

**POMPANO BEACH
COMMUNITY REDEVELOPMENT AGENCY**

8

Meeting Date: June 21, 2016

Agenda Item _____

REQUESTED CRA BOARD ACTION:

____ Resolution(s) Consideration _____ Approval _____ Other _____

SHORT TITLE OR MOTION: CONSIDERATION OF A TERM SHEET FOR THE PROPERTY LOCATED AT 61 NE 1ST STREET, SECOND FLOOR, WITH DUC POMPANO, LLC

Summary of Purpose and Why:

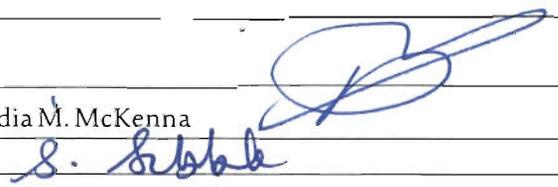
The CRA office has been located on the second floor of City Hall for many years, and at a time when there was virtually no visual signs of redevelopment. As development activity has progressed, it has become necessary to accommodate City staff efficiently. The determination was made that the second floor of City Hall would be the optimal location for development related services; thus the CRA would need to relocate, and optimally operate directly in the redevelopment area where leasing activity is most active. DUC Pompano, LLC owns a building located at 61 NE 1st Street, known locally as the Bank building. CRA staff believes the second floor of this property offers a suitable location for a relocated CRA office. The term sheet presented in this agenda item outlines the provisions which would eventually be included in a Lease Agreement. The consideration of this agenda item will enable the agency to efficiently lease and promote the area to the private sector while keeping close proximity to City Hall.

QUESTIONS TO BE ANSWERED BY ORIGINATING DEPARTMENT:

- (1) Origin of request for this action: Pompano Beach CRA
- (2) Primary staff contact: Adriane Esteban, Project Manager Ext. 7841
- (3) Expiration of contract, if applicable: n/a
- (4) Fiscal impact and source of funding: No fiscal impact

DEPARTMENTAL COORDINATION	DATE	DEPARTMENTAL RECOMMENDATION	AUTHORIZED SIGNATURE OR ATTACHED MEMO NUMBER
_____	_____	_____	_____

- CRA Executive Director
- CRA Attorney
- Finance Director

Claudia M. McKenna


ACTION PREVIOUSLY TAKEN BY CRA BOARD:

<u>Resolution</u>	<u>Consideration</u>	<u>Other:</u>
<u>Results:</u>	<u>Results:</u>	<u>Results:</u>
_____	_____	_____



P. O. Drawer 1300
Pompano Beach, FL 33060

Phone: (954) 786-5535
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MEMORANDUM

To: Pompano Beach CRA Board

From: Adriane Esteban, CRA Project Manager

Date: June 21, 2016

Subject: Proposed Term Sheet with DUC Pompano, LLC for the property located at 61 NE 1st Street, Second Floor

The CRA office has been located on the second floor of City Hall for many years, and at a time when there were virtually no visual signs of redevelopment activity. Over the years, City staff has transitioned to accommodate added development activity; much of which originates in the CRA. To accommodate City staff efficiently, the determination was made that the second floor of City Hall would be the optimal location for development related services; thus the CRA would need to relocate, and optimally operate directly in the redevelopment area where leasing activity is most active.

DUC Pompano, LLC owns a building located at 61 NE 1st Street in Downtown Pompano, known locally as the Bank Building. CRA staff believes the second floor of DUC's building would be the best location for the CRA office, considering the City needs this internal City Hall space for expansion. This convenient location is minutes away from City Hall, MLK Blvd. and the new Cultural Arts center. The agency will be able to efficiently lease and promote the area to the private sector while keeping close proximity to City Hall.

The Proposed Term Sheet in this agenda item lays out the basic terms that would eventually be included in a Lease Agreement. Some of those terms include:

- Rent will be \$15/SF gross, and will increase 3%-4% every year thereafter
- Initial Term is 5 years with two 2-year renewal terms
- The CRA shall have a 45 day Fixturing Period, in which no rent shall be due
- DUC will make improvements to the property so it can be used as the CRA's office
- CRA will provide \$35,000 plus manlift contingency (up to 10%) towards interior improvements completed by DUC for CRA's benefit



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If this term sheet is approved for consideration, it is anticipated that a Lease Agreement will be presented to the CRA Board for approval in July 2016. The approval of this agenda item will enable all to move forward, so the City can have back additional office space for other City functions.

DRAFT TERM SHEET

for a Lease between

Pompano Beach Community Redevelopment Agency (CRA) &
DUC POMPANO, LLC
(June 8, 2016)

TERMS

Property: 61 NE 1st Street, Pompano Beach, Florida

Folio Number: 4842-35-08-0220

Premises: Second Floor

Property Owner: DUC POMPANO, LLC

Landlord: DUC POMPANO, LLC (Landlord)

Tenant: Pompano Beach Community Redevelopment Agency (Tenant)

Rentable Area of the Premises: 2,400 square feet

Rent: \$15.00 per square foot per year Gross. The rent will increase annually by the greater of (i) 3%; or (ii) the percentage increase in the "Consumer Price Index for All Urban Consumers (CPI-U), U. S. City Average-All Items (1982-1984=100)", published by the Bureau of Labor Statistics of the United States Department of Labor" ("CPI," the increase in the CPI is the "CPI Increase"), not exceed 4%.

Possession: Tenant shall receive possession at the time Landlord receives a TCO or CC.

Fixturing Period & Free Rent: Tenant shall have a fixturing period during which no Base Rent shall be due (rent free) for construction of the Tenant Improvements not to exceed forty-five (45) days from the date of Possession ("Fixturing Period"). Tenant may enter Premises prior to TCO or CC to complete tenant work described in Exhibit B. Rent will commence upon completion of tenant's work described in Exhibit B and Landlord receiving a CC.

Permitted Use of the Premises: Tenant will have an office use at the Premises.

Effective Date: TBD (This will be the latest date in which both parties sign a lease agreement after the CRA Board has approved the lease.)

Term: Initial term will be five (5) years with an option to renew two (2) additional two (2) year terms

Option to Renew: Provided Tenant is open and operating and is not otherwise in Default (as hereafter defined in the lease), the lease may be renewed, for two (2) additional terms of two (2) years. Rent will be increased 3% in the renewal

term and thereafter for each year of the new term.

- Late Payments:** If any monthly rental payments are not received within five (5) days of the due date each month, a late charge of Twenty-Five Dollars (\$25) shall be added for the first day late, plus an additional Five Dollars (\$5) per day for each day thereafter until payment is received. Any late charges becoming due under this paragraph shall be added and become due with the next monthly payment of Rent. Non-payment or late payment of rent will be a default under Lease.
- Security Deposit:** None
- Insurance & Taxes:** Landlord shall pay for property insurance and general liability and shall pay all ad valorem and non-ad valorem taxes levied on the property. Tenant shall carry general liability insurance and contents coverage. Tenant to contribute pro-rata share of increase in taxes from base year of 2017.
- Licenses & Permits:** Tenant, at Tenant's expense, shall procure and maintain all governmental licenses or permits required for the proper and lawful conduct of Tenant's business or other activity carried on in the Premises.
- Services & Utilities:** Water and sewer services are provided to the Premises. Landlord shall provide other utility connections, including electricity and communication service connections (telephone, internet, cable, etc.). Landlord will provide electric and water meters for the second floor separately from the ground floor within 90 days of the Effective Date.
- Utilities:** Tenant shall be responsible for the payment of all utilities, including, but not limited to: electricity, telephone, internet and other services delivered to the Premises together with any taxes, penalties and surcharges pertaining to such utilities and any maintenance for such utilities. Tenant will pay for common electric and water & sewer for 90 days from Effective Date, after which date Landlord to pay common electric and Tenant to pay for utilities as referenced above.
- Janitorial:** Tenant shall also obtain and pay the expenses of all janitorial and trash services required for the Premises.
- Repairs & Maintenance:** Landlord shall be responsible for the repair and maintenance of the exterior of the Property at its sole cost and expense. Tenant shall keep in good repair the interior ceilings, interior doors, interior windows, interior walls and all tenant improvements in the Premises. Tenant shall immediately notify the Landlord of the need for any exterior repairs or maintenance. Tenant shall use its best efforts to take all necessary steps to mitigate any potential dangers or hazards until repairs can be made. The Property shall be maintained in accordance with all applicable code requirements of the Health Department of Broward County and other regulatory agencies as applicable.
- Windows:** Landlord shall be responsible for the regular cleaning of the exterior windows, as necessary; Tenant shall be responsible for the interior window cleaning of its Premises.
- Structural Repairs:** In the event any repairs are necessary to the wiring and plumbing in the walls,

floors, ceiling or hard structures of the Premises or any repair involves major penetration of walls, ceilings or floors, Landlord shall be responsible for the costs and shall notify the Tenant of the repairs.

Pest Control: Tenant, at its sole expense, shall engage professional exterminators to control vermin and pests on a regular basis, no less than monthly or as needed. Such extermination services shall be supplied in all areas where food is prepared, dispensed or stored and in all areas in the Premises where trash is collected and deliveries are made.

Permits: Landlord will be responsible for obtaining building permits for its work and for compliance with all codes with respect to its work. Tenant will be responsible for obtaining his/her own permit to complete tenant improvements, if required.

Improvements: Landlord shall make improvements to the Premises to create a vanilla box that is decorator ready as described in Exhibit A- Landlord's Work.

Tenant will be responsible for furniture, fixtures, and equipment not identified in Exhibit A. Tenant will make improvements described in Exhibit B- Tenant's Work.

Tenant's Contribution: Tenant will provide contribution to Landlord of \$35,00000 for interior improvements constructed by Landlord for Tenant's benefit related to the cost of manlift (approximately \$20,000) and difference between open ceiling and drop ceiling (approximately \$15,000) in order to accommodate an open metal duct HVAC system, which will be installed in the rear office space. Tenant may provide additional funds towards cost of manlift as contingency up to 10%, provided Landlord provides documentation of additional costs.

Impact fees & Concurrency fees: Landlord will be responsible for paying all impact fees & concurrency fees (Note: government offices may be exempt from impact fees).

Assignment or Subletting: Tenant shall not assign, sublet or transfer its rights under this Sublease without notifying the Landlord.

Inspection Period: Tenant shall have thirty (30) days following lease contract execution and receipt of the complete due diligence package in the form of a CD as listed below to perform an inspection of the property and related documentation in order to ensure suitability of the Premises for Tenant's intended investment. The due diligence package will include the following items:

- survey;
- any easement or cross-access agreements related to the Property;
- building plans

Broker: The Landlord and tenant acknowledge that no real estate broker is engaged by either party. If Landlord has broker then broker fee is Landlord's sole responsibility.

Contact: Adriane Esteban
RMA Project Manager for Pompano Beach CRA

Telephone: (954) 786-7841
Email: Adriane.esteban@copbfl.com

Non-Binding:

This letter is intended solely as a preliminary expression of general intentions and is to be used for discussion purposes only. The parties intend that neither shall have any contractual obligations to the other with respect to the matters referred herein unless and until a definitive agreement has been fully executed and delivered by the parties. The parties agree that this letter is not intended to create any agreement or obligation by either party to negotiate a definitive lease agreement and imposes no duty whatsoever on either party to continue negotiations, including without limitation any obligation to negotiate in good faith or in any way other than at arm's length.

To the extent permitted by law, each party shall keep confidential each of the provisions of this non-binding Term Sheet and all information each party obtains regarding the other party. This Term Sheet supersedes any and all previous negotiations with Landlord, whether written or verbal. This Proposed Term Sheet and any formal Sublease agreement (TBD) are subject to final approval by the CRA Board of Commissioners.

If the above terms and conditions are acceptable, please indicate in the appropriate space provided. Please consider this proposal valid until 5:00 p.m., June 10, 2016.

Agreed to and Accepted:

LANDLORD

DUC POMPADOUR LLC


By _____ Date June 8th 2016

EXHIBIT "A"

Landlord's Work

Landlord's Work shall only include work as set forth in this exhibit. Tenant shall accept the Premises in its present "as-is" condition. Landlord covenants at its expense to keep the foundations, floors and roof of the Premises, and the structural soundness of exterior and interior walls thereof, and that portion of any utility lines serving more than one premises, in good order, repair and condition at Landlord's cost.

Landlord shall commence any such repair within a reasonable period of time after Landlord receives written notice from Tenant that the same is necessary, which notice shall specifically reference the required repair. The provisions of this section shall not apply in the case of damage or destruction by fire or other casualty or a taking under the power of eminent domain.

Landlord shall make certain improvements to create vanilla box in decorator ready condition as identified below and sheets E-1.0 & E-2.0 with mark-ups attached as Exhibit "C". Landlord will provide the following specific items for Tenant:

A. Structure

1. Framing (Interior): shall be of wood studs, in accordance with applicable building codes. Gypsum board will clad each side of a demising wall between rooms and will contain sound insulation between the rooms.
2. Height of Interior Finished Tenant Space: the structure shall be sufficient to allow a finished interior ceiling height dictated by structural or mechanical limitations

B. Storefront

1. Glass Panel Storefront Door shall consist of impact glass and aluminum sections, in accordance with building codes. Landlord will provide one glass and aluminum entrance door with aluminum frame together with key lock. Glass will be clear with UV coating.

C. Interior Partitions

1. Landlord will provide interior partitions within the Premises according to Landlord's architectural plans attached as Exhibit "C", including gypsum board sheathing, electrical and telephone outlets according to the building code. Sheathing will be sprayed with one coat of texture and one prime coat of paint.
2. Interior doors will be installed for those rooms requiring them.

D. Insulation

1. The Landlord will provide certification that insulation of roofing system is R-19.

E. Doors

1. Two interior doors shall be provided by Tenant with Landlord providing the remaining interior doors. Landlord shall install all interior doors.

F. Conveying System

1. Landlord shall provide a manlift for access from ground floor entrance to Premises. The system may be in reconditioned condition. The location of the manlift shall be coordinated between the Landlord and Tenant, and be placed where the structural impact is minimized.

G. Utilities

1. Water and sewer will be provided to the Premises.
2. Electricity. Electrical supply lines will be provided to the Premises to its interior accessible electrical panel box located as described on the architectural plans.
3. Telephone will be provided to the Premises in a telephone panel box located in the Electrical Room, usually adjacent to the electrical panel.
4. Networking. Landlord shall wire networking capabilities in acceptance to the Tenant's IT Department needs, including installation of CAT 5E wires for phone and internet at locations to be determined by Tenant.
5. A conduit for telecommunication services will be installed at locations identified by Tenant, however telecommunication services including but not limited to telephone, internet, and Cable TV will not be provided at this time. Tenant will be responsible for activating these services.

H. Heating, Ventilating and Air Conditioning

1. Landlord will provide a roof mounted, split system with a 3-ton and 3-ton unit or units that provide adequate air conditioning per the FBC and local agencies, combination heating and air conditioning unit, which will have additional cooling capacity according to the Landlord's mechanical engineer's calculations.
2. Metal ductwork shall be installed for open ceiling area only (in rear of Premises). Remainder of ceiling to be 2' x 2' acoustical tile with ductwork above.

I. Plumbing

1. Landlord will provide a water line to the Premises.
2. Landlord will provide two restroom facilities, one of which is ADA compliant subject to applicable building codes.
3. Landlord shall provide hot water to the Premises.

J. Flooring.

1. In the Kitchenette Space, Landlord will provide tile.
2. In restrooms, Landlord shall provide ceramic tiles.
3. The staircase shall be tiled and have transition piece to Premises.

K. Finishes

1. All gypsum board interior will be finished with one sprayed coat of primer and one coat of white paint.
2. In the restrooms and other areas of Premises that are not open ceiling areas, ceiling (Interior) shall be dropped a minimum distance from the bar joists or the

underside of the roof in order to accommodate utilities, HVAC, and other infrastructure. The dropped ceiling may consist of a grid of 2' x 2' tegular acoustical tile panels with appropriate florescent lighting installed according to the architect's lighting diagram.

3. In all other areas of the Premises, landlord shall have an open ceiling.
4. Restrooms shall be finished with ceramic tile floor.
5. Staircase shall be tiled and have metal railing.
6. Break Room
 - i. Landlord shall install Break Room in Premises per Exhibit "C".
 - ii. Tenant shall provide Landlord with cabinetry for the Break Room, which Landlord shall install.
 - iii. Landlord shall install all electric and water connections for refrigerator, dishwasher, and microwave. Tenant shall be responsible for providing equipment.

EXHIBIT "B"

Tenant's Work

"Tenant's Work" is defined to mean any and all work to be performed by Tenant necessary to render the Premises suitable for Tenant's Use. Tenants Work shall include, without limitation: all signage; telecommunication services including but not limited to telephone, internet, and cable TV; and finishes (including but not limited to paint, floor coverings, wall covering, etc.); furniture, fixtures, and equipment .

Tenant shall apply for and diligently pursue a permit for Tenant's Work from local authorities if applicable. Upon receipt of a permit for construction of Tenant's Work, Tenant shall promptly commence construction of Tenant's Work and thereafter diligently pursue the completion of Tenant's Work.

Tenant shall keep the Premises including, but not limited to, all entrances, vestibules, partitions, all windows and window frames, moldings, doors, lighting, HVAC ductwork, controls and compressors, utility lines and fixtures within the Premises, fixtures and equipment, the fire protection system, any security screen, walls and fixtures, clean, neat and safe and in good order, repair and condition (including all necessary replacement, painting and decorating), and keep all doors and fixtures, clean, neat and safe and in good order, repair and condition, damage by fire or other casualty covered by Landlord's insurance excepted. If, in an emergency, it shall become necessary to promptly make any repairs or replacements required to be made by Landlord, Landlord may enter the Premises and proceed to make such repairs or replacements and pay the cost thereof. Landlord shall assign to Tenant during the term of this Lease any warranties which Landlord has received with respect to the Premises and which apply to any repair required of Tenant under this paragraph.

Tenant shall procure any licenses and permits required for Tenant's Use and comply with the laws, orders and regulations of all governmental authorities.

Tenant's Work shall consist of the following:

1. Installation of removable partitions and office cubicle systems
2. Additional electrical needs
3. Furniture, fixtures and equipment not provided in Landlord's Work including but not limited copier, refrigerator, dishwasher, and microwave
4. Accent paint colors on walls
5. Tenant shall provide the following items with Landlord installing: Break Room cabinetry, 2 interior doors and interior plate glass (if needed).
6. Security system will be provided by the Tenant. The Tenant may install at its discretion a security camera system which would be monitored by a third party vendor.
7. Installation of flooring in areas designated for carpet or wood.

GENERAL ELECTRICAL NOTES

1. ALL WORK SHALL BE DONE IN ACCORDANCE WITH THE NATIONAL ELECTRICAL CODE (NEC) AND ALL LOCAL ORDINANCES THEREOF.
2. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE LOCAL AUTHORITIES.
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EMERGENCY LIGHTING LEGEND

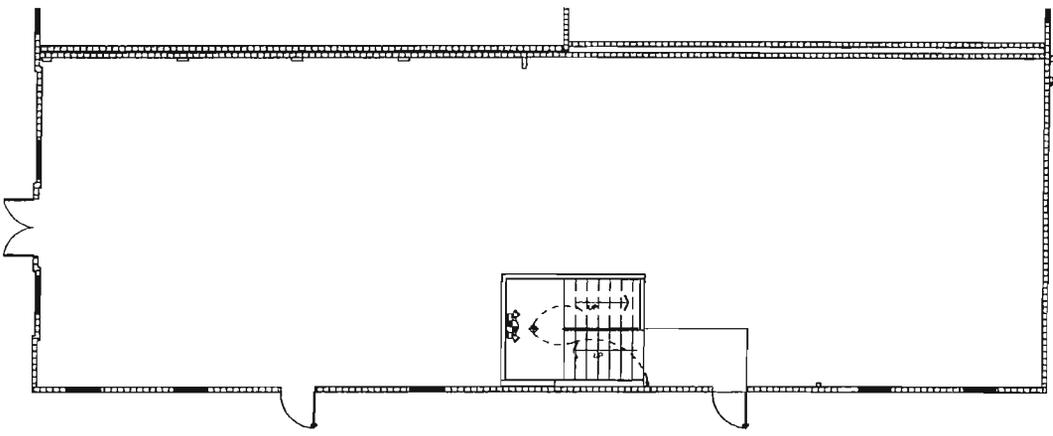
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ELECTRICAL SYMBOL LEGEND

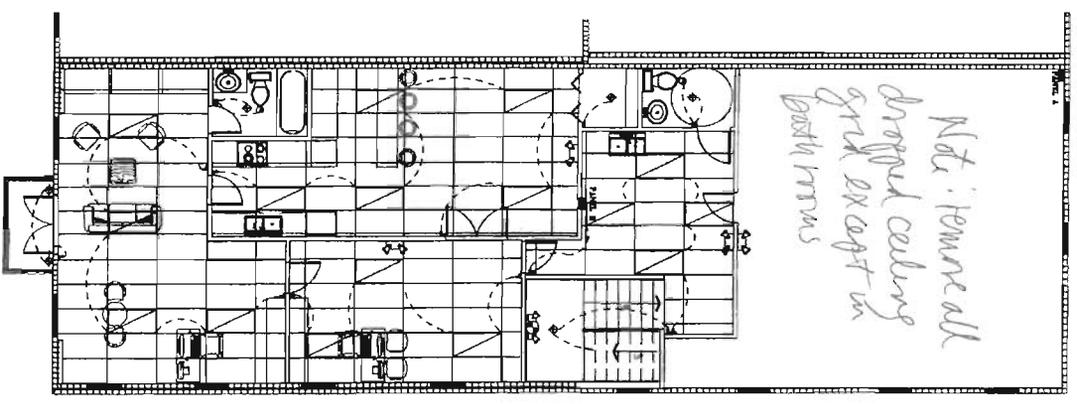
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LIGHTING PLAN

1 FIRST FLOOR PLAN (2,380 S.F.)
SCALE: 1/4" = 1'-0"



2 SECOND FLOOR REFLECTED CEILING LIGHTING PLAN
SCALE: 1/4" = 1'-0"



<p>REVISIONS</p> <p>BY</p>
<p>DATE</p> <p>BY</p>

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1000 SOUTH DORR HWY. WEST - SUITE 11
POMPANO BEACH, FLORIDA 33060
PHONE: 954-782-8821 FAX: 954-782-8884
CERTIFICATE OF AUTHORIZATION: 2002

INTERIOR RENOVATIONS
6 NE 1 STREET, POMPANO BEACH, FLORIDA

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SHEET
E-20