

**POMPANO BEACH
COMMUNITY REDEVELOPMENT AGENCY**

8

Meeting Date: July 21, 2015

Agenda Item _____

REQUESTED CRA BOARD ACTION:

Resolution(s) Consideration Approval Other

SHORT TITLE OR MOTION: PROPOSED TERM SHEET FOR THE PROPERTY LOCATED 11 NE 1ST STREET

Summary of Purpose and Why:

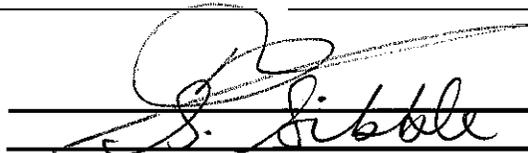
Approval of the Proposed Term Sheet for the property located at 11 NE 1st Street. The proposed tenant is Native Brewing Company, Inc., an established business that would operate a brewpub at this location. In September 2014, the CRA Board approved the Lease Agreement between the CRA (Lessee) and the Pompano Property Investments, LLC (Lessor) for the property located at 11 NE 1st Street. Since that time CRA staff has been promoting the availability of the property to interested parties. On July 2, 2015, CRA staff received a signed Proposed Term Sheet from the team behind Riverside Market of Fort Lauderdale and Native Brewing Company. The Proposed Term Sheet in this agenda item lays out the basic terms that would eventually be included in a Sublease and many of the terms match the Commercial Lease between the CRA and Lessor. If the CRA Board approves this Proposed Term Sheet, then a resolution and accompanying Sublease would be presented to the CRA Board for approval at a later date. The approval of this agenda item will enable this new brewpub to improve the property and bring another reputable restaurateur to the emerging arts district of Downtown Pompano.

QUESTIONS TO BE ANSWERED BY ORIGINATING DEPARTMENT:

- (1) Origin of request for this action: CRA Staff
- (2) Primary staff contact: Adriane Esteban Ext. 7841
- (3) Expiration of contract, if applicable: N/A
- (4) Fiscal impact and source of funding: N/A

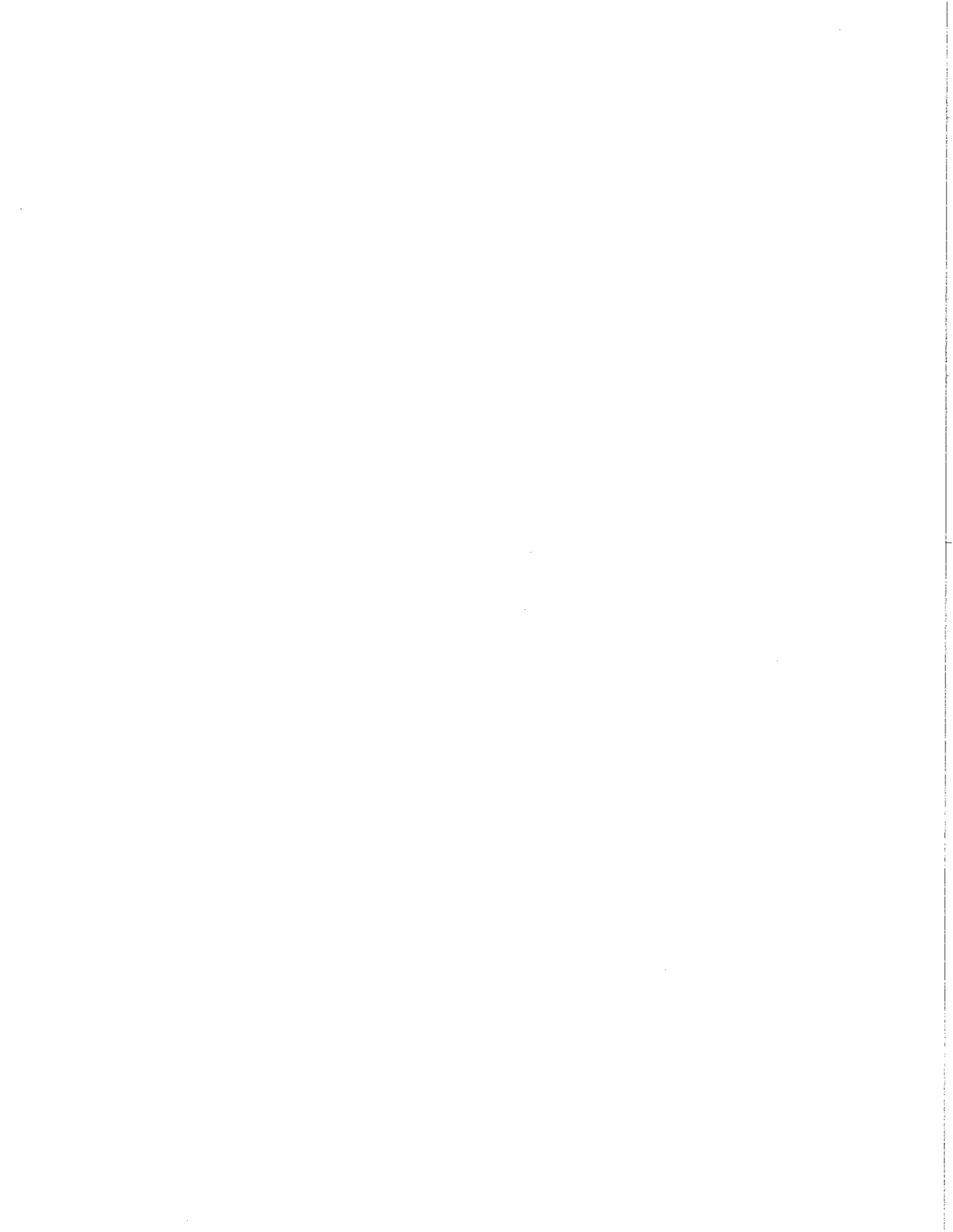
<u>DEPARTMENTAL COORDINATION</u>	<u>DATE</u>	<u>DEPARTMENTAL RECOMMENDATION</u>	<u>AUTHORIZED SIGNATURE OR ATTACHED MEMO NUMBER</u>

- CRA Executive Director
- CRA Director
- Finance Director



ACTION PREVIOUSLY TAKEN BY CRA BOARD:

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



CRA

POMPANO BEACH

P. O. Drawer 1300
Pompano Beach, FL 33060

Phone: (954) 786-5535
Fax: (954) 786-7836

MEMORANDUM

To: Pompano Beach CRA Board

From: Adriane Esteban, CRA Project Manager

Date: July 21, 2015

Subject: Proposed Term Sheet for the property located at 11 NE 1st Street

I. Agenda Item

Approval of the Proposed Term Sheet for the property located at 11 NE 1st Street. The proposed tenant is Native Brewing Company, Inc., an established business that would operate a brewpub at this location. It is intended that a resolution and Sublease will be presented to the CRA Board at a later date if the Proposed Term Sheet is approved.

II. Recommendation

Staff recommends approval of this agenda item.

III. Background

The CRA Board approved the Lease Agreement between the CRA (Lessee) and the Pompano Property Investments, LLC (Lessor) for the property located at 11 NE 1st Street (Premises) in September 2014. Since that time CRA staff has been promoting the availability of the property to interested parties. On July 2, 2015, CRA staff received a signed Proposed Term Sheet from the team behind Riverside Market of Fort Lauderdale and Native Brewing Company. Riverside Market and Native Brewing Company will be partnering to operate a brewpub at this location. This team is very experienced in the brewery and restaurant business, with Riverside Market recently being highlighted in the *New York Post*. The Proposed Term Sheet in this agenda item lays out the basic terms that would eventually be included in a Sublease. Many of the terms, like the rent and option to purchase, match the terms of the Commercial Lease between the CRA and Lessor. If the CRA Board approves this Proposed Term Sheet, then a Sublease would be presented to the board for approval at a later date. The approval of this agenda item will enable this new brewpub to improve the property and bring another reputable restaurateur to the emerging arts district of Downtown Pompano.

PROPOSED TERM SHEET

for a Sublease between the
Pompano Beach Community Redevelopment Agency (CRA)
& Native Brewing Company, Inc.

TERMS

Property: 11 NE 1st Street, Pompano Beach, Florida (Premises)

Folio Number: 4842 35 08 0200

Property Owner: Pompano Property Investments, LLC (Property Owner)

Landlord: Pompano Beach CRA (Landlord)

Tenant: Native Brewing Company, Inc. (Tenant)

Rentable Area of the Premises: 6,098 square feet

Rent: \$12.36 per square foot triple net (plus sales tax) per year if rent commencement is 10/1/15-9/30/16, and \$12.73 per square foot triple net (plus sales tax) per year if commencement is 10/1/16-9/30/17, to be increased annually at the rate of 3% per lease year.

Fixturing Period
Free Rent: Landlord hereby grants to Tenant a rent-free fixturing period for construction of the Tenant Improvements not to exceed twelve (12) months from the Effective Date of Sublease ("Fixturing Period") during which no Base Rent shall be due.

Option to Purchase Premises: Tenant shall have the exclusive right to purchase the Premises for \$1.2 million until September 30, 2019.

Permitted Uses: Restaurant, music venue, brewery, brewpub

Effective Date: TBD

Rent commencement date: TBD

Term: Initial term of four (4) years commencing on the resulting Effective Date of Sublease, with three (3) options to renew for five (5) years each. Maximum total term of approximately 19 years.

Renewal Terms: If Tenant exercises an option to renew, Rent will be increased in the first year of each option period 10%, and 3% 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 is a default under Sublease.

- Security Deposit:** \$10,000, plus first and last month's rent
- Insurance & Taxes:** Tenant shall be required to provide Commercial General Liability Insurance in an amount not less than \$1 million dollars per person, per occurrence and name both Landlord and Property Owner as additional insureds. Tenant must pay property insurance, which currently costs approximately \$7,972. In addition, Tenant shall pay all ad valorem and non-ad valorem taxes levied by the government on the property. Last year's taxes amounted to \$8,200. Tenant is advised to purchase plate glass insurance in addition to the required insurance coverages. Landlord makes no representations as to the cost of insurance coverages Tenant will have to pay.
- 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 permissible business conducted in the Premises.
- Services & Utilities:** All utilities including electricity, gas, and communication service connections (telephone, internet, cable, etc.), shall be obtained by and at the expense of Tenant.
- Utilities:** Tenant shall be responsible for the payment of all utilities, including water, gas, electricity, heat, telephone, internet and other services delivered to the Premises together with any taxes, penalties, surcharges and any other charges pertaining thereto and any maintenance for utilities.
- Janitorial:** Tenant shall also obtain and pay the expenses of all janitorial services required for the Premises.
- Parking Rights:** Currently, there are 82 on-street public parking spaces and 41 public parking spaces in lots within walking distance of the property. The CRA may construct an additional 126 private parking spaces which may become available to Tenant for valet parking at a cost to be determined.
- CRA Incentive:** Tenant may apply for incentives offered by the CRA for the tenant interior and/or exterior build-out according to CRA regulations. CRA's contribution would be up to a maximum of \$40,000 from the Façade and Business Site Improvement Program and up to a maximum of \$150,000 from the Strategic Investment Program (SIP). Tenant must make a full application for incentives in order to receive consideration by the CRA Board for approval; contact Victoria Vitale, victoria.vitale@copbfl.com
- Repairs & Maintenance:** Tenant shall be responsible for the repair and maintenance of the Premises at its sole cost and expense. Tenant shall maintain the Premises in a good, neat, clean, safe and sanitary condition, free from waste and offensive odors, and free of vermin, rodents, bugs and other pests throughout the term of the Sublease, reasonable wear and tear excepted. Tenant shall

keep all furnishings, fixtures and accessories, and any display facilities, in good repair. Tenant shall keep in good repair the interior ceilings, interior doors, interior windows, interior walls, and all tenant improvements. The Premises shall be maintained in accordance with all applicable code requirements of the Health Department of Broward County and other regulatory agencies as applicable.

Windows: Tenant shall be responsible for the regular cleaning of the exterior windows.

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, Tenant shall be responsible for the costs and shall notify the Landlord of the repair(s).

Pest Control: Tenant, at its sole expense, shall engage professional exterminators to control vermin and pests on a regular basis, no less than monthly and 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.

Grease Traps: Tenant shall comply with Pompano Beach City Code regarding wastewater and grease. Tenant shall obtain all applicable permits at Tenant's cost. Tenant shall do whatever is necessary to properly maintain and clean the grease trap as often as necessary to prevent clogging or discharge, and in compliance with the City Code and, at a minimum, shall be pumped and cleaned not less than once every three (3) months.

Permits: Tenant will be responsible for obtaining Tenant's own permit and for compliance with all codes with respect to complete tenant improvements.

Impact & Concurrency fees: Tenant will be responsible for paying all impact fees and concurrency fees.

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

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

- Current lease between CRA and Property Owner with any and all amendments;
- All environmental studies;
- Survey
- Other available reports

"As-Is" Lease: Tenant acknowledges that it is subleasing the Premises in an "as-is" condition. Tenant further acknowledges that Landlord shall have no obligation to make additional improvements to the Premises.

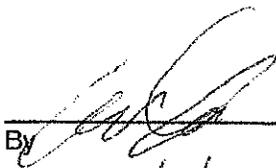
Contact: Chris Brown, RMA Real Estate Services, Inc. ("RMA"), Licensed Real Estate Broker, 3109 E. Atlantic Blvd, Suite B, Pompano Beach, FL 33062; Telephone: (954) 786-5535 and (954) 695-0754 (Office); Email: chris@rma.us.com or shanna@rma.us.com

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., July 21, 2015.

Agreed to and Accepted:

Native Brewing Company, Inc.

Pompano Beach Community
Redevelopment Agency

By 
Date 7/2/15

By _____
Date _____