

Approval of the Minutes

The meeting begins and Anamy Garcia addresses that the minutes have been corrected and Board Member --- asks for a motion to approve the minutes, Board Member --- motions to approve the minutes and Board Member --- seconds the motion to approve the minutes.

Unsolicited/Proposals Bids

Board Member --- moved on to the unsolicited proposals, to which Asset Manager Zeida Sardinias responded that there were none.

Asset Management Report

The Board then moved on to the Asset Management Report. Zeida began by informing the board that the UM Parking, an item from the last agenda, hadn't been updated on the red roll, and asks that the proper file be uploaded. Zeida recommends checking the files once Carmen uploads them to make sure they are accurate and up to date. Regarding the asset report and the red roll, Zeida explained that she analyzed the numbers to ensure the wrong numbers weren't derived and that everything was accurate.

a. Rent Report

Zeida went on to share two updates, the first being, that she took an item to the commission regarding the country club café and provides background that for six months she has been negotiating with the previous operator whom they were doing a revenue share agreement with. It wasn't like a straight rent, it was a 0 base, which was very new for the city. Zeida provided clarification by reiterating that the city has taken over the facility and is developing new methods of getting things done. The way the operations work is through establishing memberships at the country club, or having members use the gym, as well as catering. Regarding catering, the city has a list of caterers and are allowing for the continuation of room rentals for events, weddings, etc., with this the city will provide the price list with the room rental cost, along with a list of city-approved caterers. Board Member --- asks if the user may ask to utilize the kitchen and cook themselves, to which Zeida answers no and that they must use a caterer from the list provided by the city because they must have insurance amongst other requirements. Board Member --- reconfirms by asking Zeida that a fixed rent for the room plus a percentage must be paid. He also asks if they are sharing, to which Zeida replies, she is unfamiliar with that side of the business, as Leon and Mitch in the Community Recreation department have handled that portion and there is a board that oversees those decisions. Zeida, the asset manager, reclarifies her role, which is to manage the contract with the operator of the café and in the future the operator of ---.

Zeida explained the situation with the previous operator, it was a small business, and the city did a straight revenue share with them. The city went ahead and replaced most of the equipment that the other operator had left behind due to maintenance and other issues. The city spent a substantial amount of money to replace the equipment as well as take care of the maintenance issues, amongst other things, the operator was just purchasing the food, making the food, serving the food and paying the employees. The city then realized that the amount of assets being paid were very high, and that the percentage of sales were not covering the expenses and the city was losing money. They then attempted to develop an arrangement beneficial for both parties, but due to differences, the two parties couldn't come to a middle ground. The city continued to attempt negotiations with the operator after receiving approval from the commission, to which they responded in an email stating they did not want to stay and would be parting from the city. Therefore, currently, there is a food truck available, Baked Good are purchased from another vendor, and Parks and Recreation Department has some employees selling at the café to keep the place open and since Burger Bobs is not yet opened. Zeida then announces the other item they brought to the commission, which was to give the manager authority to negotiate a ninety-day contract with a ninety-day extension to provide enough time with the operator and see if the conditions and new implementations work out. Then everyone can move forward and decide if they would like

to develop an extended contract to present to the commission or if there is a problem. Board Member --- asked for the reasoning behind the previous operator's departure and Zeida clarified that the arrangement the previous operator wanted was not favorable to the city. Another Board Member then asks considering the traffic and promotion of the business and whom it was reaching, if it would be better managed by an onsite manager, to which Zeida that she does not have an answer to that considering the previous expenses and sales. Board Member --- asked when Burger Bobs opens, and Zeida answered that as of now, they have the contractor, and the construction process should be starting within the next ---. Board Member --- then raises a question regarding the start of the negotiation and the current progress of the contractor, to which Zeida clarifies she hope they will be done by the one-year mark and reiterates that construction will begin soon. Board Member --- then asks if there are any penalties if Burger Bobs construction is late, Zeida answers no. The board member then raises the question of if Burger Bobs opens in six to eight months can they run the café. Zeida explains that the commission provided direction to the manager to negotiate with the woman that worked with Burger Bobs, and they had upcoming meeting the week of October 9th, 2023. Zeida explained that the thing they didn't want was for the two menus' to be a conflict or too astray from their original concept. Board Member --- then asks what concept she plans to utilize with Burger Bob's manager, asset management or rent. Zeida answers that those factors are still being discussed and have yet to be decided, but they plan to do it on a revenue split. She is waiting on the Supreme Court of Florida to release a case in respect to property tax that is similar to what the city offers. Upon the result, Zeida will cater the agreement around the decision and result of the court. The length of time until the result is released is undetermined as of now. Zeida shares that the city believes the revenue sharing agreement will be interesting to explore because it is something the city hasn't done, and considering that Burger Bob's is a small operation, their statements weigh a heavy determinant.

A vertical subdivision is being completed for Miracle Theater regarding Francesco's. Considering that it is a non-profit business, Zeida explains it is important to notate the type of asset/rental agreement and complete the necessary legal processes and descriptions, which is the procedure they are currently exercising. Board Member --- asks, for the small tenants that can't afford these audits, do they just submit their sales tax reporting, to which Zeida responds, it helps now that the city can see the charges through Toast Point of Sales system. Zeida adds that it goes into the City's account and the city pays them out. In this way, the city can better keep track of the expenses and the sales of the business. The projected opening of Burger Bobs is next June/Summer as shared by Board Member – and confirmed by Zeida.

The Board Members go around the room and introduce themselves. During Zeida's introduction, Board Member --- asked that Assistant City Manager Parjus join the next meeting.

b. Vacancy Rate Report

The asset manager began by explaining that the Coral Gables office submarket has an overall asset value of \$5.1 Billion. The city-wide office vacancy rate for 2023 Q3 is 10.1%. The board reviewed the vacancy of the Central Business District, 12M SF with 10.1% vacancy and a rent of \$49.04/SF. Rents for 4 and 5-Star office properties are at \$53.00/SF, while 3-Star rents stand at \$46.00/SF, representing lower premiums for high quality spaces. Coral Gables is an active market in Miami, with sales volume representing over 7% of broader Miami market activity in the last three years. The largest sales in the last two years occurred in August 2023 for over \$54 million. This sale involved the purchase of the 255 Alhambra, a 221,000 SF property at 255 Alhambra Circle. This older 4 Star property, built in 1974, traded for over \$245/SF, a discount relative to market pricing of \$370/SF. In the leasing vacancy forecast, according to Co-star, it is projected that 3-star properties will have a decreased vacancy rate, while 4–5-star properties will have an increased vacancy rate. The retail occupancy rate is currently at 99% citywide, leaving a 1% vacancy.

Please reference the Occupancy/Vacancy Retail & Office 2023 Q3 PDF for more information.

c. City-owned Leased Property Condition Report

Board Member --- proposed the option of the city allowing the opening a mom/pop business or bodega to explore the city's European-styled aspects and to make the city more leisure friendly, but for businesses in that category, the rent becomes too expensive. He wishes to collaborate with the board to make recommendations that could present a possible solution to this problem and bring more citizens in that have their own specialty shops. Zeida explains that she will share the list of properties in the city and the Board wishes to place this on the agenda as an item to review in the next meeting.

5. Open Discussion/Other Business/Board Member Items

The board wishes to work on discussing the transition of the city to a less fuel driven city and increasing leisure walking or jogging to reach their destinations or as transport around the city.

Adjournment

The meeting adjourned at 9:44am.