



City of Coral Gables
CITY COMMISSION MEETING
September 28, 2010

ITEM TITLE:

Ordinance on Second Reading. An Ordinance of the City Commission of Coral Gables authorizing the negotiation and execution of a lease agreement with Toscana Divino LLC at 220 Aragon Avenue, and providing for severability, repealer, codification and an effective date. (Passed on First Reading September 14, 2010)

DEPARTMENT HEAD RECOMMENDATION:

Approval

BRIEF HISTORY:

Pursuant to Ordinance No. 2010-04, on March 9, 2010, the City Commission authorized the negotiation and execution of a lease agreement with Wine & Fashion Florence Café Corp. at 220 Aragon Avenue to operate a Wine and Fashion Café, a concept developed by a consortium of artisans and governments in Tuscany, Italy, (the "Consortium") and introduced to the City in November 2009, when the Beacon Council and the Coral Gables Chamber of Commerce helped sponsor Wine & Fashion Florence event at the Biltmore Hotel. The proposed lease was an off shoot of this effort, and the Coral Gables site was selected after considering other locations.

Since the time the Commission approved a draft lease, the Consortium changed the principal who is going to operate the business for them in the USA. They have now made an arrangement to provide financing to Stefano Cavinato, an experienced business person who is the principal and managing member of Global Italian Food LLC, which owns the rights to and develops the PIOLA restaurant concept in the United States. PIOLA currently has restaurants in Florida, New York, and Georgia, and has franchised locations in Virginia and North Carolina. Mr. Cavinato is also the Director and co-CEO of SMAU, an Italian company which owns and operates Italy's largest information technology trade shows. He was formerly the President and CEO of DEROMA USA, Inc., the world's largest manufacturer and marketer of gardening containers. Mr. Cavinato comes to the City with experience in both the retail and restaurant businesses, along with experience in international trade.

Mr. Cavinato has requested a few changes to the prior approved Lease draft, and agreed to some changes proposed by the City as follows:

- a. Change eight tables in the paseo rather than four. In the proposed lease, the City as Landlord consents to the eight tables, but the plan will still be subject to the

- standard plan review, and will have to comply with all ordinances.
- b. Add the ability to operate a full service Italian Restaurant called Toscana Divino to supplement the prior proposed use of a high fashion retail showroom selling fashion, accessories, and other quality goods produced in the Tuscany Region of Italy, along with monthly fashion shows and café selling wine, coffee and high end tapas, appetizers, and other Tuscan delicacies.
 - c. Change the five (5) rent abatement period to a nine (9) month build out period before rent commences to adjust for additional restaurant build out. Construction is to be completed within nine (9) months from the Date the Lease is fully executed. The Base Rent schedule will be:
For retail/café/restaurant space:
Months 1-12 \$23 psf
Months 13-24 \$24 psf
Months 25-36 \$26.69 psf
Months 37-48 \$27.48 psf
Months 49-60 \$28.31 psf
For Storage Area:
Months 1-60 \$5 psf
 - d. Add a requirement that Tenant pay percentage rent in the amount of four percent (4%) of Gross Sales over a breakpoint of \$2,420,000.
 - e. Add a standard assignment provision allowing assignment of the lease to another operator provided the tenant entity remains liable and the new operator has the qualification to run the business, and does so under the same trade name and use.
 - f. Change the liquidated damage language in the default provision to conform to the City's current lease form.

The other primary terms of the Lease form remain as follows:

Term: 5 year lease agreement, plus three 5 year options.

Premises: 4,211 square feet of retail/café/restaurant space and 639 square feet of storage space located at 220 Aragon Avenue.

Base Rent:

First Renewal Option, Rent to escalate annually by 3%

Second and Third Renewal Options, at market rent.

Security Deposit – 2 months of rent to be held by Landlord paid at signing

Prepaid Rent – 8 months of rent, 4 months paid at signing, 4 months paid at the earlier of (i) opening and (ii) the 6th month.

Taxes, Insurance and utilities – tenant to pay its proportionate share of taxes and insurance. Tenant responsible for HVAC, trash and utilities and build out. Landlord to deliver Premises as is.

Broker: The City to pay a 4% brokerage on base rent for the initial five (5) year period to

The Keyes Company.

The Property Advisory Board reviewed the lease proposal in its meeting of August 18, 2010, and recommends the changes to the proposed lease as described above.

This item was passed on First Reading at the September 14, 2010 Commission meeting.

LEGISLATIVE ACTION:

| Date. | Resolution/Ordinance No. | Comments |
|----------------|--------------------------|--|
| March 9, 2010 | Ordinance 2010-04 | Approval of draft lease |
| Sept. 14, 2010 | | Approval of draft ordinance on First Reading |


ADVISORY BOARD/COMMITTEE RECOMMENDATION(S):

| Date. | Board/Committee | Comments |
|-------------------|-------------------------|-----------------------|
| September 8, 2010 | Property Advisory Board | Recommended approval. |

FINANCIAL INFORMATION: (If Applicable)

| No. | Amount | Source of Funds |
|---------------|-------------|-------------------|
| Brokerage Fee | \$20,781.14 | 460-8300-545-3190 |

APPROVED BY:

| Department Director | City Attorney | City Manager |
|---|---------------|--------------|
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ATTACHMENT(S):

1. Draft Ordinance
2. New Draft Lease Agreement
3. Comparison to prior approved Lease Agreement Draft
4. Excerpt of Minutes of the Property Advisory Board meeting of September 8, 2010