

# THE REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE

## MEMORANDUM

TO: REDEVELOPMENT AGENCY BOARD	FROM: HARRY S. MAVROGENES EXECUTIVE DIRECTOR
SUBJECT: SEE BELOW	DATE: AUGUST 13, 2010

### INFORMATION

**SUBJECT: THE GLOBE GROUND FLOOR RETAIL SPACE: TAVERN & BOWL (18 SOUTH SECOND STREET)**

We are pleased to announce that CIM Group (CIM) has completed negotiations for a lease with Tavern & Bowl to open a new dining and sport concept with bowling in The Globe retail space located at 18 South Second Street. The development of the 17,500 square foot retail space will complete the mixed-use project of 76 apartments and 176 parking spaces, which includes 67 public parking spaces.

At the ground breaking for the mixed-use project in March 2004, CIM announced that Lucky Strike Lanes, which has a concept similar to Tavern & Bowl, had signed a lease to be the ground floor tenant. Design challenges of building a bowling alley with residential above slowed progress and Lucky Strike ran into financial difficulties. CIM kept the Agency staff apprised of their continuing efforts to work with Lucky Strike to complete the bowling alley concept. Meanwhile, CIM satisfactorily completed the Globe residential units and parking garage in November 2007. The Globe residential units are now fully occupied.

CIM has developed two other successful mixed-use projects in Downtown San Jose. The 88, in partnership with WMS, was completed in November 2008. CIM also rehabilitated the historic Twohy Building in 2003. CIM continues to show interest in working with Agency staff to pursue redevelopment opportunities in San Jose. CIM is a solid developer with a strong track record, having successfully completed projects throughout southern California and Sacramento.

The DDA provides for \$7.6 million in Agency contribution to the project, \$5.2 million has been already disbursed, leaving a balance of \$1.4 million in Agency assistance for tenant improvements to the ground floor retail space at the Globe.

The Agency continues to have these funds budgeted for this purpose. CIM will contribute approximately \$1 million in landlord improvements and tenant improvement allowance for a bowling use to occupy this retail space.

In June 2010, the Agency notified CIM that it would begin action to release that money if CIM did not finalize a lease with a substitute tenant by August 13, 2010. The Agency required that any potential lease contain an aggressive schedule of performance to ensure construction of the tenant improvements would begin in Fall 2010. CIM responded that it had identified a substitute tenant and requested Agency concurrence for that substitution.

Tavern & Bowl is a unique dining and sports concept with bowling included. To date, Tavern & Bowl has two successful locations in southern California and is under construction at a third location. Tavern & Bowl is a growing, creditworthy company that will provide the Downtown with another lively attraction. The addition of Tavern & Bowl would continue the Agency's successful recruitment efforts to fill vacant Downtown retail space, as with the recent opening of Ross Dress-for-Less, located across Fountain Alley from this site, and it will occupy a retail space for which it would otherwise be difficult to find a single tenant.

The DDA provides that the Agency must consent if the request is reasonable. Therefore, I have authorized this substitution.



HARRY S. MAVROGENES  
Executive Director