

**POMPANO BEACH
COMMUNITY REDEVELOPMENT AGENCY**

Meeting Date: May 15, 2018

Agenda Item 3

REQUESTED CRA BOARD ACTION:

 Resolution(s) X Consideration Approval Other

SHORT TITLE OR MOTION: CONSIDERATION OF A TERM SHEET FOR THE PROPERTY LOCATED AT 165
NE 1ST AVENUE WITH INNOVATE FOOD GROUP, LLC

Summary of Purpose and Why:

The CRA is in possession of a few key properties in Old Town, and it is important that these properties are appropriately tenanted to activate the arts and entertainment district. It is imperative that there is pedestrian activity throughout the day which will promote a sense of safety in the area, and restaurants tend to provide this. One restaurant that would like to become the newest member of the Old Town tenant mix is Innovate Food Group, LLC. Its members include Mike Linder, a local restaurateur with over twenty (20) years of experience who owns Silver Lining Inflight Catering and Jet Runway Café. Additionally, Innovate Food Group includes Thompson Hospitality, a minority-owned food service provider and one of the largest retail food and facilities management companies in the country.

Together, these two teams plan to bring years of restaurant and food service experience into the Old Town area to help make it a thriving arts and entertainment district.

QUESTIONS TO BE ANSWERED BY ORIGINATING DEPARTMENT:

- (1) Origin of request for this action: Staff
- (2) Primary staff contact: R. Jordan Pace Ext. 7835
- (3) Expiration of contract, if applicable: _____
- (4) Fiscal impact and source of funding: _____

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

- CRA Executive Director
- CRA Attorney
- Finance Director

Greg Harrison

Claudia M. McKenna

A. Jean-James

ACTION PREVIOUSLY TAKEN BY CRA BOARD:

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



P. O. Drawer 1300
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MEMORANDUM

DATE: May 15, 2018

TO: Community Redevelopment Agency Board

FROM: R. Jordan Pace, CRA Project Manager

THRU: Greg Harrison, Executive Director

SUBJECT: Proposed Term Sheet for the property located at 165 NE 1st Avenue

Issue:

Consideration of a Term Sheet for the property located at 165 NE 1st Avenue with Innovate Food Group, LLC.

Recommendation:

Staff recommends approval of this agenda item.

Background:

CRA staff has been promoting the availability of all properties in CRA possession to interested parties that will create the optimal merchandise mix in the arts and entertainment district known as Old Town. This area needs to include more businesses that will activate the area throughout the day and into evening hours. Having more pedestrian activity will increase the sense of safety in the area. Restaurants tend to do this, as well as drive new customers into the area from the city and beyond. Innovate Food Group, LLC, whose members include the team that produced Jet Runway Café, is interested in the property located at 165 NE 1st Avenue. This team would like to bring a southern comfort restaurant concept to this location and sees the potential of the area and building, even though it is currently a vacant shell.

The Proposed Term Sheet in this agenda item lays out the basic terms that would eventually be included in a Sublease Agreement. This includes the following:

- Providing a fixturing period of twenty-four (24) months;
- Having an initial rent of \$13.11/SF (plus sales tax and CAM) triple net, which will increase 3% annually;
- The initial term of the lease will be for a period of ten (10) years with two (2) five (5) year renewal periods;
- CRA will provide the following:
 - \$37,500 allowance for a minimum of 15-ton HVAC system;
 - \$11,758 for Tenant's construction of a 500-600 amp 3-phase panel;
 - \$65,000 miscellaneous Tenant improvements;



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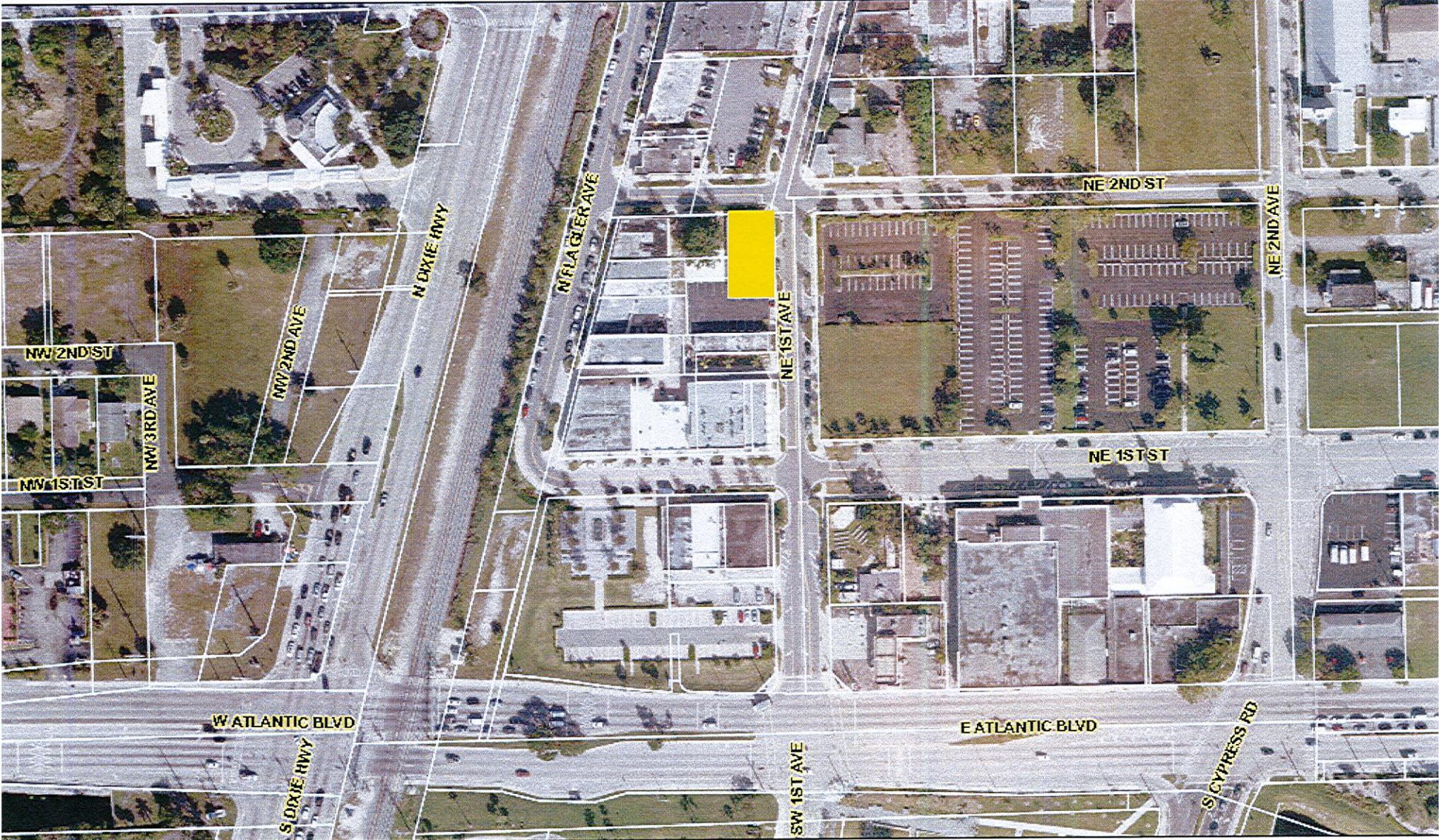
Fax: (954) 786-7836

- Grease trap.
- The tenant will pay the insurance and taxes on the property.

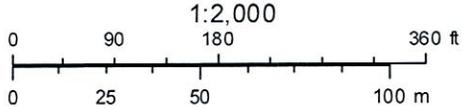
CRA staff made the Northwest CRA Advisory Committee aware of this item on May 7, 2018, to which it was very well received by both the Committee and the public, receiving unanimous approval by the Committee. It is anticipated that a Sublease Agreement will be presented to the CRA Board for approval at a later date. The approval of this agenda item will enable this new restaurant concept to be brought to the emerging arts and entertainment district of Old Town.

Property Id:

**Please see map disclaimer



ay 9, 2018



Innovate Food Group

Innovate Food Group has been created with two of the top industry food service companies which combined do business locally and nationally with locations in almost every state.

Silver Lining Inflight Catering along with Jet Runway Café has been created locally in Pompano almost 20 years ago by Mike Linder and Mitch Amsterdam. With over 200 team members, mainly from the local area, they have created a solid group to manage their growing business. Mainly servicing the aviation community. Within the last twenty years they have been able to capture their markets and expand into non-private aviation catering and events. From that, spawned an Event Effects which was created over 5 years ago to service not only the catering but also full event services. Lighting, décor, sound, stage set and full custom buildouts for event planners across the world. Both Mike Linder and Mitch Amsterdam both grew up in Pompano and attended all grade schools in the area.

Thompson Hospitality is a minority-owned food service provider, and one of the largest retail food and facilities management company in the country. They have strategic partnerships created with the largest food service company across the globe. Founded in 1992 Thompson Hospitality began its run in the contract food service area and created many more acquisitions as time went on. In 2010 Thompson Hospitality was awarded the Black Enterprise Award and company of the year. With 100's of contracts and over 10 different owned restaurant concepts they were named 2017 #1 Minority owned company.

Together these two teams have found a market and have great ideas on how to help build Pompano and bring value to the area. This is just the beginning of Innovate Food Group in Old Town Pompano.

With their local and National reputation, they will be able to help create jobs, sales, and add value to Pompano Beach. They are looking forward to help create the Complete Streets and develop Pompano into a destination location. Working closely with the City of Pompano and CRA has begun the exciting idea of what's next for the area.

DRAFT TERM SHEET

for a Sublease between

Pompano Beach Community Redevelopment Agency (CRA) & Innovate Food Group, LLC
(May 15 2018)

TERMS

Property: 165 NE 1st Avenue, Pompano Beach, Florida

Folio Numbers: 4842-35-08-0120

Property Owner: T E P M, Inc.

Landlord: Pompano Beach Community Redevelopment Agency (Landlord)

Tenant: Innovate Food Group, LLC

Rentable Area of the Premises: 3,936 square foot building.

Rent: \$13.11 per square foot (plus sales tax) per year starting on the Rent Commencement Date, to be increased annually, at the rate of 3.00% per sublease year.

Additional Rent: Tenant will be responsible for pro-rata share of the difference in the amount of property taxes based upon any increase in property value over the 2015 assessed value as a direct result of improvements to Premises made by Tenant. The estimated increase in the property value is included in the CAM. In addition, common area maintenance ("CAM") for the building only (not including courtyard) is estimated to be \$6.57 per square foot, see Exhibit A for breakdown. Note: all amounts for taxes, insurance and CAM are estimates only; all charges, including the CAM, may increase as a result of improvements made by the Landlord and Tenant. Tenant shall pay its pro-rata share for all common area expenses, Real Estate Taxes, and Insurance including reserves for deferred repairs, maintenance and replacements for all items not specifically the responsibility of the Landlord or that of a specific Tenant.

Fixturing Period & Free Rent: Tenant shall have a fixturing period during which no Base Rent and no Additional Rent shall be due (rent free) for construction of the Tenant Improvements for eighteen (18) months ("Fixturing Period") from the Effective Date of the Sublease. Upon opening, Tenant will receive six (6) additional rent free months.

Possession Date: The Possession Date will be the date the Landlord delivers the space to Tenant. Landlord will allow Tenant and Tenant's agents, contractors and subcontractors access into Premises from Sublease Execution.

Permitted Use

of the Premises: Tenant shall be a restaurant and brewpub use, which will serve lunch and dinner (breakfast - optional), utilizing the interior and exterior dining areas. Tenant has submitted restaurant concept (Business Plan is recommended) to the Landlord with this Term Sheet that should include the following at a minimum:

- Experience of Team (Bios or Resumes)
- Operations Overview
- Ambiance description
- Menu

This requirement may be waived if Tenant has existing restaurant or brewery in operation.

Effective Date: Sublease execution by both parties.

Rent Commencement Date: Tenant shall commence payment of Rent at the expiration of the "Fixturing Period & Free Rent" period, twenty-four (24) months after Effective Date of Sublease.

Term: Initial term of ten (10) years commencing on the Effective Date of Sublease, with two (2) options to renew, the first renewal for five (5) years and the second until September 30, 2038.

Renewal terms: Provided Tenant is open, operating and not in default as such term is defined in the Sublease, Tenant may exercise two options to renew ("Renewal Period"). Rent will be increased in the first year of each Renewal Period by 3%, and 3% thereafter for each year of the Renewal Period.

Late Payments: If any monthly rental payments are not received within ten (10) 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. Landlord to provide "right to cure period" language in sublease.

Security Deposit: \$3,400, plus first and last month's rent (\$6,455.04 per month), totaling \$16,310.68.

Insurance & Taxes: Tenant shall pay for Tenant's general liability (types and limits listed on attachment to this proposed term sheet as Exhibit B) and shall pay its pro-rata share of the difference in the amount of all ad valorem and non-ad valorem taxes levied on the property based upon any increase in property value over the 2015 assessed value as a direct result of improvements to Premises made by Tenant. Landlord makes no representations as to the cost of insurance coverages Tenant will have to pay.

Licenses & Permits: Tenant, at Tenant's expense, and with the assistance of the Landlord, 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: Landlord shall provide stubs for the water and sewer services, and one GB 250 (100 gallon) grease trap (or whatever size grease trap is required per code), to Tenant at the expense of Landlord. Landlord shall provide other utility connections, including electricity, and communication service connections (telephone, high-speed internet, cable, etc.).

Utilities: Tenant shall be responsible for the payment of all utilities, including, but not limited to: water, gas, 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.

Janitorial: Tenant shall also obtain and pay the expenses of all janitorial services required for the Premises.

Landlord's Work: Landlord's Work shall include construction of one GB 250 (100 gallon) grease trap (or whatever size grease trap is required per code). Landlord's responsibility to inspect, test, and repair the roof, exterior walls and soffit, within thirty (30) days of Sublease Execution.

Any items not specifically listed as Landlord's work above shall be the responsibility of the tenant.

Tenant Improvement Allowance: \$11,758 for Tenant's construction of a 500-600 amp 3-phase panel, to be paid, in full, within ten (10) days following Tenant's presentation to Landlord of paid invoice(s) and approved inspections.

\$37,500 for a minimum of 15-ton HVAC system with open ceiling and exposed ductwork and hood system for Tenant's use, to be paid, in full, within ten (10) days following Tenant's presentation to Landlord of paid invoice(s).

\$65,000 for miscellaneous Tenant improvements to be paid, in full, within ten (10) days following Tenant's presentation to Landlord of paid invoice(s).

Outdoor Courtyard and Restrooms: The CRA intends to construct a courtyard for outdoor dining adjacent to the Premises, see Exhibit C for conceptual plan, within 12 months of Sublease execution, subject to CRA Board approval. Tenant will need to enter into a Unity of Use, License Agreement or other agreement form for said use once the courtyard becomes open to businesses in the block and the proposed additional CAM charges for use of Courtyard will apply (see Exhibit A for estimated Courtyard CAM). The terms and conditions for Tenant's use of the Courtyard will include location, hours of access, Tenant obligations regarding maintenance costs, cleaning, stocking, repairs, replacements, security and general upkeep.

Parking: Tenant and Tenant's customers may park in the following locations:

- Adjacent lot at 121 NE 1st Avenue (First-come, first-served basis);
- 58 on-street parking spaces on surrounding streets;

- 109 church parking spaces across street (8AM-5PM and during church events); and
- 194 church parking spaces across street (after 5PM unless church event taking place).

CRA Incentive: With Landlord's direction and assistance, Tenant may apply for incentives offered by the CRA for the tenant interior build-out according to CRA regulations. CRA's contribution would be 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 R. Jordan Pace, robert.pace@copbfl.com. The Tenant Improvement Allowance shall not be included as part of cost of the tenant interior build-out for the SIP. Tenant acknowledges that the CRA is under no obligation to approve Tenant's SIP application.

Repairs & Maintenance: Tenant shall be responsible for the repair and maintenance of the Premises 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. Tenant shall immediately notify the Landlord of the need for any 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 Premises shall be maintained in accordance with all applicable code requirements of the Health Department of Broward County and other regulatory agencies as applicable. Landlord shall be responsible to inspect, test, and repair the roof, exterior walls and soffit, within thirty (30) days following Sublease execution. Tenant shall have, at all times, standard maintenance contracts for all HVAC, hood system and grease trap. Windows: Tenant shall be responsible for the regular cleaning of the exterior windows at least once a week.

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 Subleased Premises where trash is collected and deliveries are made. Pest control for dumpster will be included with building CAM until such time the courtyard & dumpster are used by other businesses in the block, then will be charged as Courtyard CAM.

Grease Traps: Tenant shall comply with the Pompano Beach City Code regarding wastewater and grease. Landlord 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, or as needed.

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 restaurant from landlord shell.

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

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

Inspection Period: Tenant shall have sixty (60) days following Sublease 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:

- current lease between CRA and Property Owner with any and all amendments;
- survey;
- any easement or cross-access agreements related to the Property;
- preliminary building plans.
- As-Built/CAD Drawings with dimensions of Premises & outdoor patio
- Insurance & Taxes Types and limits attachment to this Term Sheet
- Proposed Courtyard Plans and Design (Including Tenant's Patio Space) and Proposed Construction Timeline
- Proposed Parking (Dedicated and Shared) for lease term and construction period
- Proposed location of dumpster enclosure, electrical room, utility stubs & Delivery Entrance
- Proposed CAM Budget (itemized) for Premises and Courtyard, as well as the proposed schedule/timeline and applicable additional rent
- Specifications for Landlord's Work and Service & Utility Provisions
- Current Property Condition Report for building structure & roof

Contact: R. Jordan Pace
RMA Project Manager for Pompano Beach CRA
Telephone: (954) 786-7841
Email: robert.pace@copbfl.com

This Term Sheet supersedes any and all previous negotiations with Tenant, 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 _____.

Agreed to and Accepted:

TENANT (Company Name)

By (Signature)

Print Name

Date



EXHIBIT A
TAXES, INSURANCE AND CAM BREAKDOWN

Pompano Beach CRA
Estimated Common Area Maintenance Charges for 2018
165 NE 1st Ave.

Category	Amount
Building Maintenance	
Electrical Exterior	\$ 3,600
Bathroom Maintenance (including pest control)	\$ 9,500
Exterior Maintenance - Routine	\$ 600
Repairs & Maintenance Annual	\$ 1,200
Subtotal Building Maintenance	\$ 3,600
Building Utilities	\$ 4,200
Replacement Reserve (Roof)	\$ 1,200
Dumpster Pest Control	\$ 600
Insurance	\$ 1,756
Property Taxes	\$ 2,000
Property Management	\$ 1,200
Total Expenses	\$ 25,856
Rentable Square Feet	3,936
Expense per Rentable Square Foot	\$ 6.57
Courtyard CAM	
Pest control	\$ 852
Routine Maintenance	\$ 7,000
Cleaning of Patio	\$ 10,200
Electrical	\$ 3,600
Licenses	\$ 500
Taxes	\$ 1,000
Water & Sewer	\$ 4,200
Trash Removal	\$ 8,628
Total Expenses	\$ 35,980
Square Feet	14,488
Expense per Licensable Square Foot	\$ 2.48

EXHIBIT B

INSURANCE REQUIREMENTS

TENANT shall not commence services under the terms of this Agreement until certification or proof of insurance detailing terms and provisions has been received and approved in writing by the CITY's Risk Manager who can be reached by phone (954 786-5555) or email (eddie.beecher@copbfl.com) should you have any questions regarding the terms and conditions set forth in this Article. Proof of the insurance coverage required hereunder shall be mailed to Risk Management, PO Box 1300, Pompano Beach, FL 33061.

TENANT is responsible to deliver to the CITY's Risk Manager for his timely review and written approval/disapproval Certificates of Insurance which evidence that all insurance required hereunder is in full force and effect and which name on a primary basis, the CRA as an additional insured on all such coverage.

Throughout the term of this Agreement, CRA, by and through the CITY'S Risk Manager, reserve the right to review, modify, reject or accept any insurance policies required by this Agreement, including limits, coverages or endorsements. CRA reserves the right, but not the obligation, to review and reject any insurer providing coverage because of poor financial condition or failure to operate legally.

Failure to maintain the required insurance shall be considered an event of default. The requirements herein, as well as CRA's review or acceptance of insurance maintained by TENANT, are not intended to and shall not in any way limit or qualify the liabilities and obligations assumed by TENANT under this Agreement.

Throughout the term of this Agreement, TENANT and all other agents hereunder, shall, at their sole expense, maintain in full force and effect, the following insurance coverages and minimum limits described herein, including endorsements.

A. Worker's Compensation Insurance covering all employees and providing benefits as required by Florida Statute, Chapter 440, regardless of the size of the company (number of employees) or the state in which the work is to be performed or of the state in which TENANT is obligated to pay compensation to employees engaged in the performance of the work. TENANT further agrees to be responsible for employment, control and conduct of its employees and for any injury sustained by such employees in the course of their employment.

B. Liability Insurance.

(1) Naming the CRA and the CITY as an additional insureds as their interests may appear, on General Liability Insurance only, relative to claims which arise from TENANT's negligent acts or omissions in connection with TENANT's performance under this Agreement.

(2) Such Liability insurance shall include the following checked types of insurance and indicated minimum policy limits.

Type of Insurance

Limits of Liability

GENERAL LIABILITY: Minimum \$200,000 Per Occurrence and \$300,000 Per Aggregate

* Policy to be written on a claims incurred basis

XX comprehensive form bodily injury and property damage
XX premises - operations bodily injury and property damage
XX explosion & collapse hazard
__ underground hazard
XX products/completed operations hazard bodily injury and property damage combined
XX contractual insurance bodily injury and property damage combined
XX broad form property damage bodily injury and property damage combined
XX independent contractors personal injury
XX personal injury
XX alcohol sales

AUTOMOBILE LIABILITY: Minimum \$200,000 Per Occurrence and \$300,000 Per Aggregate. Bodily injury (each person) bodily injury (each accident), property damage, bodily injury and property damage combined.

XX comprehensive form
XX owned
XX hired
XX non-owned

REAL & PERSONAL PROPERTY

XX comprehensive form Agent must show proof they have this coverage.

EXCESS LIABILITY Minimum per Occurrence and Aggregate

__ other than umbrella bodily injury and property damage combined \$1,000,000 \$1,000,000

PROFESSIONAL LIABILITY Per Occurrence Aggregate
__ * Policy to be written on a claims made basis \$1,000,000 \$1,000,000

C. Employer's Liability. TENANT or other agents shall, for the benefit of their employees, provide, carry, maintain and pay for Employer's Liability Insurance in the minimum amount of One Hundred Thousand Dollars (\$100,000.00) per employee, Five Hundred Thousand Dollars (\$500,000) per aggregate.

D. Policies: Whenever, under the provisions of this Agreement, insurance is required of the TENANT, the TENANT shall promptly provide the following:

- (1) Certificates of Insurance evidencing the required coverage;
- (2) Names and addresses of companies providing coverage;
- (3) Effective and expiration dates of policies; and
- (4) A provision in all policies affording CRA thirty (30) days written notice by a carrier of any cancellation or material change in any policy.

E. Insurance Cancellation or Modification. Should any of the required insurance policies be canceled before the expiration date, or modified or substantially modified, the issuing company shall provide thirty (30) days written notice to the CRA.

F. Waiver of Subrogation. TENANT hereby waives any and all right of subrogation against the CRA, its officers, employees and agents for each required policy. When required by the insurer, or should a policy condition not permit an insured to enter into a pre-loss agreement to waive subrogation without an endorsement, then TENANT shall notify the insurer and request the policy be endorsed with a Waiver of Transfer of Rights of Recovery Against Others, or its equivalent. This Waiver of Subrogation requirement shall not apply to any policy which includes a condition to the policy not specifically prohibiting such an endorsement, or voids coverage should TENANT enter into such an agreement on a pre-loss basis.

