



MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

COMMISSION MEMORANDUM

TO: Mayor Matti Herrera Bower and Members of the City Commission

FROM: Jorge M. Gonzalez, City Manager

DATE: July 15, 2009

SUBJECT: **A REFERRAL TO THE FINANCE AND CITYWIDE PROJECTS COMMITTEE
A DISCUSSION OF A PROPOSED MODIFICATION OF AN EXISTING
RETAIL LEASE AGREEMENT WITH CADIAC, INC., INVOLVING SUITES D
AND E IN THE ANCHOR SHOPS, LOCATED AT 1550 COLLINS AVENUE,
MIAMI BEACH, FLORIDA.**

RECOMMENDATION

Refer discussion of a proposed modification of the Retail Lease Agreement to the Finance and Citywide Projects Committee.

BACKGROUND

Cadiac, Inc. (Tenant) has been a tenant at the Anchor Shops since June 11, 1998. It is one of two remaining tenants whose leases were originally negotiated by MB Redevelopment, Inc. (a wholly-owned subsidiary of Loews Hotels Corp), who at the time was responsible for leasing and managing the premises pursuant to a Master Lease agreement between the RDA and MB Redevelopment, Inc. (MBRI). Pursuant to this agreement, MBRI had broad-based authority to negotiate lease terms for any and all business uses compatible with a first class retail space, which included lease terms of ten years or more and rental rates ranging from \$19 to \$40 per square foot.

Cadiac, Inc., which occupies a 4,200 square foot space fronting on the Collins Avenue side of the building, agreed to a 15-year term at an initial base rent of \$40/sq.ft. through the end of its fourth lease year, upon which the rent would escalate three more times over the duration of the lease; on June 1, 2003, the rent increased to \$45/sq.ft., on June 1, 2006, it increased to \$55/sq.ft., and on June 1, 2009, the rent was scheduled to increase to \$65.00/sq.ft. for the duration of the remaining term, which expires on September 30, 2014.

The Tenant has informed the RDA that on account of the deteriorating market conditions, it cannot afford for its rent to escalate to \$65.00/square foot and has continued to remit its rent payments for each of the past two months at the \$55/sq.ft. They are requesting that the City consider a modification to their current lease.

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As a basis for considering options, the RDA is the process of analyzing current market rents in the area of Collins and Washington Avenues, between 10th Street and Lincoln Road, which it will use as a basis for its recommendation to the Finance Committee.

CONCLUSION

It is recommended that a proposed modification to the current lease with Cadiac, Inc., be referred to the Finance and Citywide Projects Committee for discussion of options relating to their continued tenancy.



JMG/HE/AP/KOB

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