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**Title:** CONSIDERATION OF LEASE AMENDMENTS AND A NEW LEASE FOR MARGATE BLVD HARDWARE, INC. FOR THE PROPERTY LOCATED AT 5823, 5833B, 5841, 5861, AND 5865 MARGATE BOULEVARD

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Date	Ver.	Action By	Action	Result
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**TO:** Chair and Members of the Board

**FROM:** Jeffrey Oris, Executive Director

**DATE:** March 11, 2020

CONSIDERATION OF LEASE AMENDMENTS AND A NEW LEASE FOR MARGATE BLVD HARDWARE, INC. FOR THE PROPERTY LOCATED AT 5823, 5833B, 5841, 5861, AND 5865 MARGATE BOULEVARD

**BACKGROUND:** The owner of Margate Blvd. Hardware, Inc. (Ace Hardware) approached the CRA about consolidating the space he occupies in the Ace Hardware Shopping Plaza. The request would have the hardware store vacate the space they currently occupy at 5823 Margate Blvd. and relocate their merchandise and operations from this space to 5865 and 5861 Margate Blvd. directly adjacent to their current store at 5841 Margate Blvd. They will continue to occupy the 500 square foot space at 5833B Margate Blvd. (A map of the plaza showing bays is included in the back up material to this item). The space they would vacate is 3200 square feet and the 2 new spaces they would occupy total 3200 square feet, therefore, there is no net increase in space they will be leasing.

Specifically, the Tenant requested amendments to the Lease include:

- Leasing two adjoining bays 3,200 square feet in total, 5861 and 5865 Margate Boulevard (1,600 square feet each), beginning April 1, 2020.
- Tenant will open the interior wall between main store at 5841 and 5861 to relocate the Benjamin Moore retail paint section of the store.
- Tenant will move its shipping department and some inventory to 5865.
- Tenant is responsible for all build out.
- All other standard lease terms to remain, including the tenant to, maintain, repair or replace HVAC systems.
- Lease rates remain the same as current rates.

- Tenant intends to have all build out completed and to vacate 5823 Margate Boulevard, (3,200 square feet) within 90 days. The 90 days while performing build out and occupying both spaces will be without charge).
- Additionally, as it relates to 5841 Margate Boulevard, the main retail location, the tenant wishes to amend the Lease to provide for their replacement of all five (5) HVAC units on the leased Premises (5841), in return the waiver of one full month's rent.

This proposal benefits the tenant as they would like to consolidate their space and bring in Benjamin Moore Paints as a name brand within the new space. The new/amended lease does not provide any financial benefit to the CRA, though it does allow us to better position this tenant in a single area and provide for a better presentation of the plaza.

The Board may recall that Margate Blvd. Hardware (Ace Hardware) has come forward before in an effort to obtain new air conditioners for their existing space. At that time, the Board approved paying for the ac units and amending the lease terms so the tenant would pay the CRA back over time. As part of this new lease, the tenant is again seeking to install new air conditioners in the existing retail space but has indicated that he will cover the cost of the installation himself in exchange for one month free rent. The one month of rent was included in the lease before you because of the previous discussions though again, there is no real financial gain to the CRA for this concession.

The tenant also requested reimbursement of the permit fees for the installation of the new air conditioners however, as there is no financial benefit to the CRA for any of these lease amendments, and that the negotiation of terms included one month of free rent for the existing space, staff did not feel it prudent to include this reimbursement in the lease terms.

**RECOMMENDATION:** Staff would like to recommend approval, however, staff has concerns about the concession of one month of rent for the air conditioners as there is no financial gain to the CRA to grant this. We recommend the Board consider this item in their deliberations.

**FISCAL IMPACT:** The CRA will forgo one month of rent as a concession to the tenant installing new air conditioners, this will reduce revenue by \$6,529.30

The CRA will grant three months of free rent for 3,200 square feet of space during buildout of the new space (value of \$5,384)

**CONTACT PERSON:** Jeffrey Oris, Executive Director