



City of Coral Gables  
CITY COMMISSION MEETING  
June 10, 2014

**ITEM TITLE:**

A Resolution authorizing entering into a renewal lease with Satchmo Blues Bar and Grill, Inc. d/b/a Fritz and Franz, with regard to City owned property at 60 Merrick Way, Coral Gables, Florida for a period of ten (10) years.

**DEPARTMENT HEAD RECOMMENDATION:**

Approval

**BRIEF HISTORY:**

Satchmo Blues Bar and Grill, Inc d/b/a Fritz & Franz Bierhaus, has been in possession of the property pursuant to a prior lease agreement dated June 24, 1997. In 2006, the tenant exercised its renewal option, which expires on October 23, 2017. In order to settle an outstanding balance, to conform to the City's standard lease format, and to clarify terms the tenant would like to enter into a renewal lease.

The proposed renewal terms are as follows:

Premises: 60 Merrick Way, Coral Gables, FL 33134 that consists of 3,618 SF of ground floor retail space and 123 SF of storage located in the City's Parking Garage #6.

Use: Restaurant and Bar

Term: 10 years term from June 1, 2014 – May 31, 2024.

Renewal Term: Provided the City chooses to renew the lease, the Tenant will have 2 – 5 year renewal terms at Market Rate, which in no event will be less than 105% of the rate of the last lease year in the initial term or first renewal term, as applicable.

Security Deposit: There continues to be \$12,662.30 security deposit held, and an additional security deposit of \$3,618.70 will be collected so that the total security deposit will equal two months' of base rent [\$16,281.00].

Rent: Base Rent is increased from \$22.14 per square foot (psf) to the following:

LEASE YEAR	BASE RENT PER MONTH	BASE RENT PER SQUARE FOOT
6/1/14-5/31/15	\$8,140.50	\$27.00
6/1/15-5/31/16	\$8,384.72	\$27.81

6/1/16-5/31/17	\$8,634.96	\$28.64
6/1/17-5/31/18	\$8,894.24	\$29.50
6/1/18-5/31/19	\$9,162.59	\$30.39
6/1/19-5/31/20	\$9,436.95	\$31.30
6/1/20-5/31/21	\$9,720.36	\$32.24
6/1/20-5/31/22	\$10,012.82	\$33.21
6/1/21-5/31/23	\$10,314.32	\$34.21
6/1/22-5/31/24	\$10,624.86	\$35.24

Percentage Rent: Per the original lease term, the Tenant was obligated to pay percentage rent but has requested that the Landlord increase Base Rent and eliminate Percentage Rent, which will also be easier for the City administratively.

Operating Expenses: Tenant will pay its share of insurance and common area operating expenses for the building.

Real Estate Taxes/BID Assessment: Tenant continues to pay the taxes and assessments for the Premises and will pay the BID assessment.

Past Due Amounts: Due to disputes and unclear accounting, Tenant has not paid CAM or percentage rent since 2007. Landlord calculates the past due amount to be \$173,864.52. It is agreed to resolve this dispute, and in consideration of the proposed lease that the Tenant shall pay approximately 40% or \$69,545.81 in 48 monthly installments of \$1,448.87, and that in the event that Tenant fails to make any of these payments, or any other payments under the lease, that they will owe the full amount of \$173,864.52 minus any amounts already paid (which is similar to past due reconciliations for other City tenants).


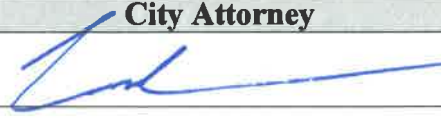
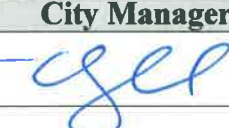
The Tenant has also agreed to pay 100% of all past due CAM and percentage rent [\$19,519.03] from October 1, 2013 to May 31, 2014 on or before November 30, 2014.

The Property Advisory Board recommended approval of the renewal Lease terms at their May 21, 2014 meeting.

**ADVISORY BOARD/COMMITTEE RECOMMENDATION(S):**

Date.	Board/Committee	Comments
5/21/14	Property Advisory Board	Recommends approval

**APPROVED BY:**

Department Director	City Attorney	City Manager
		

**ATTACHMENT(S):**

1. Proposed Resolution with Proposed Renewal Lease
2. Excerpt minutes of the Property Advisory Board meeting of May 21, 2014.