

MINUTES
BREVARD ABC BOARD
SPECIAL MEETING
February 25, 2019

Approved	
Jaisler:	<u> n </u>
Crite:	<u> </u>
Riecke:	<u> L C R </u>

Darius
[Signature]

The Brevard ABC Board met for a special meeting on Monday, February 25, 2019 at 5:00 p.m. in the Downtown ABC Store Conference Room.

Members Present: Geraldine Dinkins, Chair
 Tim Robinson
 Jack Jaisler
 William Riecke
 Eric Crite

Members Absent: None

Staff Present: Mark Balding, ABC General Manager

- A. Welcome & Call to Order**
- B. Quorum**

Ms. Dinkins called the meeting to order at 5:13 p.m. and a quorum was noted.

- C. New Business**

- 1. General discussion and decision regarding the relocation of the current Pisgah Forest store to a bigger space in the same plaza.**

Mr. Balding presented a lease option for unit 83, Forest gate Shopping Center. Currently Hibbett's Sporting Goods. The proposed lease offered more incentive than that presented to the board at the January 24 meeting. Mr. Balding reported that while meeting with a contractor to discuss remodel work at the current ABC store in Pisgah Forest, he became aware the monetary cost and loss of retail space might not be in our best interest. Mr. Balding contacted our property manager, Mr. Robert Seidel and asked him if he could make a better offer to the board. Mr. Seidel offered what the board viewed as a considerably better proposal. A copy of the proposed agreement is attached.

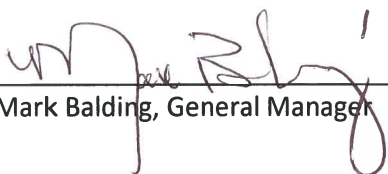
There was discussion as to whether the new lease agreement had enough good attributes to warrant reversing our previous decision. Mr. Balding was asked if he thought the bigger store would immediately sell more alcohol. He said "No". He also said the current store is overflowing and has no room for expansion or for any new product displays, and that our current growth may warrant a larger store. Mr. Balding presented some cost estimates for the renovation of the Hibbett's Store. He also showed future profit margin projections, based on previous year statistics. Mr. Balding also reported to the board the numbers represent profitability even at the higher rent. Mr. Balding presented these numbers to our accountant Wayne Kevitt of Goldsmith Molis & Gray, and was encouraged by his response. The Board discussed the pros and cons of accepting the new proposal and of changing locations. Parking in front of the business is an issue

that has not been addressed with several attempts by Mr. Balding to management. An offer has now been made from Mr. Seidel to install "15 Minute Parking signs" in front of 3 parking spaces. The board asked Mark to address the Enterprise Rental Car business's habit of parking their rental cars for long periods in spaces that should be reserved for retail customers, and that the parking proposal from Mr. Seidel be officially added to the lease agreement before acceptance.

A motion was made by Jack Jaisler, seconded by Eric Crite to accept the new lease agreement. Vote was unanimously in favor of the new Lease agreement. Mr. Balding was asked to continue his communications with Mr. Seidel and to follow up on the parking addendum to the lease. Mr. Balding will report updates to the board at our regular monthly meeting, Thursday, Feb. 28 at city hall conference room.

D. Adjourn

There being no further business, the meeting was adjourned at 6:45 p.m.



Mark Balding, General Manager



Geraldine Dinkins, Chair

Minutes Approved: 3/28, 2019



Tim Robinson, Acting Secretary



Via email only to abcstores@comporium.net

February 20, 2019
Best and Final revised by Landlord 3:40 pm, 2/20/2019
Revised February 26, 2019

Mr. Mark Balding
General Manager
City of Brevard ABC
PO Box 1016
Brevard, NC 28712

Re: Relocation of City of Brevard ABC Board.

Dear Mr. Balding,

S2 Forest Gate Associates LLC is pleased to extend the following offer to relocate the current City of Brevard ABC store to the space currently occupied by Hibbett's Sporting Goods under the following terms and conditions:

TENANT: Existing Tenant – City of Brevard ABC

PREMISES: former Hibbett's space, approximately 4,244 sf

USE: Existing

PRIMARY TERM: Minimum 5 years
Tenant's elected primary term 6 years (per conversation w M Balding)
See abated rent clause below.

OPTION TERM: Tenant to have one (1) option to renew its lease for a period of five (5) years. Tenant to provide Landlord one (1) year's prior notice of its intent to renew its lease. The Base Rent under the option term shall be as detailed below.

LEASE

COMMENCEMENT: Upon Landlord's delivery of possession. The lease contemplated herein is subject to the termination of the current lease and the vacation of the current tenant.

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703-395-5600



RENT

COMMENCEMENT: The sooner of (i) thirty (30) days after Landlord's delivery of possession or (ii) Tenant's opening for business. *

BASE RENT: Base Rental Rate schedule as follows: Year 1 & 2: \$12.00 PSF, Years 3 – 6: \$13.20 psf, Option Period – Years 7 – 11: \$15.18

*Provided Tenant is not then in default under the Lease, the Base Rent due and payable (only, not including NNNs) shall be abated as one (1) month and five (5) days (typically between 35 and 36 days per year of Primary Term) of abated Base Rent for every year of Primary Term committed hereunder. By way of example, assuming the Tenant elects to a Primary Term of six (6) years (as is written herein), Tenant would receive six (6) months of free Base Rent plus an additional 30 days of free Base Rent. Notwithstanding anything contained herein, if, for any reason whatsoever, except as permitted by the termination clause herein, Tenant terminates the Lease prior to the expiration of the Primary Term or in the event the Lease is otherwise terminated for any cause, then the entire amount of Minimum Rent abated pursuant to the terms of this paragraph shall immediately be due and payable to Landlord.

COMMON AREA MAINTENANCE:

Common Area Maintenance is estimated to be \$2.88 per square foot, and includes property taxes, property insurance, exterior maintenance, lighting and landscaping, and property management, including an administrative fee. Tenant shall pay for: a) its own utilities including electricity, water and janitorial services, and b) maintenance of the interior of the Premises including HVAC repairs, plumbing, lighting, etc. Landlord shall be responsible for all cost of major maintenance items and Capital Improvements including but not limited to roof replacement, HVAC replacement, underground plumbing repairs, etc.

LANDLORD CONTRIBUTION &

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CONDITION OF PREMISES:

Landlord shall turn the space over to Tenant in as-is, where is condition.

In addition, Landlord shall contribute \$25,000.00 in Tenant Improvement costs, which shall be paid to Tenant as a direct reimbursement for costs of its interior improvements, permits, signage and equipment. The details of such reimbursement shall be detailed in the Lease.

Provided Tenant has a preventive maintenance contract for the HVAC units, Landlord shall warrant the proper operation of the existing HVAC units for one (1) year from the lease commencement date. Thereafter the responsibility for the units is the Tenant's.

TENANT CONSTRUCTION:

Tenant shall perform the necessary property improvements in order to make the premises useable for its purposes. Tenant shall use a licensed General Contractor and obtain all necessary permits. All work shall be in keeping with all current fire, safety, health, building, ADA and other codes. Prior to construction, tenant shall obtain approval by Landlord of Tenant's plans and specifications, such approval shall not be unreasonably withheld.

SECURITY DEPOSIT:

Transfer existing.

TERMINATION CLAUSE:

In the event the state of North Carolina legislates the termination of state and local jurisdiction direct sale of alcoholic beverages, Tenant shall have the option to terminate this Lease with 60-days prior written notice.

PARKING:

Prior the Tenant opening for business, Landlord shall, at Landlord's expense, install three (3) 'Customer Parking Only - 15-minute maximum in front of the Premises. Notwithstanding the foregoing, Landlord shall not be responsible and/or liable for enforcing the terms of the language on these signs.

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Further, Landlord shall use commercially reasonable efforts to get neighboring tenant Enterprise Car Rental to install up to four "Reserved for After Hours Vehicle Return" "6 pm (or whatever time the office closes) to 8 am" (or whatever time the office opens). Commercially reasonable efforts means that the Landlord will install such signs at its expense if the tenant does not on or before sixty (60) days after Tenant executes its new lease to the relocation space.

Assuming the terms and conditions herein are acceptable to you, please countersign this letter and upon receipt thereof, I will have our counsel prepare a lease amendment outlining the terms contained herein. Please be advised that the amendment may also contain other provisions common to renewals (more legal language updates) at the shopping center that are not detailed herein.

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WWW.S2CAPITALPARTNERS.COM



Please feel free to call me if you have any questions.

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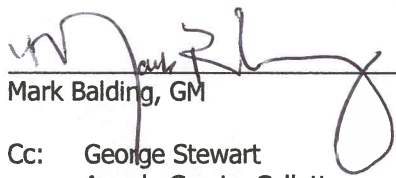
Sincerely,
S2 Forest Gate Associates LLC
By: S2 Forest Gate Management LLC, its managing member

/s/ Rob Seidel

Robert Seidel, Managing Member

AGREED AND ACCEPTED (subject to first amendment)

City of Brevard ABC Board



Mark Balding, GM

Tim Robinson, ABC Board Chair

Cc: George Stewart
Angela Garcia, Collett
Stanford Garnett, Collett

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