

# CORAL GABLES

THE CITY BEAUTIFUL

## Property Advisory Board

### Meeting Minutes

Wednesday | September 14, 2022 | 8:30 a.m.

Location: Zoom and Police and Fire Headquarters (PFHQ), Community Meeting Room A  
2151 Salzedo Street, Coral Gables, FL 33134

PAB MEMBERS	MEETING DATES												APPOINTING ENTITY
	J	F	M	A	M	J	J	A	S	O	N	D	
	'22	'22	'22	'22	'22	'22	'22	'22	'22	'22	'22	'22	
Nancy Pastor Chair	P	E	P	E	X	P	X	P	P				Mayor Vince Lago
Jack Lowell Vice-Chair	P	P	P	P	X	P	X	P	P				Commissioner Kirk R. Menendez
Alberto Manrara	P	P	P	P	X	P	X	P	P				Commission as a Whole
VACANT	-	-	-	-	-	-	-	-	-				City Manager Peter Iglesias
Frank Maderal	P	P	P	P	X	P	X	E	A				Vice Mayor Michael Mena
Michelle Dunaj	E	P	P	P	X	E	X	P	E				Commissioner Rhonda Anderson
Manuel Niebla	E	P	P	P	X	P	X	P	P				Commissioner Jorge Fors, Jr.

A=Absent E=Excused Absence P=Present X=No Meeting Ph=Present by Phone Z=Zoom -=Former Board Member

#### Staff and Guests:

Belkys Perez, Assistant Director, Economic Development Department

Zeida Sardiñas, Asset Manager, Economic Development Department

Yenisis Gomez, Administrative Assistant, Economic Development Department

Property Advisory Board Chair Ms. Nancy Pastor brought the meeting to order at 8:35 a.m.

**1. Review and approval of August 10, 2022, Property Advisory Board Meeting Minutes. Mr. Manrara made a motion to approve the meeting minutes and Mr. Niebla seconded the motion, which passed unanimously. There was no discussion regarding the minutes.**

**2. Excuse Board member absences**

**Mr. Niebla made a motion to excuse today's absence for Ms. Dunaj. Mr. Lowell seconded the motion, which passed unanimously. There was no discussion regarding the absence.**

**3. Asset Management Report**

- **Rent Report**

Ms. Sardiñas provided the Board with a copy of the Rent Report and informed the Board that there were no issues with the rent report.

- **Unsolicited Bid - Inquiry for Purchase of 2301 and 2325 Galiano Commercial Condos**  
Ms. Sardiñas informed the Board that the City received an unsolicited email asking if the City was interested in selling 2301 and 2325 Galiano Commercial Condos. A copy of the unsolicited email received was provided to the Board. A response was provided to the inquiry stating that the City was not interested in selling 2301 nor 2325 Galiano.
- **Presentation Lease for 278 Miracle Mile to Francesco Miracle Miles, LLL dba Francesco Restaurant**

Ms. Sardiñas presented an item to the PAB for their consideration and recommendation. The item is a proposed Lease Agreement with Francesco Miracle Miles, LLC, a Delaware limited liability company, for the City-owned premises located at 278 Miracle Mile, Coral Gables, Florida 33134 for a period of seven (7) years and with two (2) additional, five-year renewal options, at the City's discretion.

Pursuant to the requirements of **Division 12 of the Procurement Code, Section 2-1094 - Analysis for Purchase, Sale or Lease of City Property-** the proposed Lease Agreement is being presented to the Property Advisory Board for its recommendation to the City Commission.

City Staff recommends approval.

**BRIEF HISTORY AND PROPOSED LEASE TERMS:**

In July of 2020, the City of Coral Gables (the "Landlord") took over the city-owned restaurant space at 278 Miracle Mile Coral Gables, FL 33134 (the "Premises") from the previous tenant. Since then, the Landlord has been marketing the Premises in search of an experienced restaurateur with a chef-driven restaurant/entertainment concept. The ideal tenant needed to have had a leading role in the design/execution of restaurant build-out project(s) of similar size and/or complexity given that the Premises need a full renovation/build-out.

Between May 2020 and April 2022, the City provided information and showed the Premises to over ninety (90) interested parties. The City held two (2) formal advertisement processes, June 23-August 23, 2021, and April 8-26, 2022. The City received eight (8) proposals in response to the latest advertising process that took place April 8-26, 2022. The City Manager reviewed the eight proposals and selected Francesco Miracle Miles, LLC, dba Francesco Restaurant (the "Tenant") as the proposed Tenant for the Premises.

**Experience/Brand/Design/Build-Out:**

The Tenant's chef-driven concept dba Francesco Restaurant will be a signature dining experience created exclusively for downtown Coral Gables. Francesco Restaurant's chef, Franco Danovaro, and his team have had 38 years of experience playing a leading role in the design/execution of restaurant build-out projects and in day-to-day operations of restaurants in Lima, Buenos Aires, Mexico City, Key Biscayne, and Coral Gables. Chef Danovaro led the operations of the Zagat award-winning Francesco Restaurant on Alcazar

and Salzedo between 2001-2016. While at its Coral Gables location, Francesco Restaurant won the Zagat title for the best restaurant in South Florida in 2006 and 2007.

Francesco Restaurant has also partnered with V&V Real Estate Group and Fusion Marketing Agency to carry out the build-out and marketing of the restaurant adding 26 and 10 years of expertise respectively in both real estate development and marketing to its team and on-going operations.



**Concept:**

The proposed Francesco Restaurant will be a white table-cloth restaurant featuring high-end classic fish and seafood cuisine steaming from the Peruvian Chalaco gastronomic culture from Port Callao, Peru combined with international influences from the Italian Island of Sardegna. The menu will also feature modern gastronomic twists that will showcase Florida's seafood and Miami's Latin Heritage. Menu items will include ceviches, tiraditos, causa, seafood rice dishes and risottos, grilled fish and meat, and spicy stews for the whole family to enjoy.

The restaurant's design and planned renovations have been specially created to restore the grandeur of its historic iconic Miracle Theater. The project is inspired in part by the shape and the curve of the marquee, the plate glass entrance doors, and hallway mirrors. It will incorporate terrazzo floors, dark natural wood, touches of reflective stainless steel, and living plants. A contemporary nautical twist will add a Latin Heritage while preserving the elegance and refinement of this iconic heritage building.

**Proposed Lease Terms:**

Premises: 3,147 gross sq. ft. Space is being leased in its “as is” condition.

Tenant Improvements: Tenant will complete renovations required to create a restaurant with a minimum value of no less than \$1,450,000.00 in improvements, no later than twelve (12) months from the Effective Date of the Lease. Any additional funds required to complete the Tenant Improvements will be the Tenant’s responsibility.

Term: Seven (7) years from the Effective Date of the Lease with two (2) additional, five-year renewal options, at the City’s discretion.

Base Rent and Escalations: Monthly rent at \$45.00 per sq. ft. on the second year of the term, increasing at the rate of three percent (3%) per annum thereafter.

Lease Year	Rent Per Square Foot	Annual Base Rent*
2	\$45.00	\$141,615.00
3	\$46.35	\$145,863.45
4	\$47.74	\$150,239.35
5	\$49.17	\$154,746.53
6	\$50.65	\$159,388.93
7	\$52.17	\$164,170.59

Additional Rent: Commencing on the Rent Commencement Date, the Tenant will pay Landlord Tenant’s proportionate share of real property taxes and insurance for the Premises on a monthly basis.

Renewal Period Rent Increases: The Tenant will have two (2) additional, five-year renewal options, at the City’s discretion. Both the first and second renewal periods shall be subject to an adjustment of no more than eight percent (8%) over the Base Rent plus annual adjustments of three percent (3%).

Rent Commencement: The Tenant will not pay Base Rent for the initial twelve (12) months of the Lease Term while the Tenant performs the \$1,450,000.00 in Tenant Improvements to the Premises.

Security Deposit: Three (3) months at \$45.00 per sq. ft. (\$42,091.13).

The proposed tenant has the required restaurant design, build-out, and operations experience required for the total renovation/build-out and successful operation of the Premises. If approved by the City Commission, the Francesco Restaurant branded, chef-driven, dining concept will contribute to the vibrancy and resiliency of the downtown as the city continues to work towards making Coral Gables one of South Florida’s premier dining destinations.

Pursuant to the requirements of **Division 12 of the Procurement Code, Section No. 2-1094 - Analysis for Purchase, Sale or Lease of City Property**, the proposed Lease Agreement will also be presented to:

- The Economic Development Board on October 3, 2022, for its recommendation to the City Commission. The Board recommended approval unanimously.
- The Budget and Audit Advisory Board on October 4, 2022, for its recommendation to the City Commission.

Pursuant to the requirements of **Division 12 of the Procurement Code, Section No. 2-1094 - Analysis for Purchase, Sale or Lease of City Property**- the Property Advisory Board provides answers to the following three (3) questions (suggested answers are below):

**1. Does the proposed use conform to the city's comprehensive plan and is it compatible with the surrounding neighborhood?**

The proposed restaurant/entertainment use is consistent with the City’s comprehensive plan (goals, objectives, and policies) and is compatible with the surrounding neighborhood. It also conforms with the goals and objectives of the City’s Retail Strategy which recommends branded, chef-driven dining concepts that contribute to the vibrancy and resiliency of the downtown. The proposed dining/entertainment use also continues to work towards the goal of making Coral Gables one of South Florida’s premier dining destinations.

**2. Analyze the positive or negative impacts on adjacent property including, but not limited to, open space, traffic, access considerations, noise level, property values, improved development patterns and provision for necessary services including municipal utilities and other infrastructure systems and the needs and costs associated with the needed improvements. To the extent needed, traffic studies and other professional studies required shall be the responsibility of the proposed purchaser, developer, or lessee.**

<b>Categories</b>	<b>Positive Impacts</b>	<b>Negative Impacts</b>
<b>Open Space</b>	<b>N/A</b>	<b>N/A</b>
<b>Traffic</b>	<b>Reduction Traffic Impact</b>	<b>N/A</b>
<b>Access</b>	<b>Existing</b>	<b>N/A</b>
<b>Noise Level</b>	<b>Same as Previous Use</b>	<b>No Impacts</b>
<b>Property Values</b>	<b>Increase</b>	<b>N/A</b>
<b>Improved Development Patterns</b>	<b>N/A</b>	<b>N/A</b>
<b>Municipal Services</b>	<b>Same as Previous Use</b>	<b>N/A</b>

The Premises is located in the heart of the downtown on Miracle Mile and will contribute to the vibrancy of its dining and shopping area. The addition of a new, branded, chef-driven dining venue will have additional economic benefits to the area. Patrons will enjoy a

convenient location to arrive, valet park, and explore the downtown thereby increasing economic impacts to the surrounding commercial areas. The \$1,400,000 in tenant improvements will include a new interceptor system as well as significant upgrades and improvements to the city-owned space which was outdated and in need of full renovation.

**3. Are the terms and conditions of the proposed purchase, sale, or lease of city property; or the proposed purchase or lease by the city of non-city property based on market terms and value?**

The proposed Lease keep within market terms and values expanding the City's revenue base, creating jobs, and proposing a significant increase to the City's revenue stream. As such, there is material inducement for the Landlord to lease the Premises to the Tenant. Whereas the previous tenant's Lease for the Premises was at \$38.25 per sq. ft, the proposed Lease will increase the City's revenue base with rent at \$45.00 per sq. ft. during the second year of the Lease Term, increasing at the rate of three percent (3%) per annum thereafter. The Tenant will also pay the Landlord additional rent for its proportionate share of property taxes, and insurance. The restaurant should contribute to increasing parking revenues on Miracle Mile and at Garage #1 given the additional restaurant patronage.

After several discussions and questions, the Board agreed with the responses mentioned above.

**A motion was made by Mr. Lowell to approve the Board's interest to enter into a Lease with Francesco Miracle Miles, LLC, a Delaware limited liability company, for the City-owned premises located at 278 Miracle Mile, Coral Gables, Florida 33134 for a period of seven (7) years and with two (2) additional, five-year renewal options, at the City's discretion. The motion was seconded by Mr. Manrara. The motion was voted upon and adopted unanimously.**

**4. Other Business**

Ms. Sardiñas informed the Board that Mr. Elvis Fuentes was appointed as the new Director at the Coral Gables Museum and suggested inviting him to the next Property Advisory Board meeting in October.

Ms. Sardiñas informed the Board that the City has had all the City properties inspected. The City's tenants have been provided notices of maintenance deficiencies and both the City and the Tenants will be working on their respective responsibilities to correct the deficiencies. Moving forward, the properties will be inspected on a yearly basis.

Ms. Pastor informed the Board that she is resigning from the Board effective immediately. Ms. Pastor is Mayor Lago's appointee, and therefore the mayor will make a new appointment to the Property Advisory Board. Board members and staff expressed well wish and thanked Ms. Pastor for her service to the Board.

**5. Closing Remarks**

There being no further discussion, the meeting was adjourned at 9:22 a.m.

Respectfully submitted,

Yenisis Gomez, Administrative Assistant, Economic Development Department.

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