

**CITY OF CORAL GABLES**  
**Property Advisory Board Meeting Minutes**  
**Wednesday, July 15, 2015, 8:30 a.m.**  
**1 Alhambra Plaza, Suite 617, Coral Gables, Florida 33134**

**MEETING MINUTES**

<b>MEMBERS</b>	<b>A</b>	<b>J</b>	<b>J</b>	<b>A</b>	<b>S</b>	<b>O</b>	<b>N</b>	<b>D</b>	<b>J</b>	<b>F</b>	<b>M</b>	<b>APPOINTING ENTITY</b>
	'15	'15	'15	'14	'14	'14	'14	'14	'15	'15	'15	
Luis Espino Vice-Chair	A	P	P	P	X	P	P	X	P	X	P	Mayor Jim Cason
Ariel Fernandez			P									Commissioner Jeannett Slesnick
Luba DeWitt			P									Commissioner Patricia Keon
Valerie Quemada	E	P	P	P	X	E	P	X	P	X	P	Commissioner Vince Lago
Tony Gonzalez	P	P	P	E	X	P	P	X	P	X	A	Commissioner Frank Quesada
Andrew Nadal			E									City Manager
Vacancy												City Commission

A = Absent  
E = Excused Absence  
P = Present  
X = No Meeting

**STAFF AND GUESTS:**

Leonard Roberts, Assistant Director, Economic and Cultural Development Department

---

**Meeting Motion Summary:**

**A motion to approve the minutes of the June 24, 2015 meeting passed unanimously.**

**A motion to recommend that the City enter into a ten-year lease agreement with Starbucks with two-five year renewals at the proposed fixed rates and another two five-year renewals at market rates after 20 years, that the termination fee be raised from \$70,000 to one year's rent (\$108,900) plus half of the commission, and that the rent abatement be reduced from a total of 10 months to six months, passed unanimously.**

---

Mr. Roberts brought the meeting to order at 8:30 a.m.

**1. Introduction of New Board Members (Discussion)**

Mr. Roberts introduced the two new Board members present. Mr. Fernandez, who was appointed by Commissioner Jeannett Slesnick, is president of American Strategies Group, a Coral Gables public relations and marketing firm. Ms. DeWitt, who was appointed by Commissioner Keon, is a realtor who owns a brokerage firm. She recently served on the City's Communications Board.

**2. Review and approval of the Property Advisory Board Minutes of June 24, 2015.**

Mr. Roberts informed the Board members who were appointed after the previous meeting that the Board had voted to recommend that the City enter into a new lease agreement with Ortanique restaurant, which plans to spend \$300,000 to substantially improve the City-owned space it occupies at 286 Miracle Mile during the Streetscape renovations. The proposed terms, incorporating the Board's input, have been submitted to the tenant.

**Ms. Quemada made a motion to approve the minutes from the June 24, 2015 Board meeting. Mr. Gonzalez seconded the motion, which passed unanimously.**

### **3. Review Lease Terms for Starbucks (Action)**

Mr. Roberts informed the Board that Starbucks was interested in relocating from 200 Miracle Mile, which it leases from Terranova, to the City owned space at 292 Miracle Mile at the west end of the block. Mr. Roberts said that the space is about 2,250 square feet and that the tenant is taking the space "as is" and is planning to spend between \$850,000 and \$1 million for tenant improvements, which they would like 120 days to complete. Mr. Roberts added that the tenant wants the exclusive right to run the space as a coffee shop. The exclusivity clause would not allow a similar primary use to open in the adjacent City-owned building, he said. The initial term would be for ten years, with four consecutive five-year renewals. The tenant is requesting the right to terminate after five years with a termination fee of \$70,000. They would like the rate predetermined for the first ten years. The proposed 10 months consists of 4 months free rent to build out and 6 months with no base rent once they open for business. He said there would be no security deposit, given Starbuck's financial standing. Mr. Roberts shared commercial rental rates for Coral Gables from CoStar. The triple-net rate in the Central Business District is \$41.99 per square foot and \$42.81 for Miracle Mile. Supercuts, the current tenant at 292 Miracle mile is paying \$37.77, he said. Their lease expires January 31, 2016.

#### Starbucks – New Lease PROPOSED DEAL TERMS

##### Background:

The proposed tenant has been operating the Starbucks branch at 200 Miracle Mile and would like to relocate to the City-owned building at 292 Miracle Mile.

Tenant: Starbucks Corporation

Premises: Approximately 2,250 square feet located at 292 Miracle Mile, Coral Gables, FL. 33134. Space is being leased in its "as is" condition, and the tenant plans on spending \$1,000,000 in tenant improvements.

Use: Coffee Shop.

Termination Right: Tenant has the right to terminate with 120 days written notice after the 60<sup>th</sup> full calendar month of the term for a fee of \$70,000.

Term: 10 years commencing on the earlier of issuance of a certificate of occupancy or 120 months after possession date, which is projected to be when Supercuts moves out. The terms are as follows:

<b>LEASE YEAR</b>	<b>BASE RENT PER MONTH</b>	<b>PROPOSED BASE RENT PER SF</b>	<b>SUPERCUTS RATE</b>
Years 1 – 5	\$99,000	\$44.00	\$37.77
Years 6 – 10	\$108,900	\$48.40	

Renewal Terms: Tenant will have 4 consecutive 5-year renewal terms as follows:

<b>LEASE YEAR</b>	<b>BASE RENT PER MONTH</b>	<b>PROPOSED BASE RENT PER SF</b>
Years 11 - 15	\$136,125	\$60.50
Years 16 - 20	\$149,737	\$66.55
Years 21 - 25	\$164,722	\$73.21
Years 26 - 30	\$181,192	\$80.53

Abatement: Base Rent for the first six months after the Rent Commencement Date will be abated, but the tenant will pay its share of insurance, real estate taxes and other operating costs during that time. The abatement will be repaid if tenant defaults.

Costs: This will be on our standard lease form, so Tenant will be responsible for its share of common area costs including insurance, real estate taxes, and the BID assessment.

Security: None

Exclusive Use: Tenant's exclusive use of selling coffee and coffee related drinks as its main business for the adjacent City's owned properties (limited to new tenants).

Broker Fee: 4% fee of the total base rent (\$41,580), to be paid by the Shopping Center Group.

Mr. Espino was concerned with locking up the property for 30 years, while the tenant has the right to terminate at any time after five years. He suggested the tenant be given the right to terminate the lease at the end of each five-year term. Mr. Roberts said Starbucks would draw pedestrians to the shops around the Miracle Theater, which could use a destination business to draw potential customers. Mr. Espino agreed that keeping Starbucks would be good for the Mile but cautioned that "we don't want to give them the store." Mr. Roberts noted that the Economic Development Board (EDB) had suggested that the proposed lease be restricted to 20 years, instead of 30. The Board agreed that would be a good idea. Mr. Espino suggested that once the lease is signed there should be hard dates established for Starbucks to obtain the necessary permits so they are ready to take over the space when the Supercuts lease expires on January 31,

2016. Mr. Espino suggested the tenant be given a rent abatement totaling six months, which would include the four months to build out the space, and would continue to pay tax, insurance and other costs. Mr. Roberts cautioned that giving rent abatement for only six months “would be a hard sell.” He said Starbucks planned to set back the entrance to accommodate outdoor dining, increase piping for drainage, add grease traps and many other infrastructure renovations in addition to the aesthetic buildout. Mr. Roberts noted that the EDB had suggested that the tenant be asked to create a unique look like some of the Starbucks being opened in upscale communities. They also suggested that the renewal term increase by the same proportional rate and the termination fee be raised from the proposed \$70,000 to one year’s rent (\$108,900) plus unamortized abatement and half of the leasing commission.

The Board made the following necessary findings: that the proposed business conforms to the City’s comprehensive plan and is compatible with the surrounding area, that the tenant will positively impact adjacent retail space, and that the proposal is a market deal.

**Mr. Fernandez made a motion to recommend that the City enter into a ten-year lease agreement with Starbucks with two-five year renewals at the proposed fixed rates and another two after 20 years at market rates, that the termination fee be raised from \$70,000 to one year’s rent (\$108,900) plus half of the commission and that the rent abatement be reduced from a total of 10 months to six months. Mr. Gonzalez seconded the motion, which passed unanimously.**

#### **4. Outstanding Rent Report**

Mr. Roberts informed the Board that all City rents were up to date. He said that Bijan, the former tenant of the space occupied by Open Stage, had settled its rent case in court and that he was following up with the City Attorney to check the status of collections.

#### **5. Other City Business**

Mr. Roberts said the Fourth of July Fireworks Celebration was a success and that many of those who attended rode their bicycles and used the free bike valet parking. He said he would provide copies of the PAB’s current goals and asked the Board to prepare to discuss goals for the upcoming fiscal year at the August meeting.

The meeting was adjourned at 9:25 a.m.

Respectfully submitted,

Jorge Casuso, Economic Development Analyst - Economic and Cultural Development Department