

EXECUTIVE BRIEF REGULAR MEETING

AGENDA DATE: May 19, 2020

DEPARTMENT: City Manager

TITLE:

Second Amendment to Retail Lease with Mulligans Lake Worth Acquisition, LLC.

SUMMARY:

The Second Amendment to the Retail Lease with Mulligans Lake Worth Acquisition, LLC (“Mulligans”), seeks authorization from the City to assign the Lease to NUSTART, LLC, for use as a Mexican restaurant with related amendments to the Lease’s term, rent and related provisions.

BACKGROUND AND JUSTIFICATION:

On March 19, 2012, the City and Mulligans entered a retail lease for Units #7 and #8 at the Lake Worth Beach Municipal Casino Building (“Lease”). On January 19, 2016, the City and Mulligan’s amended the Lease to allow Mulligan’s to be acquired by a third party with George Hart remaining involved and as a guarantor. In April 2020, NUSTART, LLC’s owner, Lee Lipton (current owner of Benny’s at the Beach), contacted the City about an assignment of the Lease in order to renovate the premises for the operation of a Mexican restaurant. Consistent with the prior assignment of this Lease and other Casino Tenant leases, NUSTART, LLC, has submitted the following:

- A cover letter providing the name and address of the proposed assignee;
- A summary of the assignment agreement;
- A statement as to the proposed use and reconfiguration of the premises;
- Financial information on NUSTART, LLC, the assignee; and,
- The \$1,000 administrative fee required to be paid to the City for the consideration of the assignment.

In order to document the proposed assignment and related revisions, the City Manager and City Attorney have been working on a draft Second Amendment to the Lease with Mr. Lipton. At this point, the proposed Second Amendment is not yet finalized but should be finalized before the meeting. The proposed Second Amendment will address some of the following:

- Payment of rent in consideration of the City’s consent to the assignment and release of Mulligans (and George Hart);
- Potential new term of 10 year initial term (with two, five year renewal options);
- A free rent period for renovations;
- Rental payments with annual increase to retain market value; and,

- Provisions addressing potential COVID-19 restrictions if they remain in place after the renovations are completed.

While the City retains the absolute discretion as to whether to consent to the assignment under the Lease, City staff is supportive of the assignment in view of its good working relationship with Lee Lipton and Benny's continued success at the beach.

MOTION:

Move to approve / not approve the Second Amendment to the Retail Lease with Mulligans Lake Worth Acquisition, LLC.

ATTACHMENT(S):

Fiscal Impact Analysis - n/a

Second Amendment (to be provided upon conclusion of negotiations)