



May 29, 2024

Borough of Kennett Square
Attn: Kyle Coleman, Borough Manager
600 S. Broad Street
Kennett Square, PA 19348

Re: Intent to Lease Commercial Property

This Letter of Intent the ("Letter") sets forth the proposed terms and conditions of an agreement between the Borough of Kennett Square ("Lessor") and Kennett Square Food Coop d/b/a Kennett Community Grocer ("Lessee") (the "Parties") and shall govern the relationship between the Parties until replaced by a definitive, formal agreement addressing the same transaction and subject matter (the "Definitive Agreement"). The agreement considered in this Letter and in the Definitive Agreement is subject in all respects to the following:

1. Address of Premises: 600 S. Broad, Suite A, Kennett Square, PA 19348 (the "Premises").
2. Rentable Space: The total rentable space of the Premises consists of approximately 6,790 square feet for the Business, identified as Suite A on the floor plan prepared by Bernardon, dated August 11, 2023 (the "Rentable Space"). Lessor has offered to make available office space free of charge for a period of one-year while improvements are made to the Rentable Space.
3. Lease Term: The term of the lease (the "Lease Term") shall be for ten (10) years with the option to renew for an additional ten (10) year period. The Lease Term shall commence after satisfactory completion of all Lessor's Improvements.
4. Use of Premises: The Lessee shall use the Premises to operate a community-based food co-operative to provide our regional community with access to high-quality, locally sourced and sustainable products (the "Business").
5. Rent: The rent to be paid by Lessee to the Lessor throughout the Lease Term is to be paid in monthly installments (the "Rent"). The Rent shall be calculated at an annual rate of \$17.00/sqft for the 6,790 sqft of Rentable Space. The Rent shall be due on the 1st day of each month (the "Due Date").

6. Rent Abatement: No Rent shall be due by Lessee to Lessor for the initial twelve-(12) month period of the Lease Term, beginning after completion of Lessor's Rentable Space Improvements.
7. Expenses: The Lessee shall be required to pay, in addition to the Rent, the shared operating expenses of the Rentable Space in proportion to Lessee's proportionate use of the building. These expenses include heating and cooling, insurance, and utilities.
8. Late Fee: Lessee will not be charged a late fee if Rent is not paid within five (5) days of the Due Date.
9. Security Deposit: Lessee shall not be required to pay Lessor a security deposit.
10. Improvements by Lessor: The following improvements made to the Premises to enable Lessee to use the Premises.
 - a. Lessor shall use reasonable efforts to improve access to the Premises for Lessee and its customers from S. Union Street. If not feasible, access from South Street shall be provided within a reasonable period of time.
 - b. Lessor shall make or have made improvements to the Premises including fence removal, landscaping, and Premise signage including identification of Lessee.
 - c. Rentable Space Improvements:
 1. Asbestos Remediation
 2. Drop Ceiling Installation, in cooperation and coordination with Lessee and its architect, lighting, HVAC and fire protection professionals.
 3. Utilities access including water, sewer, electric, internet and fire protection.
11. Improvements by Lessee: The following improvements made to the Premises to enable Lessee to use the Premises.
 - a. Install new side-entry doors, subject to normal review processes of the Lessor, possibly including the HARB. Lessor agrees to support and assist Lessee in this review.
 - b. Redesigning rear door entrance to be dual fire exit and loading access to Rentable Space.
 - c. All interior renovation/retrofitting.
 - d. Signage – building subject to normal review of the Lessor, possibly including the HARB. Lessor agrees to support and assist Lessee in this review.
12. Common Areas: The Parties shall determine the allocation of common areas and fees for common areas.
13. Parking Spaces: Lessee shall have at least twenty-five (25) adjoining parking spaces.

14. Right to Lease Additional Space: Lessee shall have the right to lease additional space in the Premises, subject to terms to be determined, with the right to sublease. Leased space may include additional space in the main building and the Carriage House.
15. Additional Terms and Conditions: Lessee agrees to provide the Lessor its proposed business plan and budget for the Business. Lessor agrees to consider the support/endorsement of Lessee when Lessee is applying for grants or gift from public or private sources.
16. Intention of the Parties: This Letter sets forth the intentions of the Parties to use reasonable efforts to negotiate, in good faith, a Definitive Agreement with respect to all matters herein. Notwithstanding paragraphs 16 through 19, which shall be legally binding, any legal obligations with respect to all other matters shall only arise if and when the Parties execute and deliver a Definitive Agreement.
17. Notices: Notices given pursuant to this Agreement shall be sent to the following addresses or such other addresses as may be designated in writing from time to time.

Borough of Kennett Square	Kennett Square Food Coop
Attn: Kyle Coleman, Manager	c/o Edith Burkey, President
600 S. Broad Street	133 Federal Walk
Kennett Square, PA 19348	Kennett Square, PA 19348

18. Governing Law: This Letter shall be governed under the laws of the Commonwealth of Pennsylvania without giving effect to the conflict of laws principles.

19. Signatures:

LESSOR
Borough of Kennett Square

By _____
Kyle Coleman, Borough Manager

LESSEE
Kennett Square Food Coop d/b/a Kennett Community Grocer

By _____
Edith Burkey, President