

27 July, 2017

Mayor Rick Kriseman

Delivered by Hand

City of St. Petersburg



Mayor Kriseman,

We respectfully submit the attached **revised** proposal for the lease and operation of the Manhattan Casino by our group for your consideration. The Callaloo Group is prepared to execute an agreement with the City of St. Petersburg to commence operations immediately upon your approval and the completion of the necessary requirements to execute a lease agreement according to city regulations.

The revisions include new partners which bring diversity to our team as well as greater vision for expansion in the near future. It also highlights our commitment to the community in cultural, educational, employment and entrepreneurial opportunities. We have also provided a more detailed explanation of the proposed vision and operations of the facility.

We believe our proposal has all the components necessary for a successful operation. We bring decades of management experience, a diverse ownership team, a unique concept, a well-established local presence and the financial means to insure a sustainable business model.

Please accept our sincere thanks for the consideration which you will afford this proposal and look forward to hearing back from you and your staff in the very near future.

Sincerely,

Ramon Hernandez

Vincent Jackson

Manhattan Casino Proposal

Presented by the Callaloo Group

Executive Summary:

The Callaloo Group proposes through the attached terms to not only bring a new savory restaurant concept and an iconic event venue to the Manhattan Casino, but due to the size and configuration of the facility, utilize this opportunity to expand its current operation to include a commercial commissary capable of easily handling the expansion of their well-established brand in catering and events. This venture with its multiple internal operations creates a tremendous opportunity for hiring in the CRA for myriad positions within its divisions. The availability of potential employees in the surrounding neighborhoods not only makes this an attractive sound business model, but also keeps the facility a community asset by creating jobs as well as entrepreneurial opportunities. The Callaloo Group is committed to working with the Mayor's task force, community partners, and PTEC's culinary program to insure that this remains a community centric venture through sound local hiring practices and sourcing.

Key Personnel:

Because the ownership and management of any restaurant is vital to its success, an extraordinary group of owners and key personnel have come together for this venture. These professionals possess the optimal combination of experience, financial stability, vision, creativity and community involvement to insure the long-term success of this iconic venue.

Ramon Hernandez - President/Partner - has decades of industry experience dating back to 1979 when his parents opened the first Pipo's in Tampa. Ramon has continued his family legacy, now in its third generation, in award-winning Cuban and other cuisines. He is currently operating two highly successful restaurants located on Bay Pines Boulevard and in Downtown St. Petersburg. His business operations include a robust catering division servicing dozens of clients including local businesses and institutions such as the Tampa Bay Rays where he not only caters, but has two incredibly successful concessions in the stadium. Ramon has won several chef competitions including Local Top Chef two years in a row.

Vincent Jackson - Vice President/ Partner - was an academic and athletic scholarship student at the University of Northern Colorado where he studied business. After an All-American collegiate career, Vincent was drafted in 2005 by the San Diego Chargers and joined the Tampa Bay Buccaneers in 2012. He has been selected to three Pro Bowls, is a 4-time 'Man of The Year' recipient, and won the 2016 USAA National Salute to Service Award for his work with military families through his Jackson in Action 83 Foundation. As an avid entrepreneur, Vincent owns several restaurants nationwide, has owned multiple Orange Theory Fitness studios, but focuses the majority of his time on his passion for real estate and development. As the CEO of CTV Capital, Vincent is involved in acquisitions, operations, marketing and managing its companies for growth and success. His vision and intuition have been instrumental for the expansion of the business. The South Tampa Chamber of Commerce recently recognized him as the Citizen of the Year.

Gary Moran - Executive Chef/Partner – This Tampa born, European trained chef's career has included Chef d' Cuisine at the famed Tavern on the Green in New York City where he had a staff of eighty under his management as well as other large restaurant and catering operations in the Northeast. Upon returning to Tampa this award-winning chef opened South Tampa's highly popular Wimauma restaurant where he fused his international culinary skill with traditional Southern fare. He has since been active in catering operations where it became apparent to him that there is a great need locally for a mid-priced, high quality caterer with access to its own venue.

Mario Farias - Director of Development/Partner - Raised in south St. Petersburg by a family in the hotel and restaurant business, Mario grew up to become the Managing Partner of Farias Consulting Group and made it his goal to bring businesses back to his hometown to create jobs and opportunities. This seasoned professional has represented and consulted with many firms such as Finnish dock building giant Marinetek, Angelos Recycling, St. Petersburg Distillery and various marine clients including Safe Harbor, the world's largest marina owner. He played a major role in making the Harborage Marina on 3rd Street South the West Coast of Florida's first and only mega yacht facility. He has worked with Pipo's for more than five years in strategizing their expansion and business development. He sits on many local boards as well as serving as an Elder of Genesis Worship Center for nearly 20 years.

Callaloo:

The Manhattan Casino's lower floor offers a unique opportunity where two great chefs will fuse their culinary talents into a unique experience named Callaloo. It will be an extraordinary restaurant but also the home of The Blue Note, a bar named after a historic Deuces establishment. The Blue Note will serve as a music venue where local talent will be highlighted. The rich musical history of the Manhattan Casino will not be lost, but will be highlighted in its event venue operation as well as in its décor.

The vision for the restaurant is to create a southern cuisine experience with a twist. Callaloo will highlight the rich relationship between Florida and its Caribbean neighbors with a Floribbean menu. This new era cuisine has emerged as one of America's newest and most innovative regional cooking styles. The fresh flavors, combinations and tastes of Floribbean cuisine are representative of the variety and quality of foods indigenous to Florida and the Caribbean.

Facility Operations Overview:

It is our intention to run multiple operations from the facility highlighting a full service restaurant and bar that will be open for lunch and dinner seven days a week. Our menu will be affordable including lunches in the \$8-10 range and dinners for \$12-18, much like our already successful operations. We will be offering weekend brunches as well as entertainment several times throughout the week. The Blue Note's focus will be on alcoholic products produced and readily available here in the Sunshine City to keep with our mandate to remain locally rooted in sourcing whenever possible.

The commissary operations will service our established catering and event operations, as well as fulfill our desire to expand our current wholesale operation of prepared food that will be produced for and distributed to our associated restaurant operations. The commissary will operate mostly during the off hours, including nights, to accommodate on premise restaurant operation. This will not only give us maximum utilization of the facility, but allow us to hire additional staff from within the CRA, especially in challenged groups including re-entry. The current Pipo's to Go event operation, which the commissary will supply, currently participates in more than 30 weekend events annually throughout the Tampa Bay region in addition to the established catering business. This requires countless hours of preparation and space that are taxing our current daily operations and personnel not allowing further growth.

An essential component of this proposal is the operation of the upstairs ballroom as an event venue. It will be made available for events such as weddings, corporate meeting, dances and private parties etc. It will also be made available for groups such as civic and educational organizations for meetings at no or low charge keeping with our desire to be a community asset. We will hire a full time catering and event sales director who will serve as the liaison to event coordinators throughout the region and the community in general. We wholeheartedly believe this area lacks a venue that can offer reasonably priced event space with in-house catering, and the Manhattan Casino is capable of fulfilling this need. In addition, to guarantee its success we will work with other city approved caterers who offer different cuisines to be inclusive to the needs and desires of the public.

Pipos Cafe:

The Pipo's 1979 Group intends to establish a new brand within its family of restaurants that will serve as a platform for entrepreneurship for its valued employees. "Pipos Cafe" will be modeled after our downtown Pipo's to Go location, which will be converted to a Pipo's Café, a small footprint operation with an inexpensive startup cost that will be supported through our commissary operation at the Manhattan Casino. Prospective partners must remain employed for a predetermined period of time with the group and successfully enroll in the Culinary Arts program at PTEC. At that time the Callaloo Group will stake those partners in a location with minority ownership of 15% with a goal of majority ownership upon completion of PTEC program. We believe this will create an excellent opportunity for entrepreneurship for those community members who might not receive this opportunity working for other restaurants.

A Pipo's Cafe will also be built within the Callaloo venue adjacent to the kitchen. This will serve not only as training facility for our potential partners, but as a separate fully operational to-go only restaurant serving the iconic Cuban fare of Pipo's for those who don't want a sit down restaurant experience.

Pipo's to Go

For over a decade Pipo's to Go has been active in events, festivals and off-premise catering throughout the Tampa Bay Area and as far away as Miami. This separate corporation will utilize the commissary operation at Callaloo as their supplier of food and event staff. This will include their contract with the Tampa Bay Rays. The majority of Pipo's to Go staff has been part time, but the cross utilization of the Callaloo staff by Pipo's to Go will ultimately help in creating more full time opportunities.

The group will add a locally operated Pipo's Café/Callaloo food truck where the team's responsibility will include preparing an area through exposure prior to the placement of a brick and mortar Pipo's Cafe. In this agreement there is a provision for ownership as a Pipo's Cafe brick and mortar operation. We commit to work with the city and community leaders to find the qualified candidate within the CRA.

Investment:

After inspecting the facility with our contractors and suppliers we have assessed that a major investment will be required in its current condition. It will entail the purchase of new kitchen equipment and fixtures in the range of \$400,000.00 to return the restaurant to a fully operational status. We have procured quotes for the equipment that we deem the necessary minimum to commence operations. In accordance with our desire that as much of the required investment remain in the community, we commit to hire locally when possible. The team is currently working with a local minority general contractor, Gabriel Dilworth of Professional Contractors to remodel the facility.

We are willing to make such an extensive investment with the expressed desire to work closely with the city on securing a long term lease for the entire facility reflecting the area's current rates with some concessions on the front of the lease for construction and ramp up. We also seek abatement as the incentive for hiring within the CRA district as described in the next section.

The Manhattan Casino Ballroom fixtures will be assessed and added after commencing operations to insure they meet the needs of the market but we will immediately remodel and equip the bar and prep kitchen upstairs as well as make any necessary repairs to the ballroom. The costs of the equipment and repairs have been included in the investment mentioned above.

Musical Entertainment:

Commitments to perform at the Manhattan Casino have been made by the following local artists:

- Shawn Brown
- Henry Ashwood Jr.
- Cat Williams Trio
- On Que Players
- William Brother Blues Band
- Anthony Castellano
- Steve Wilson

These artists will be performing at the Blue Note as well as in the main ballroom on a regular basis.

Art and Culture:

Callaloo is in negotiations with the A.J. Brown family, descendants of Johnny Daniels an original member of the Florida Highwaymen, to offer a permanent gallery to display a portion of their iconic art collection. These famous groups of Florida artists when faced with the Jim Crow laws were unable to show in art galleries, which forced them to sell their art along Florida's highways during the 1950's.

We will also dedicate space to the new generation of local artists on a rotating basis to maintain the rich history of the building as a place where art of all type is celebrated. We believe this will help serve as a bridge between the Warehouse Arts District and the historic Deuces Live.

Educational Support:

We believe as a group in giving back to the community, especially the children. It is our intention, considering The Deuce's proximity to the Warehouse Arts District, to sponsor a monthly gallery of children's art from area schools and children's programs which will be sold with the entire proceeds being returned to the participants.

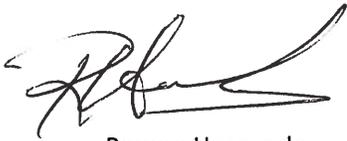
It is our desire for our chefs to take part in community healthy eating educational programs that show the children how important and easy it is to eat healthy. The depth of knowledge that our chefs possess in local sourcing and cuisine variety will play an important asset to any program.

The group will work closely with PTEC with an apprentice program which will allow the students in their culinary program the opportunity to work with two award-winning chefs in preparation to enter the work force, hopefully with Callaloo as a potential employee and future partner in a Pipo's Café.

Conclusion:

We believe that we have the right combination of concept, talent, experience, community, vision and ability to make this a successful operation that will make the Manhattan Casino a place that will serve all of St. Petersburg's citizens. We look forward to continuing the legacy of the historic Manhattan Casino and playing a part in its proud place in our city's history if an agreement can be reached.

Respectfully signed and submitted by,



Ramon Hernandez



Vincent Jackson

Proposed Terms

We propose the following base terms for the operation of the Manhattan Casino complex with the understanding that there will be other terms required to complete the contract to fall within the city's regulations and our requirements for a sustainable operation which are subject to further negotiation.

Callaloo Group Proposes:

5 Year Lease term with 3 extensions for 5 years each

Base rent for facility: \$40,000 annually (12 equal monthly payments of \$3,333.33)

Sales tax on base rent: \$2,800 annually (12 equal monthly payments of \$233.33)

Property tax: \$34,230 (based on 2015) (12 equal monthly payments of \$2,852.50)

Revenue Share: 1% of gross sales after achieving \$1,900,000 annual sales (retroactive to \$0.00)

 Additional 0.25% after achieving \$2,400,000 annual sales

 Additional 0.25% after achieving \$2,900,000 annual sales

Commence operations of full facility including ballroom within 90-120 days of lease signing

Assume or replace with like maintenance contracts on Elevator, Alarm, Pest Control and HVAC

Grounds Maintenance

Personal Liability and Contents Insurance

Utilities

City to provide:

Total Manhattan Casino facility including restaurant, ballroom, parking and common facilities

6 month rent concession at commencement of lease

\$1,500.00 annual incentive for each CRA resident hired fulltime up to \$40,000.00 annually

Roof, Exterior Structure and HVAC replacement responsibility with an annual expenditure cap

Access to building during negotiations for inspections and contractor estimates (30 days minimum)

All existing plans or blueprints of facility

Supplement to Callaloo Group Proposal for the Manhattan Casino

28 July, 2017

Delivered by Hand

City of St. Petersburg

Mayor Kriseman,

In regards to the Callaloo Group's proposal for the Manhattan Casino we have withheld our sales projection data from the publicly accessible document being presented this morning. They contain extremely detailed calculations and proprietary information regarding the proposed operations as well as our current ongoing operation.

We however feel comfortable sharing with you that we project annual sales of approximately **\$2,400,000.00** in the first year of full operation of the entire complex. These projected sales would immediately put us into the second tier of our proposed revenue share.

Feel free to use and make public that projection in your assessment of the proposal and we would be more than willing to share more detailed information with the appropriate protection of the proprietary details.

Regards,

Mario Farias

