

**Lease Authorization Request
Detroit Hotshots WSU, LLC d/b/a Beyond Juice**

Recommendation

Pursuant to University Policy 04-6 Contract Signatories section 4.1.A.2 regarding the lease of real property, where the lease is for a period longer than 120 months including an unconditional right of renewal, it is recommended that the Board of Governors authorize the President, or his designee, to enter into a 120 month (10 year) lease agreement (with two additional 5-year options to renew for a total of an additional 120 months) with Detroit Hotshots WSU, LLC, a Michigan limited liability company doing business as Beyond Juice.

Background and Description

The new Anthony Wayne Drive Apartment complex is nearing completion on the west side of Anthony Wayne Drive between Kirby Street and Warren Avenue in the residential precinct of campus. In addition to 841 beds of new campus housing and residential program and support spaces, the complex will also provide approximately 26,800 square feet of ground-floor retail space to serve the campus and surrounding communities.

The first floor of the eleven story center tower of the complex will contain three retail spaces. Beyond Juice seeks to lease 1,662 square feet with frontage on Anthony Wayne Drive, see illustration below.

Beyond Juice is a quick service restaurant which sells primarily healthy smoothies, juices, acai smoothie bowls, salads, wraps, sandwiches and side items, as well as non-alcoholic beverages made by Beyond Juicery + Eatery or that are typically found in a quick service restaurant. There are currently 7 units open in the greater Detroit market with another 8 franchised units opening by the end of 2019. Mijo Alanis is the owner and started the company (Alanis Restaurant Group, LLC) in 2008, with a corporate business address at 3555 East 12 Mile Road, Warren, MI 48092. Violet Gintsis and Frank Pino are the partners (franchisees) who will manage the WSU location and lease the space located in Anthony Wayne Drive Apartments.

The initial term of the lease is 10 years, and the new base lease triple-net rental rate is \$30.00 per square foot (\$49,860 annually) for the first 5 years, and then \$33.00 per square foot (\$54,846 annually) for years 6 through 10. There are two five-year options for the tenant to extend the lease with a \$3.00/s.f. rent escalation for each option. The initial additional assessment for Common Area Maintenance is \$5 per square foot with 3% annual increases in all lease years. The tenant is being provided an inducement payment (tenant improvements payment) of up to \$41,550 for build-out work including ceiling, lighting, and bathrooms. The space will be available to the tenant in July 2019 with a projected opening date in November 2019.

The Anthony Wayne Drive Apartment complex is part of the WSU-Corvias Housing Partnership. WSU and Corvias share responsibility for the selection of tenants that add value for the campus and Midtown communities. WSU as the building owner is the signatory for this retail lease. Corvias as facility manager has been responsible for tenant recruitment and negotiation and will be responsible for managing tenant build-out according to university standards, lease performance, and tenant relations during the term of the lease.

