

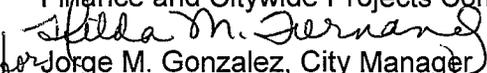


# MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, [www.miamibeachfl.gov](http://www.miamibeachfl.gov)

## COMMITTEE MEMORANDUM

TO: Finance and Citywide Projects Committee Members

FROM:   
for Jorge M. Gonzalez, City Manager

DATE: January 19, 2012

SUBJECT: **DISCUSSION PERTAINING TO A RETAIL LEASE AGREEMENT WITH GROOVE MAN ENTERTAINMENT, INC. INVOLVING SUITES 1 THROUGH 4 IN THE ANCHOR SHOPS, LOCATED AT 1550 COLLINS AVENUE, MIAMI BEACH, FLORIDA**

### BACKGROUND

On January 11, 2012, Koniver Stern Group, the City's contracted real estate broker, presented the City with a Letter of Intent (LOI) on behalf of Groove Man Entertainment, Inc., (Grooveman Music) for Suites 1 through 4 in the Anchor Shops. The 2,884 square foot space fronting the 16<sup>th</sup> Street side of the building has been vacant since December of 2010. The previous Tenant, Training Camp d/b/a Arrive Miami, went out of business and informed us this was due in part to the prevailing economic conditions in the area, but also due to the lack of pedestrian traffic on the 100 block of 16<sup>th</sup> Street. Area retailers have been discussing this challenge since the opening of the facility in 1998.

The vacant space has been shown several times to other prospective retailers and an offer to lease the space by an art gallery operator was being developed for this Committee's consideration when that prospective tenant rescinded its offer.

Grooveman Music, which has been in negotiations with the City through our broker for several months, was founded by DJ/Producer George Acosta in the late 90's and has been doing business on Miami Beach from their current location at 1543 Washington Avenue since 2002, selling DJ-related products, clothing and accessories, vinyls and CDs and advance ticketing to music events anywhere in the world. In June, 2002, Grooveman Music joined forces with Chopin Hagen Record Stores, creating one the most successful brand of DJ/record stores in South America. Based on information submitted by Grooveman, included as "Attachment A" to this memorandum, annual gross sales at their Miami Beach is reported at approximately \$420,000.

Grooveman is interested in moving its business to the Anchor Shops, which will not only allow them to expand their business, but also allow them to develop a higher-end boutique market with new products and designers.

Koniver Stern has reviewed market comparable rates as well as the specific location of the subject property and has opined that the Grooveman proposal is feasible and should be accepted. Please see Koniver Stern's statement attached as "Attachment B" hereto.

**Finance & Citywide Projects Committee – January 19, 2011**  
**Anchor Shops Retail Lease Agreement, Groove Man Entertainment, Inc.**

**Proposed Terms:**

Commencement Date: The date the Lease is fully executed by Landlord and Tenant

Initial Lease Term: Five (5) years

Renewal Options: One (1) option. @ four (4) years and 364 days, subject to Landlord's sole and absolute discretion

Base Rent: \$31.00/sq.ft; \$89,404 per year, payable at \$7,450 per month; plus applicable Florida State Sales Tax

Rent Commencement Date: The earlier of (i) 60 days from the date the Landlord delivers the premises or (ii) the date the Tenant opens for business

Annual Rent Increase: Three (3%) percent annually

Condition of Delivery: As-is

Prepaid Rent: One month's rent, due at lease execution

Minimum Security Deposit: Three month's rent, due at lease execution

Guaranty: The lease shall be personally guaranteed by the principal(s)

**CONCLUSION**

Given current market conditions, the subject 2,884 sf space has been challenging to fill and has been vacant since December 2010. Grooveman Music, which has been doing business on Miami Beach from their current location at 1543 Washington Avenue since 2002, has proffered an offer of \$31 per sf, plus tax, to lease the space for an initial term of five years plus a renewal term of four years and 364 days at the City's option. The Administration seeks the Finance and Citywide Projects Committee's input and direction regarding the subject offer.

  
JMG/HMF/AP/KOB  
Attachments

**ATTACHMENT "A"**  
**GROOVEMAN ENTERTAINMENT, INC.**  
**BACKGROUND INFORMATION**

# KONIVER STERN GROUP

RETAIL REAL ESTATE & BROKERAGE

Jan 10, 2012

Via email:

**Re: City of Miami Beach Retail – Anchor Shops**

Dear Jorge:

On behalf of the owners of the above referenced development, I am pleased to present the following basic terms and conditions under which the owners would enter into a lease agreement with your client at the above referenced development.

**Shopping Center Name:** City of Miami Beach Retail – Anchor Shops

**Tenant:** Grooveman

**Use:** Premises shall be used for the operation of a retail store.

**Premises:** Approx 2,884 sq ft.

**Term:** Five (5) years with one (1) option for Four(4) years and 364 days.

**Rent:** Year 1: \$31.00 psf. (including sales tax)

**Increases:** Three percent (3%) every year

**Lease Commencement:** The date Lease is fully executed by Landlord and Tenant.

**Rent Commencement:** The earlier of: (i) 60 days from the date Landlord delivers or; (ii) the date Tenant opens for business.

**Condition of Delivery:** As-is

**Prepaid Rent:** One months rent, due upon lease execution

**Minimum Security Deposit:** Three months rent, due upon lease execution

**Guaranty:** The lease shall be personally guaranteed by the principal(s) and their respective spouse(s), of the business/corporation.

**Contingency:** The terms of this proposal are valid upon approval of Tenant's Lease Application and up to ten (10) days from the date of Proposal.

**Broker:** Koniver Stern Group

**Good Faith Negotiations:** This agreement represents some of our undertakings about a possible future lease and is not intended to create a legally binding obligation

1665 Washington Avenue, Penthouse  
Miami Beach, Florida 33139  
T (305) 532-6100 F (305) 532-6101

[www.koniversterngroup.com](http://www.koniversterngroup.com)

on either party. Such an obligation will be created only when both parties execute a formal lease, covering all of the rights and obligations of the parties, which is then delivered by and between us. If a formal lease is not signed neither party will be liable to the other under this document or as a result of any preliminary negotiation.

We look forward to having your client as a Tenant in the center and to providing any additional information you may need. Thank you in advance for your consideration.

The foregoing proposal is predicated upon receipt of acceptable personal and corporate financial and business background information. Please sign on the following page, if your client is in agreement with the terms stated herein, provide the required financial information and I will forward a Lease for review upon final approval. If you should have any questions, please do not hesitate to contact me at 305-523-9883. Thanks again.

**AGREED AND ACCEPTED:**

By: Jorge Kisieluk  
Its: [Signature]  
Date: 01.11.12

Sincerely,

*Koniver Stern Group*

*Sara Wolfe*



# GROOVEMAN MUSIC

2011

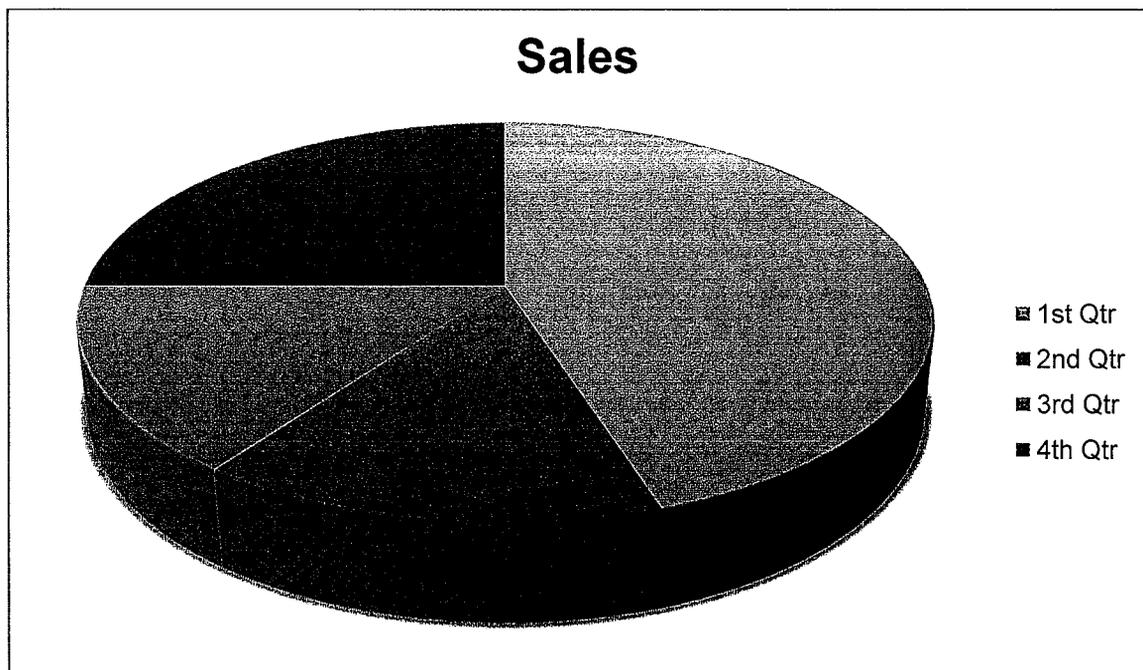
1543 WASHINGTON AVE | MIAMI BEACH | FL | 33139

# GROOVEMAN MUSIC

- OPENING IN 2002 TO PRESENT
- BRANDS WE CARRY
  - 1921 JEANS
  - A KURTZ
  - AERIAL 7
  - ATELIERS ARTHUR
  - COAL HEADWEAR
  - DIESEL
  - DOSH WALLETS
  - G SHOCK
  - GENEVA LAB
  - GOORIN
  - HARAJUKU LOVERS
  - IN CASE
  - J FOLD
  - JET LAG
  - JUMP
  - KIDROBOT
  - LEVIS
  - MONSTER (BEATS BY DRE)
  - NOOKA
  - NUMARK
  - OSIRIS
  - PALLADIUM BOOTS
  - PAUL FRANK
  - PIONEER
  - SENNHEISER
  - SKULLCANDY
  - SUPRA
  - TOKIDOKI
  - UDG

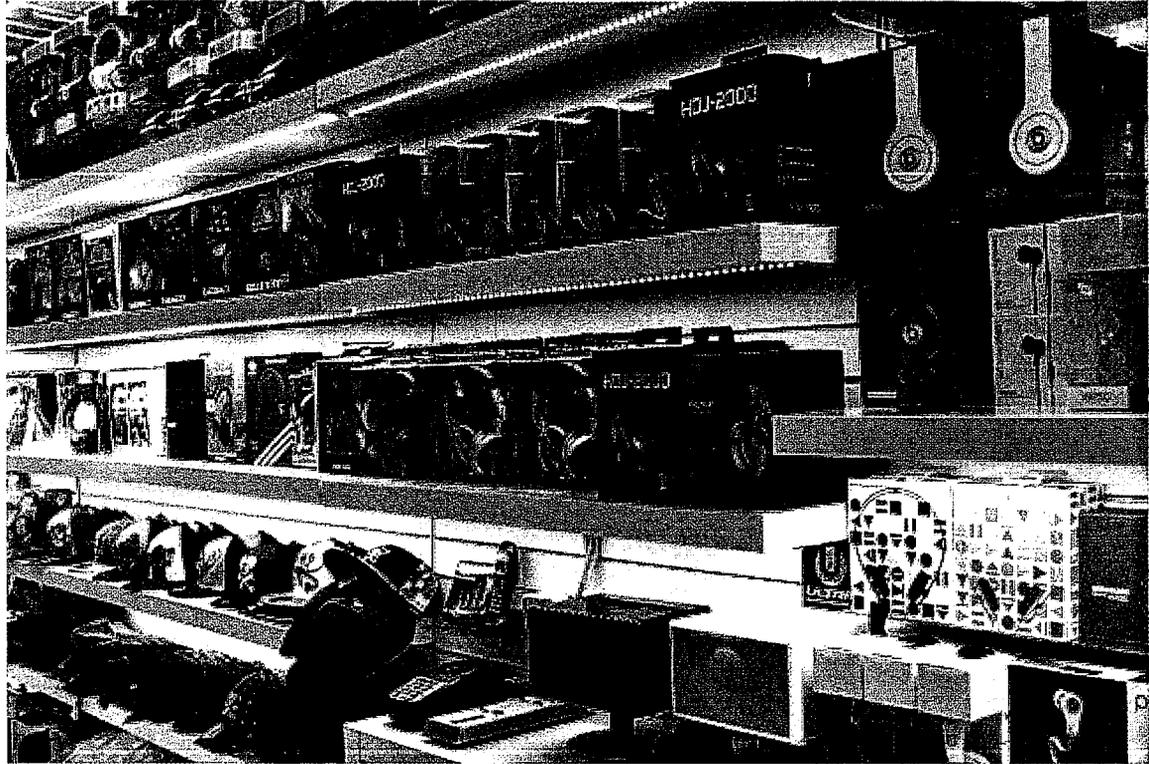
**URBANEARS  
VESTAL WATCHES  
WESC**

- **TICKET AVERAGE PRICE \$100**
- **CUSTOMERS 75% TOURIST FROM EUROPE AND SOUTHAMERICAN.  
25% LOCAL**
- **AVERAGE CUSTOMERS AGE BETWEEN 16 TO 50**
- **OUR IDEA IS GOING MORE HIGH END BOUTIQUE WITH NEW PRODUCTS AND NEW DESIGNERS.**
- **ANNUAL GROSS SALES APROX. \$420000**



## Grooveman Music Pictures







**FLORIDA DEPARTMENT OF STATE  
DIVISION OF CORPORATIONS**[Home](#)[Contact Us](#)[E-Filing Services](#)[Document Searches](#)[Forms](#)[Help](#)[Previous on List](#)[Next on List](#)[Return To List](#)

Entity Name Search

[Events](#)[No Name History](#)

## Detail by Entity Name

### Florida Profit Corporation

GROOVE MAN MUSIC ENTERTAINMENT, INC.

### Filing Information

**Document Number** P00000027984  
**FEI/EIN Number** 651016127  
**Date Filed** 03/13/2000  
**State** FL  
**Status** ACTIVE  
**Last Event** AMENDMENT  
**Event Date Filed** 09/24/2003  
**Event Effective Date** NONE

### Principal Address

1543 WASHINGTON AVE  
MIAMI BEACH FL 33139

Changed 01/07/2012

### Mailing Address

1543 WASHINGTON AVE  
MIAMI BEACH FL 33139

Changed 01/07/2012

### Registered Agent Name & Address

CAMONES, MIGUEL  
8249 NW 36TH, STE 211  
MIAMI FL 33166 US

Name Changed: 07/10/2002

Address Changed: 01/05/2011

### Officer/Director Detail

#### **Name & Address**

Title PTD

KISIELUK, JORGE  
1543 WASHINGTON AVE  
MIAMI BEACH FL 33139

### Annual Reports

Report Year	Filed Date
2010	02/17/2010

**ATTACHMENT "B"**  
**GROOVEMAN ENTERTAINMENT, INC.**  
**KONIVER STERN MARKET ANALYSIS**

**Date:** January 17, 2012  
**To:** Anna Parekh  
**From:** Lyle B. Stern  
**Re:** **Anchor Shops – 100 16<sup>th</sup> Street**  
**Proposed lease between City of Miami Beach and Grooveman**

---

After reviewing the market comps that we performed as well as the specific location of the property it is my professional opinion that the Grooveman proposal be accepted. There are several reasons:

1. The offer is at market
2. The tenant is a long-term tenant in Miami Beach who has been operating at his current location, 1543 Washington Avenue for approximately 10 years.
3. The tenant is familiar with the property and has existing clientele. Additionally he will be renovating and remerchandising the property and relocating existing business
4. The property is challenged in that it sits on a street lined with cab stands which should make for a negative visually impactful experience and hides the storefronts.

It is my opinion that, as the tenant has a multi-year operating history in Miami Beach, has been pursuing the space for a while and is proposing a market rent, this deal be approved.

Please feel free to call me if you have any questions.

Thank you.