

October 21, 2020

Mr. Scott Evans, AICP
Riviera Beach Community Redevelopment Agency
2001 Broadway, Suite 300
Riviera Beach, FL 33404

Scott,

Thank you for your emails and attached documents. I have looked these over and had further discussions directly with you on this issue.

Based on our review of the documents, and your representations that Rafiki Tiki is currently paying percentage rent based on their gross sales volume, I recommend that the additional outdoor seating area and proposed awning improvement be made available to the tenant without increasing the base minimum rent. This is because of the following factors:

1. Outdoor seating areas for restaurants is normally made available to the tenant without specifically assigning a rental amount to this area.
2. The use of outdoor seating typically comes with the rental rate being paid for the enclosed building area.
3. Because you have a tenant that is already paying rent that exceeds the base rental amount due to the percentage clause in the existing lease, a base rent is not the determining factor for total rent in this instance.
4. Because the additional outdoor seating area will allow the existing tenant, (who appears to be a successful operator) to expand their seating and sales area, their revenue will increase.
5. The increased sales revenue of the restaurant will result in the tenant paying additional rent because your existing lease has a percentage of sales clause.
6. Therefore, the measure of how much additional rent should be paid for this space will automatically occur as a result of the increased sales income and hence, the increased percentage rent that will be paid to the CRA .
7. Considering the preceding, I recommend that the CRA allow Rafiki Tiki to expand their outdoor seating area, (at their expense for the improvements) without increasing the base rent. The percentage rent provisions in your existing lease will increase what they are paying the CRA because they will experience an increase in gross sales.

Regards,



Robert B. Banting, MAI, SRA
Cert Gen RZ4

