

Draft Final Lease Summary Points

- 1) Five (5) Key Priorities (in order) – direction from Board on November 16, 2016:
 - Protect District constituent’s interest in the Event Center by not risking a violation of the Deed restriction (Paragraphs 4, 5.4).
 - The Landlord shall initiate a Validation Action to determine the validity of the lease in relation to the deed restriction.
 - The draft final lease requires that the Tenant shall use the premises for park purposes, including recreational, public and community activities, and shall be permitted to use the premises for private events such as weddings, receptions, meetings, concerts, fundraisers and civic events, and any other events consistent with the character of a first-class event facility.
 - Continued access by District residents and/or community non-profits at free and/or affordable rates although access may be secondary to full rate bookings (Paragraphs 3.2A, 5.3, 5.4, 5.5, 5.6 A).
 - As a condition for lease extension, the draft final lease specifies that the Tenant shall provide continued access to premises for public and non-profit events.
 - Additionally, the draft final lease provides for continued public access and use of the NTEC prior to Tenant taking possession of premises for construction of TI. The NTPUD Board shall direct staff as to the availability of the facility for public events.
 - The draft final lease specifies that premises shall be available for public and non-profit events and recreation uses, consistent with current usage levels, by local members of the community, public agencies and non-profit organizations. These groups shall pay a rate not more than 25% less than the then-current published rate for use of premises. This is consistent with current policy for rates being charged at the NTEC.
 - Because the facility is to be considered a community resource, Tenant agrees to use good faith efforts to maximize premises revenue while providing the community with a reasonably priced venue for community events and public activities such as civic events.
 - Elimination of annual operating deficit at the NTEC as well as the eventual need for capital asset replacement. (Paragraphs 5.2, 5.5, 5.9, 8.1, 8.1C, 8.3).
 - Tenant shall expend not less than \$5.6 million on Tenant Improvements (TI) on the facility.
 - Tenant shall assume all operation and management duties and expenses, including utilities, repairs, maintenance, personnel and other operating expenses as identified in the draft final lease.
 - This shall be a triple net lease.
 - Generating a dependable and fair revenue, adjusted annually by current CPI, in support of the District’s Recreation Department’s financial solvency. A goal being the greatest reduction in need for a Measure “C” or Benefit Assessment increase and/or transfer of property tax to Recreation and its proportionate impact on sewer rates. (Paragraphs 7.1, 7.1A, 40.1, 40.1A, see spreadsheet).
 - Tenant shall pay an annual rent as specified in the Basic Lease Information, payable in annual installments. Base rent shall be adjusted annually beginning on

July 1 of the eleventh anniversary of the Rent Commencement Date by the annual CPI but at a rate not greater than 2%.

- Assuring Board members and community that, in exchange for such a long-term lease agreement and the unknown future it brings with it, NTPUD revenues remain commensurate with the private business profits of the tenant by adjusting the base rent annually by the current CPI. Additionally, re-investment in property upkeep by the Lessee to maintain standards of refinement is an assurance to be included in the lease agreement. (Base Lease Information, Paragraphs 5.5, 7.1, 7.1A, 12.3, 13, 13.1; see spreadsheet).
 - Tenant shall pay an annual rent as specified in the Basic Lease Information, payable in annual installments. Base rent shall be adjusted annually beginning on July 1 of the eleventh anniversary of the Rent Commencement Date by the annual CPI but at a rate not greater than 2%.
 - Tenant shall maintain the facility in a condition equal to the condition of the facility subsequent to construction of the Tenant Improvements.

2) Timeline:

Effective Date: date lease is executed by both parties (Sept/Oct 2017)

- Within thirty (30) days after effective date, Validation Action to be filed by Landlord (validation action could take 6 months).
- Should a final judgement of Validation Action not be received by 12/31/18, outside date shall be extended 180 days.
- No more than thirty (30) days after effective date, Tenant shall submit an initial design concept to Landlord. Within thirty (30) days from submittal of initial design concept, Landlord shall hold a public meeting to receive public comments.
- Not more than 120 days after effective date, Tenant shall deliver a set of schematic plans to Landlord for review and approval.
- Not later than 180 days following date of final judgment of Validation Action, Tenant shall begin construction of Tenant Improvements (allows time for TRPA and Placer County review and approval).
- Completion of Tenant Improvements shall occur no more than 300 days after commencing construction of Tenant Improvements.
- Tenant Possession by June 1, 2019 (Outside Date). If Tenant has not taken possession by June 1, 2019, Landlord may terminate the lease.

Other Lease Provisions:

- Options to Extend; the base lease is for a period of thirty (30) years; there are two (2) options, each of twenty (20) years dependent on Tenant continuing to provide access to Premises for public and non-profit events (as defined in Paragraph 4.3) and continued coordination, participation and hosting of the Citizen Advisory Committee (as defined in Paragraph 5.7). (Paragraphs 3.1, 3.2, 3.2A, 3.2B).
- Continued public access prior to commencement of construction (Paragraph 5.3).

- Citizen Advisory Committee – there shall be a Citizen Advisory Committee established that will review (Paragraph 5.7)
- Verification of Financial Ability – Landlord shall have sixty (60) days to submit appropriate and required financial information to Landlord's Financial Accountant who will confirm Tenant's financial ability to complete TI and operate facility (Paragraph 6).
- Assignment – Tenant's ability to assign lease is subject to review and approval of NTPUD (Paragraphs 23.1, 23.2).
- What happens in default – Should Tenant default at any time the NTEC returns to the NTPUD (Paragraphs 28.1, 28.1A – 28.1H, 28.2A – 28.2D, 28.3).
- Operations to be continuous – aside from closing for minor renovations, operations of the NTEC shall be continuous. Should operations cease for more than thirty (30) days, Landlord shall have the right to recapture possession of the NTEC (Paragraphs 40.1, 40.1A).