

**INDIAN RIVER COUNTY, FLORIDA
MEMORANDUM**

TO: Jason E. Brown, County Administrator
THROUGH: Richard B. Szpyrka, P.E., Public Works Director
FROM: Monique Filipiak, Land Acquisition Specialist
SUBJECT: Mattress Firm – Amendment to Lease
 1919 US Highway 1, Sebastian, FL 32958
DATE: October 25, 2018

DESCRIPTION AND CONDITIONS

The County purchased Sebastian Corners Retail Center, LLC located at 1919-1931 US Highway 1, Sebastian, Florida on September 5, 2017. The purchase was for the relocation of the North County Offices of the Property Appraiser, Clerk of the Court, Utilities Department and Veteran Services.

Mattress Firm is a tenant at the retail center. On October 5, 2018 Mattress Firm, Inc. filed for bankruptcy. They are scheduled to close 200 stores by November 30, 2018, and close an additional 500 stores by early 2019. Currently the Mattress Firm store in Sebastian is not scheduled to close. A&G Realty Partners has been retained by Mattress Firm to assist with the store closings and lease restructuring program.

Staff has been negotiating with A&G Realty Partners for the last two weeks to revise the lease terms. The current lease term is 5/1/17 - 4/30/2022 with base monthly rent of \$6,400.00 (\$16.00 per square foot or \$76,800.00 annually). For the remainder of the current term base monthly rent will be \$4,712.00 (\$11.78 per square foot or \$56,544.00 annually). A reduction in annual revenue of \$20,256.00. In addition, Mattress Firm has asked that the rent for October 2018 and February 2019 be waived.

At the expiration of the current term Mattress Firm will have the Option to extend the lease for a (5) year period from 5/1/2022 – 4/30/2027. The current monthly rent for the option term is \$7,600.00 (\$19.00 per square or \$91,200.00 annually). The monthly rent for the option term will be \$5,400.00 (\$13.50 per square foot or \$64,800.00 annually). A reduction in annual revenue of \$26,400.00.

FUNDING

No funding is necessary for this action.

RECOMMENDATION

Staff recommends the Board approve the lease renewal rate as proposed and the rent abatement for Mattress Firm and authorize the Chairman to execute the Amendment to Lease.

ATTACHMENTS

Amendment to Lease

APPROVED AGENDA ITEM FOR: November 6, 2018