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|-------------|---|
| <b>12.1</b> | <b>PROPOSED LEASE TO ROBERTSON PARK ARTISTS' STUDIO</b> |
|-------------|---|

- Attachments:**
1. **Map Showing Location of Halvorsen Hall**
  2. **Maintenance Schedule**
  3. **Community Benefit Matrix**
  4. **Comparison with Property Management Framework**

**RECOMMENDATION****That Council**

1. **NOTES** that Robertson Park Artists' Studio comprising Graham Hay, Sarah Marchant, Frances Dennis, Carol Rowling, Christopher McClelland and Bethamy Linton currently occupy Halvorsen Hall as monthly tenants, pursuant to a joint lease with the City which expired on 28 February 2020;
2. **APPROVES** providing local public notice pursuant to section 3.58 of the *Local Government Act 1995* of the proposed lease to Robertson Park Artists' Studio comprising Graham Hay, Sarah Marchant, Frances Dennis, Carol Rowling, and Christopher McClelland on the following proposed commercial terms:
  - 2.1 **Initial term:** two (2) years;
  - 2.2 **Option:** one (1) year exercised at the City's sole discretion;
  - 2.3 **Premises area:** the building known as Halvorsen Hall at Robertson Park, measuring approximately 275sqm.
  - 2.4 **Rent:** \$6,706.70 including GST per annum, being 20% of GRV and including a 9% community benefit rebate. Rent was negotiated based on GRV of the Premises – currently \$33,500 pa.
  - 2.5 **Rent Review:** annual CPI rent review to occur on 1 July each year of the lease commencing from 1 July 2022.
  - 2.6 **Outgoings:** the Tenant to pay all rates and taxes, ESL, rubbish and recycling bin charges, utilities (including scheme water, electricity and gas) and minimum level of service statutory compliance testing (including RCD, DFES and pest inspection fees and charges), applicable to the Premises.
  - 2.7 **Insurance:** the Tenant is to hold and maintain a public liability insurance policy for not less than \$20million per one claim, in respect of the tenant's use and occupation of the Premises and car park.  
  
Tenant to reimburse the City for the building insurance premium payable in regard to all buildings, structures and improvements within the Premises area. If the Tenant requests the City make a claim on the Tenant's behalf (under the building insurance policy) the City may require the Tenant to pay any excess payable in respect to that claim.
  - 2.8 **Repair/maintenance:** the Tenant is responsible for maintenance items as specified in the right hand column of the Maintenance Schedule at **Attachment 2**.
  - 2.9 **Inspections:** the City will inspect the premises annually (or as required) and will give the tenant appropriate notice of the inspection, in accordance with the lease terms.

- 2.10 Responsibilities of the City:** the City is responsible for:
- a) maintenance of roofing and main structure of the Premises (unless the damage is caused by the tenant);
  - b) capital renewal and upgrade of existing assets, at the City's sole discretion.
- 2.11 Obligations of Tenant and default provisions:** the Tenant is responsible for paying all Rent and any other monies owing under the Lease within 14 days' of the due date:
- a) If the tenant fails to pay an invoice within the 14-day grace period, interest at a prescribed rate (as set by the Lease) will accrue on the outstanding amount until it is paid for in full.
  - b) Continued failure to pay monies due and owing under the lease may result in the City terminating the Lease due to the tenant's default.
  - c) If the tenant disputes any amount due and owing under the Lease, the tenant must notify the City accordingly. In the absence of manifest error, the tenant must pay the outstanding amount on the due date and any dispute about the amount will be resolved with the City following payment.
- 2.12 Special conditions:**
- Premises condition:**
- a) The Tenant leases the Premises from the City in 'as is, where is' condition.
  - b) The Tenant acknowledges that the Premises is in a condition commensurate with its age and the City does not anticipate making any capital upgrades or improvements to the Premises or its surrounds.
- Redevelopment or demolition:**
- If:
- a) the City wishes to redevelop the Premises or its surrounds; or
  - b) the City determines that it can no longer maintain the Premises in a safe and occupiable condition,
- the City may, upon providing the tenant with a minimum of 12 months' prior notice, require the tenant to surrender its lease of the Premises.
3. **AUTHORISES the Chief Executive Officer to consider any submissions received and to determine whether to proceed with the lease, ensuring that the reasons for such a decision are recorded;**
  4. **AUTHORISES the Mayor and Chief Executive Officer to affix the City's common seal and execute the lease; and**
  5. **AUTHORISES the Chief Executive Officer to approve future variations to the lease as required for the sole purpose of adding or removing joint lessees to the lease.**

#### **PURPOSE OF REPORT:**

To consider entering into a new lease with the Robertson Park Artists' Studio comprising Graham Hay, Sarah Marchant, Frances Dennis, Carol Rowling, and Christopher McClelland, in regard to Halvorsen Hall at 176 Fitzgerald Street, Perth (Premises).

#### **BACKGROUND:**

Halvorsen Hall is located at Robertson Park, 176 Fitzgerald Street, Perth, Western Australia. Being a portion of Lots 2 and 3 on Plan 835, and a portion of the land comprised within Certificate of Title Volume 2782 Folio 188 as shown on **Attachment 1**. The land is owned in Freehold by the City.

Halvorsen Hall has a long history as an artists' studio and art class venue. The Premises was built in 1970, and no significant capital upgrades or renewal works have recently been completed. As a result, the Premises is in a condition consistent with its age and its long-term use is uncertain without considerable capital expenditure by the City in the next 3 to 5 years. Administration is preparing a development plan for Robertson Park, however, the scope of the plan is limited to the tennis courts and clubrooms, and does not extend to Halvorsen Hall. There are no current or anticipated plans for Robertson Park that include capital works on the Premises.

The City and Graham Hay, Umberto Alfaro, Frances Dennis, Carol Rowling, Lauren Wilhelm and Renae Edward entered into a lease agreement for Halvorsen Hall on 18 December 2009. The previous lease commenced on 1 March 2010, and had an initial five-year term, with a further five-year option term commencing on 1 March 2015. The previous tenants exercised the option term, and the City and the tenants entered into a Deed of Extension of Lease on 24 September 2015, which expired on 28 February 2020. The lease has converted to a periodic, monthly tenancy since it expired.

At its 6 February 2018 meeting, Council approved (Item 11.5) a variation of the lease to reflect the artists currently using the building.

At its 17 November 2020 meeting, Council adopted (Item 11.2) the City's Property Management Framework. The Property Management Framework establishes general terms and conditions that the City will use as the basis for negotiating all leases and licences, along with a detailed Maintenance Responsibility Guide.

At its 17 November 2020 meeting, Council requested (Item 11.2) that Administration apply the Community Benefit Matrix to the leasing negotiations with Robertson Park Artists' Studio in consideration of the current lease fee and the social and community benefit of maintaining an artist studio in the City of Vincent.

#### **DETAILS:**

The Tenant has expressed interest to continue its use of the Premises as an artists' studio, workshop/art class venue and to hold annual open studio events. Due to the age of the Premises, Administration does not recommend a long-term lease of the Premises to the Tenant. However, as there are no current plans to undertake works on or to repurpose the Premises, its continued use as an artists' studio is supported by Administration in the short term.

The City's and the Tenant's proposed maintenance obligations are set out in the Maintenance Schedule at **Attachment 2**.

The Tenant has renewed their Public Liability Insurance which is effective until 30 April 2022. A copy of the Certificate of Insurance has been forwarded to the City.

In accordance with the City's Property Management Framework, the Tenant is a Category 3 (commercial entity) tenant. The proposed Rent, Option Terms, and Special Conditions have been negotiated and agreed by the Tenant. The Community Benefit Rebate was applied as requested by Council at its 17 November 2020 meeting.

#### **Rent:**

As per the Property Management Framework, rent for Category 3 tenants should be negotiated between the parties based on the gross rental value (GRV) of the Premises. Halvorsen Hall GRV is \$33,500.

The Tenant is currently paying \$6,095.34 including GST per annum. Taking into account the effect that COVID-19, potential lockdowns and social distancing requirements has on the Robertson Park Artists' Studio business, Administration recommends a slight yet sustainable increase in rent. The proposed rent is 20% of GRV being \$6,706.70 including GST per annum (including a 9% community benefit rebate). The Tenant has agreed to the proposed rent.

#### **Option Terms:**

The City's Property Management Framework requires an Option Term for Category 3 tenants of "up to 2 x 5 years options (at the City's discretion)". Due to the age of the Premises, and the fact that there is no capital works budget allocated to Halvorsen Hall in the next four years, Administration recommends the lease include 1 x 1 year option. If exercised, the lease would terminate 1 September 2024.

#### **Special Conditions:**

The City has no current plans for significant capital upgrades or demolition on the Premises. The Special Conditions address the current state of the Premises and outline the terms applicable should the City determine it appropriate to redevelop or demolish the Premises.

The draft Asset Management and Sustainability Strategy contains an action that will result in an Asset Prioritisation Plan for Buildings. This is the process by which the long term future of all buildings including Halvorsen Hall is determined. This is considered high priority in the draft strategy and an action that is to be delivered in the short term (1-3 years).

#### **Community Benefit Rebate:**

At its 17 November 2020 Meeting, Council requested (Item 11.2) that Administration apply the Community Benefit Matrix to the leasing negotiations with Robertson Park Artists' Studio in consideration of the current lease fee and the social and community benefit of maintaining an artist studio in the City of Vincent.

Through applying the Community Benefit Matrix, subsidies are available to organisations within Categories 1 and 2. Robertson Park Artists' Studio is classified as a Category 3 tenant and do not have Incorporated status. Administration have applied the Community Benefit Matrix criteria in an effort to ameliorate the impact of being included as a Category 3 tenant.

The Community Benefit Matrix for Robertson Park Artists' Studio at **Attachment 3** outlines the criteria met by the organisation and assigned a score of 16. This score of 16 entitles the Tenant to a 9% Community Benefit Rebate.

#### **CONSULTATION/ADVERTISING:**

In accordance with section 3.58 of *the Local Government Act 1995* (Act) local public notice of the proposed lease would be provided for a period of at least two weeks, commencing in mid-September and closing in early October. Local public notice would be provided in the following ways:

- notice in the City's local newspaper;
- public notice on the City Administration and Civic Centre, Library and Local History Centre notice boards; and
- notices on the City's website, and social media platforms.

#### **LEGAL/POLICY:**

This lease falls within the scope of Category 3 of the City's Property Management Framework. The terms proposed are consistent with the Property Management Framework, including negotiation of the rent based on the GRV or a market rent valuation of the Premises. A detailed comparison between the proposed lease and the Property Management Framework is included at **Attachment 4**.

*Local Government Act 1995* (Act) – s 3.58(3) (Disposing of Property) sets out the public notice requirements for disposal of property to a commercial entity.

*A local government can dispose of property other than under subsection (2) if, before agreeing to dispose of the property —*

*(a) it gives local public notice of the proposed*

*(b) disposition —*

*i. describing the property concerned; and*

*ii. giving details of the proposed disposition; and*

*iii. inviting submissions to be made to the local government before a date to be specified in the notice, being a date not less than 2 weeks after the notice is first given;*

*and*

*(c) it considers any submissions made to it before the date specified in the notice and, if its decision is made by the council or a committee, the decision and the reasons for it are recorded in the minutes of the meeting at which the decision was made.*

#### **RISK MANAGEMENT IMPLICATIONS**

Low: It is low risk for Council to provide local public notice for a proposed two-year lease with the tenants.

**STRATEGIC IMPLICATIONS:**

This is in keeping with the City's *Strategic Community Plan 2018-2028*:

Connected Community

*An arts culture flourishes and is celebrated in the City of Vincent.*

Thriving Places

*Our physical assets are efficiently and effectively managed and maintained.*

Innovative and Accountable

*Our resources and assets are planned and managed in an efficient and sustainable manner.*

**SUSTAINABILITY IMPLICATIONS:**

This does not contribute to any environmental sustainability outcomes.

**PUBLIC HEALTH IMPLICATIONS:**

This is in keeping with the following priority health outcomes of the City's *Public Health Plan 2020-2025*:

*Increased mental health and wellbeing*

**FINANCIAL/BUDGET IMPLICATIONS:**

The current rent for the Premises is approximately \$6,095.34 including GST per annum. The proposed new rent is \$6,706.70 including GST per annum, equating to an increase of \$611.36 per annum. The rent is subject to an annual CPI rent review to occur on 1 July each year of the lease commencing from 1 July 2022



|  |  |   |                   |   |
|--|--|---|-------------------|---|
|  <p>CITY OF VINCENT</p> | <p>The City of Vincent does not warrant the accuracy of information in this publication and any person using or relying upon such information does so on the basis that the City of Vincent shall bear no responsibility or liability whatsoever for any errors, faults, defects or omissions in the information. Includes layers based on information provided by and with the permission of the Western Australian Land Information Authority (Landgate) (2013).</p> | <p>Map Showing Location of Halvorsen Hall</p> | <p>23/07/2021</p> |  |
|  |  |   | <p>1:800</p>      |   |

## Maintenance Schedule - Robertson Park Artists' Studio – Proposed new lease terms

| Maintenance Item   | Lessor's obligations  | Lessee's obligations   |
|--|---|--|
| <b>Statutory/Minimum Level of Service obligations</b>                    |   |  |
| Emergency exit lighting systems & emergency doors                        | Undertake annual inspections of the Premises to ensure maintenance and compliance with requirements of the Building Code of Australia and Australian Standards. | Ensure that any faults or operational issues with the emergency/exit lighting systems in the Premises are promptly reported to the Lessor.<br>Reimburse the Lessor for the cost of annual compliance inspections.  |
| Fire protection equipment (e.g. fire extinguishers, hoses, smoke alarms) | Undertake annual inspections of the Premises to ensure compliance with FESA and DFES requirements.  | Ensure that any use or operational issues with the fire protection equipment in the Premises are promptly reported to the Lessor.<br>Reimburse the Lessor for the cost of annual compliance inspections.   |
| RCD Protections, Tagging Electrical Equipment                            | Ensure that all RCDs are repaired and maintained in accordance with the relevant legislation.   | Ensure that all portable plug-in electrical equipment are regularly inspected (a minimum of once every 12 calendar months) in accordance with relevant legislation. Reimburse the Lessor for the cost of annual RCD compliance testing.                              |
| Pest Control, vermin control & termites                                  | Undertake annual pest inspections and extermination treatments (if required).   | Endeavour to keep the Premises free and clear of all rodents, rats, vermin, insects, birds, animals and other pests and report to the Lessor any pest activity or required treatment.<br>Reimburse the Lessor for the cost of annual pest inspection and treatments. |
| <b>Premises and security</b>   |   |  |
| Cleaning & cobweb removal  | Not any.  | Ensure Premises is kept tidy and free of litter, dirt, rubbish, cobwebs and broken glass at all times.   |

Maintenance Schedule - Robertson Park Artists' Studio – Proposed new lease terms

| Maintenance Item                                    | Lessor's obligations   | Lessee's obligations  |
|---|--|---|
| Malicious damage & break-ins                        | At request of Lessee, will submit Building Insurance claim on behalf of Lessee.  | Responsible for repairs and cleaning of broken glass, windows and doors after an act/incident of malicious damage. Responsible for repairing and replacing any stolen goods or broken fixtures and fittings. Report any incidents of malicious damage or break-ins to the Lessor. Must pay any excess for a Building Insurance claim commenced by the Lessor at the Lessee's request. |
| Vandalism & graffiti                                | Upon notification by the Lessee, will remove vandalism & graffiti to the exterior of the Premises. At request of Lessee, will submit Building Insurance claim on behalf of Lessee.                                   | Must remove vandalism & graffiti to the interior of the Premises and repair any damage caused. Must pay any excess for a Building Insurance claim commenced by the Lessor at the Lessee's request.  |
| Security monitoring, equipment and security lights. | Not any.   | The Lessee must ensure the Premises is maintained in a secure condition. If any security monitoring, equipment or lighting is in use by the Lessee at the Premises (including any installed by the Lessee), the Lessee must ensure all equipment and lighting is maintained in Good Repair.   |
| Ceiling   | Repair any structural damage to ceiling. If damage is caused or contributed to by the Lessee or Lessee's Employees and Visitors, the Lessor may require the Lessee to reimburse it for cost of repairing the damage. | Report any structural damage to the Lessor.   |

## Maintenance Schedule - Robertson Park Artists' Studio – Proposed new lease terms

| Maintenance Item  | Lessor's obligations  | Lessee's obligations   |
|---|---|--|
| Walls   | Repair structural damage to load bearing walls. If damage is caused or contributed to by the Lessee or Lessee's Employees and Visitors, the Lessor may require the Lessee to reimburse it for cost of repairing the damage. | Keep clean, dust any cobwebs and report any structural repairs or faults to Lessor.  |
| Window, glass panes, flyscreens, security screens, doors, door handles. | Undertake repairs or replace items as require. If the damage or disrepair is caused by the Lessee's use of the Premises, the Lessor may recover its costs, for the repair or replacement, from the Lessee.                  | Keep items clean, operable, lockable, and firmly fixed. Repair, replace and lubricate hinges of items, repair/replace any items that are broken or damaged where caused by Lessee or Lessee's Employees and Visitors misuse. |
| Skylights, lighting, globes   | Not any.  | Keep clean at all times and repair and/or replace as required. Replace all globes as required.   |
| Painting  | Not any.  | At least once every 5 years of the Term, repaint the Premises (interior) with a minimum of two coats of good quality paint (in a colour approved by the Lessor) to a tradesmanlike finish.                                   |
| Cupboards, blinds, curtains, mirrors                                    | Not any.  | Keep clean and repair items as required.   |
| Vinyl Floors  | Not any.  | Keep clean and repair as necessary.  |
| Wooden Floors   | Not any.  | Keep clean and repair as necessary.  |
| Tiled Floors  | Not any.  | Keep clean and repair as necessary.  |

## Maintenance Schedule - Robertson Park Artists' Studio – Proposed new lease terms

| Maintenance Item  | Lessor's obligations   | Lessee's obligations  |
|---|--|---|
| Bathrooms and changerooms (including drains, hot water systems, sewerage, showers, sinks, taps, toilets etc.) | Replace items that require replacement due to old age/end of economic life.<br>Where the Lessor undertakes works or repairs to clear blockages which have occurred as a result of the neglect, misuse or default of the Lessee, the Lessee must pay (on demand) the Lessor's costs of undertaking those works. | Must keep clean at all times. Ensure all are operable and free from any blockages. Repair leaks, service and maintain as required. Replace damaged items as required.<br>Lessee shall not permit foreign objects or matter to be placed into drains, toilets or grease traps. |
| <b>Fixtures, fittings, appliances and electrical</b>  |  |   |
| Air-conditioning  | The Lessor may, at its discretion, replace air-conditioning units that have come to the end of their economic life.  | Repair and undertake annual servicing of air-conditioning units/systems.  |
| Oven Vents (if applicable)  | Not any.   | Keep clean and repair when necessary.   |
| Exhaust Fans (if applicable)  | Not any.   | Keep clean and repair when necessary.   |
| Electrical Fittings (i.e. plugs, switches, sockets, leads, lights, power points)                              | Maintain, repair and replace any irreparable items. If replacement is caused by misuse/negligence of Lessee, Lessor may require the Lessee to reimburse it for the cost of replacement.  | Notify the Lessor when any electrical fittings require repair or replacement.<br>The Lessee must ensure that electrical fittings are not overloaded when in use.  |
| Wiring  | Repair, maintain and replace any irreparable items.  | Notify the Lessor when any wiring or electrical work is required.   |
| Appliances (i.e. fridges, toasters, freezer, stove, microwaves, washing machine)                              | Not any.   | Keep clean, operable, regularly maintain and repair as required.  |

## Maintenance Schedule - Robertson Park Artists' Studio – Proposed new lease terms

| Maintenance Item                                   | Lessor's obligations   | Lessee's obligations   |
|--|--|--|
| <b>Premises exterior and surrounds</b>             |  |  |
| Roof (including leaks, broken tiles etc.)          | Repair any structural damage to roof and clean roofs as required.  | Report any structural damage to the Lessor.  |
| Eaves, gutters & downpipes                         | Maintain and repair eaves, gutters and downpipes.  | Report any damage or build up to the Lessor.   |
| Garden and surrounds (including fencing and gates) | Responsible for any major tree pruning and tree removal. Replacing fences and/or gates as required and determined by the Lessor.                   | Not to remove any trees or hedges without first obtaining approval from the Lessor, except for urgent safety reasons.  |
| Walkways, footpaths, access, steps, ramps          | Responsible for footpaths and walkways.  | Keep clean and clear at all times. Report any damage or trip hazards to the City.  |
| Car Park   | Responsible for bitumen repairs and pot-hole maintenance. Undertake sweeping, leaf litter removal and car park line marking as required.           | Report to the Lessor any damage, trip hazards or obstructions.   |
| Shed, roller doors and garage (if applicable)      | Replace or repair as and when determined by the Lessor (at its discretion).  | Responsible for keeping clean.   |
| Abandoned rubbish                                  | Arrange for removal of abandoned furniture, car parts, larger rubbish that has been dumped on the verge, carpark or grassed area by third parties. | Arrange for removal of abandoned items that have been dumped on the property and will fit in the bins provided.  |
| Pollution  | Not any.   | Do all things necessary to prevent pollution or contamination of the Land by garbage, refuse, waste matter, oil or other pollutants.<br>Report any pollution, contamination or suspected pollution/contamination to the Land to the Lessor promptly. |

| Matrix – Criteria for determining level of subsidy for Leases and Licences for not-for-profit organisations - Robertson Park Artists' Studio |   |  |   |   |       |
|--|---|--|---|---|-------|
| Criteria   | Each answer worth 4 points  | Each answer worth 3 points   | Each answer worth 2 points  | Each answer worth 1 point   | Score |
| <b>Organisational Status &amp; Structure</b>   | The organisation is locally based, stand alone and not-for-profit. It has a voluntary management committee, comprised mainly of local area representatives  | The organisation is locally based, has a regional focus, is stand alone and not-for-profit. It has a voluntary management committee, comprised partly of local area representative               | The organisation is a locally based service, outlet, program or project that is part of a larger not-for-profit organisation, it has a voluntary advisory committee, comprised partly of local area representatives | The organisation is a locally based service, outlet, program or project that is part of a larger not-for-profit organisation. There is limited or no local area representation on the advisory committee or similar | 4     |
| <b>Capacity to undertake range of administrative and management responsibilities</b>   | Dependant on assistance from volunteers for all administrative and management functions   | Paid staff undertakes some of the administrative and management functions and volunteers assist with the other tasks   | Staff undertake majority of administrative and management functions with additional assistance provided by umbrella organisation.   | Umbrella organisation carries out majority of administrative and management functions   | 4     |
| <b>Extent of service provided by organisation</b>  | The broader community is a beneficiary of services provided by the organisation   | Service is significantly used by number of specific sections of the local community  | While the organisation provides a direct service to only a small number in the local community, it forms a part of a larger service provision   | Service is only used by a small number of the local community   | 1     |
| <b>Extent of accessibility of facility to the Community</b>  | Facilities are available and accessible to many in the local community  | Facilities are generally available and accessible to the local community   | Facilities have limited accessibility and availability to others in the local community   | Facilities not accessible or available to others in the local community or limited access   | 1     |
| <b>Social and community benefit</b>  | Service is unique, specific and meets a high level of need, or service meets identified social / community needs, with most-service users from low socio-economic or disadvantaged backgrounds      | Service meets identified social / community needs, with service users from a range of socio-economic backgrounds   | Service meets a broad social / community need   | Service is valued by community but it is not focused on meeting an identified social / community need   | 1     |
| <b>Ability to charge fees and raise revenue</b>  | Limited or no ability to raise revenue  | Some ability to raise revenue and charge fees which may be varied to reflect ability of clients to pay   | Has ability to charge fees and raise revenue  | Operate on a profit basis   | 2     |
| <b>Diversity, Access, Inclusion and Equity</b>   | Actively promotes inclusiveness to all members of the community, including females, people with disability, people from culturally and linguistically diverse background, and the LGBTIQ+ community | The majority of activities and services promote and encourage greater participation by the City's diverse community.   | Activities and services encourage limited inclusiveness to members of the community however, organisation is progressing towards increasing level of diversity.   | Activities and services do not integrate or encourage the inclusiveness of all members of the community. Organisation will progress towards increasing level of diversity.  | 2     |
| <b>Link to Strategic Community Plan</b>  | Integrates directly into the Strategic Community Plan   | Services provided do not integrate into the current Strategic Community Plan but do provide significant benefits to the community which are considered to reduce the burden on the City's budget | Services provided do not integrate into the Strategic Community Plan but do provide significant benefits to the community   | Little or no direct or integrated targets within the Strategic Community Plan   | 1     |
| <b>Total Score</b>   |   |  |   |   | 16    |
| <b>Percentage of subsidy funded</b>  |   |  |   |   | 9%    |

Proposed Lease to Robertson Park Artists’ Studio – Comparison with Property Management Framework

| Term/Condition   | Property Management Framework (Cat. 3 requirement unless negotiated)   | Included in Proposed Lease?   |
|--|--|-------------------------------|
| <b>Initial Term</b>  | Maximum of 10 years.   | Yes (Negotiated – 2 years)    |
| <b>Option</b>  | Up to 2 x 5 years options (at the City's discretion)   | Yes (Negotiated – 1 x 1 year) |
| <b>Responsibilities of Tenant</b>  | <b>PAYMENTS</b>  |                               |
|  | All outgoings, rates and taxes, including rubbish and recycling bin charges.   | Yes                           |
|  | Cost of statutory compliance (RCD, smoke alarm, emergency exit and fire hydrant testing).                                  | Yes                           |
|  | Pest inspections (including termite inspections) and treatment.  | Yes                           |
|  | Emergency Services Levy (ESL).   | Yes                           |
|  | Building insurance, premium and excess.  | Yes                           |
|  | \$20 million public liability insurance.   | Yes                           |
|  | <b>REPAIR/MAINTENANCE</b>  |                               |
|  | General minor maintenance of premises which includes replacement of fittings and fixtures including light globes and taps. | Yes                           |
|  | Re-painting of premises to ensure it remains in good condition.  | Yes                           |
|  | Cleaning (internal and external including annual carpet cleaning).   | Yes                           |
|  | Line-marking of parking bays in car parks (if applicable).   | Yes                           |
|  | <b>CAPITAL UPGRADES</b>  |                               |
|  | Capital upgrade and capital expansion of all assets within the leased or licensed area.                                    | Yes                           |
| Maintenance of fit-out.  | Yes  |                               |
| <b>INSPECTIONS</b>   |  |                               |
| The City will inspect the premises annually (or as required) and will give the tenant appropriate notice in accordance with the lease terms. | Yes  |                               |
| <b>Responsibilities of the City</b>  | <b>REPAIR/MAINTENANCE</b>  |                               |
|  | Maintenance of roofing, mechanical services and main structure (unless damage caused by tenant).                           | Yes                           |
|  | <b>CAPITAL RENEWAL</b>   |                               |
|  | Capital renewal of existing assets at the City's discretion.   | Yes                           |

|  |  |  |
|--|--|--|
| <p><b>Obligations of Tenant and Default Provisions</b></p> | <ul style="list-style-type: none"> <li>• The tenant is responsible for paying any license fees/rent and any other monies owed under the agreements within 14 days of the due date;</li> <li>• If the tenant fails to pay an invoice within the 14 day grace period, interest at a prescribed rate (as set by the agreement) will accrue on the outstanding amount until it is paid in full;</li> <li>• Continued failure to pay monies due and owing under the agreement may result in the City terminating the agreement;</li> <li>• If the tenant disputes any amount due and owing under the agreement, the tenant must notify the City. In the absence of manifest error, the tenant must pay the outstanding amount on the due date and any dispute about the amount will be resolved with the City following payment.</li> </ul> | <p>Yes, included in lease terms, which are not presented to Council.</p>   |
| <p><b>Tenancy Fee</b></p>                                  | <p>Subject to negotiation based on GRV. The tenant may undertake a market rent valuation of the premises, at the tenant's cost.</p>  | <p>Yes. Negotiated - \$6,706.70 including GST per annum, being 20% of GRV and including a 9% community benefit rebate.</p> |