



Memorandum

DATE: December 17, 2019

TO: CRA Board of Commissioners

FROM: Kimberly Vazquez, Project Manager

THRU: Gregory P. Harrison, Executive Director
Nguyen Tran, Director

RE: Consideration of a Term Sheet for a Sublease of 44 NE 1st Avenue and Adjacent Property for Patio Area

CRA BOARD OF COMMISSIONERS

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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 and restaurants tend to do this, as well as drive new customers into the area from the city and beyond.

The Lean Grill, LLC, whose members include Brian Faeth and Lauren Grosso would like to bring a taco/sushi fusion themed 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 lays out the basic terms that would eventually be included in a Sublease Agreement. This includes the following:

- Providing a fixturing period of thirty-six (36) months, provided tenant follows the schedule defined in the sublease
- Having an initial rent of \$11.72/SF for 44 NE 1st Street (plus sales tax) which will increase 3% annually for the interior location.
- The patio area initial rent of \$5,000.00 annually which will increase 3% annually (plus sales tax).
- The initial term of the lease will be for a period of five (5) years with two (2) five (5) year renewal periods or until the end of the term of lease between CRA and Property Owner of September 30, 2034 for interior space.

CRA is providing the following:

- Grease trap
- Dumpster enclosure
- Gas line to the premises

The term sheet will enable this new restaurant concept to be brought to the emerging arts and entertainment district of Old Town.

Recommendation:

Staff recommends approval of the term sheet and to negotiate sublease agreements for 44 NE 1st Street and the adjacent vacant area for an enclosed patio area as depicted in the map below.

