - (3) An assessment of the historical qualities of the Upper Reservation of Fort MacArthur that are required by law to be preserved, and
  - (4) A demonstration of CORPORATION'S commitment to the natural and recreational qualities of the Premises, and
  - (5) Estimates of cost, timelines, scope of project and development phases.
- (b) Eighteen (18) months after the Execution Date, CORPORATION shall have submitted to City for approval a Master Plan for the development of the site, which will include a final phase schedule, costs and timelines, plans for a new building on the site, plans for the adaptive reuse or other dispensation of the existing structures, background research and surveys, a list of consultants, initial funding pledges, and compliance with all environmental requirements, including but not limited to the California Environmental Quality Act. The development costs will be, at a minimum, Five Million Dollars (\$5,000,000.00) and the timelines will not exceed those set by this Section 5.2.
- (c) Following submittal to City, the Master Plan will be reviewed by the Board of Recreation and Park Commissioners, City Council, Federal Government, and other necessary regulatory agencies for their approval or disapproval. If all necessary agencies approve the plan, then CORPORATION may proceed with the fundraising and development as follows.
- (d) By the later of thirty-Two (32) months after the Execution Date, or six (6) months after approval of the Master Plan by all governmental agencies whose approval is required, CORPORATION shall have received firm funding commitments for fifty percent (50%) of the total development costs.

## EXHIBIT D

- (e) Fifty-Six (56) months after the Execution Date, CORPORATION shall have received firm funding commitments for 100% of the total development costs. CORPORATION must obtain final Board approval of any changes in the development plan specifications and construction schedule prior to commencement of construction.
- (f) Construction shall have commenced within 6 months of receipt of firm funding commitments for all required funding.
- (g) By the later of eighty (80) months after the Execution Date, or forty-eight (48) months after the approval of the Master Plan by all of the governmental agencies whose approval is required, construction and the proposed development of the Premises shall have been substantially completed.
- (h) Should complete approval of the Development Plan not be obtained or should any of the schedule deadlines be missed, this Lease shall terminate at the later of (a) five (5) years after the lease execution date, or (b) ninety (90) days after the missed deadline or failure to obtain approval, without prejudice to CORPORATION applying for an extension of the Lease at least 90 days prior to the termination date, which extension shall be granted or denied at City's sole discretion.