

CITY OF CORAL GABLES
Economic Development Board Meeting Minutes
Wednesday, August 12, 2015, 8:00 a.m.
1 Alhambra Plaza, Suite 617, Coral Gables, Florida 33134

MEMBERS	J	F	M	A	M	J	J	A	S	O	N	D	COMMISSIONERS
	'15	'15	'15	'15	'15	'15	'15	'15	'14	'14	'14	'14	
Scott Sime Chair	P	E	P	X	X	X	P	P	P	P	P	P	Mayor Jim Cason
Olga Ramudo								P					Commissioner Jeannett Slesnick
Stuart McGregor							E	E					Commissioner Pat Keon
June Morris	P	P	E	X	X	X	P	E	P	E	P	E	Commissioner Vince Lago
Alexander Binelo	E	P	P	X	X	X	A	P	P	E	E	P	Commissioner Frank Quesada

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

STAFF AND GUESTS:

Leonard Roberts, Interim Director, Economic Development Department
Jorge Casuso, Business Development Analyst, Economic Development Department

Meeting Motion Summary:

A motion to approve the minutes of the March 4, 2015 Board meeting passed unanimously.

A motion to recommend that the City negotiate the lease terms for 292 Miracle Mile proposed by the PAB but be willing to settle for the Proposed Lease Terms if necessary to secure Starbucks as a tenant passed unanimously.

Mr. Sime brought the meeting to order at 8:08 a.m.

1. Introduction of new Board Member

Ms. Ramudo introduced herself and told the Board that since 1989 she has run a travel management company, Express Travel, geared towards corporate accounts. She is a member of the Executive Committee of the Beacon Council, a member of the Executive Board of Directors

of the Greater Miami Chamber of Commerce and a member of the U.S. Travel and Tourism Advisory Board. Ms. Ramudo also said she owns investment properties in Coral Gables.

The two Board members present also introduced themselves. Mr. Binelo said he is a partner at the CPA firm Morrison, Brown, Argiz & Farra. He has been involved with the Coral Gables Chamber and the United Way, among other organizations. Mr. Sime said he owns SIME Realty, which specializes in high-end houses and commercial real estate. He is a member of the University of Miami Real Estate Advisory Board and a board member for the Orange Bowl Committee and for the Miami Lighthouse for the Blind and Visually Impaired.

2. Review of the March 4, 2015 meeting minutes (Action)

Mr. Binelo made a motion to approve the minutes of the March 4, 2015 Board meeting. Ms. Ramudo seconded the motion, which passed unanimously.

3. Review of proposed lease with Starbucks Corporation, with regard to City owned property at 292 Miracle Mile

Mr. Roberts informed the Board that Starbucks was interested in relocating from the east end of the 200 block of Miracle Mile to the City owned space at 292 Miracle Mile at the west end of the block. He said Starbucks planned to spend between \$800,000 and \$1 million to renovate the space, including setting back the entrance to accommodate outdoor dining, increasing piping for drainage and making other infrastructure renovations in addition to the aesthetic buildout. Base rent for the first six months after the rent commencement date would be abated, he said. The proposed deal terms call for an initial 10-year lease with four 5-year renewals. Given Starbucks's financial standing, there would be no security deposit. There would be a 4% real estate commission fee. The Deal Terms give the tenant the right to terminate the lease with 120 days written notice after the 60th full calendar month of the term for a fee of \$70,000.

Mr. Roberts said the deal terms had been reviewed by the City's Budget Advisory Board and the Property Advisory Board (PAB). The PAB recommended 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, he said. The PAB also suggested 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. Roberts said Starbucks was a "destination location" that would enliven the street with more pedestrian traffic and bring customers to the west end of the block, helping the businesses there. He said the City's goal was not just to make money, but to spark more business, and as a result was willing to keep the rates reasonable. He predicted rents on the Mile could go above \$100 per square foot after the Streetscape Project is completed. Mr. Roberts said the City had sent Starbucks a counter-offer on August 4.

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 60th 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:

LEASE YEAR	BASE RENT PER YEAR	PROPOSED BASE RENT PER SF	SUPERCUTS RATE
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:

LEASE YEAR	BASE RENT PER YEAR	PROPOSED BASE RENT PER SF
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. Sime said Starbucks would have a positive impact at the proposed location and said it was important to secure them as a tenant. Ms. Ramudo agreed, adding that Starbucks was a destination. Both cautioned that it was not worth losing Starbucks over minor changes in the proposed deal terms.

Ms. Ramudo made a motion to recommend that the City negotiate the lease terms proposed by the PAB but be willing to settle for the Proposed Lease Terms if necessary to secure Starbucks as a tenant. Mr. Binelo seconded the motion, which passed unanimously.

4. **Other City Business**

Mr. Roberts informed the Board that the City was organizing a workshop for retirees who want to start a business or invest and was looking for panelists in the fields of accounting, law and small business administration. On a different topic, Mr. Sime requested that Mr. Roberts provide vacancy and rental rates for office and retail spaces in Coral Gables for the past four quarters. Ms. Ramudo offered to help showcase Coral Gables with the site selectors that work with the Beacon Council, on whose executive committee she serves. She suggested that an official from the Beacon Council be invited to attend an upcoming EDB meeting. Mr. Sime agreed the City should "leverage off of Beacon Council's efforts." Ms. Ramudo also suggested that the Economic Development Department make presentations before international chambers of commerce.

Mr. Roberts said the Economic Development Department was launching a business newsletter that would be sent by email and regular mail to the more than 8,000 businesses located in Coral Gables. The newsletter would provide real estate and market trends that would be valuable to business owners in the City. The newsletter would also possibly include the time it takes to get a city building permit, which could help change the perception that the process is excessively lengthy. Ms. Ramudo said it was important to get the word out that Coral Gables is a good place to do business. She suggested that the newsletter include parking rates that show the cost of parking in Coral Gables is lower than competing areas. Mr. Sime said it would also be helpful to include a summary of available parking. Ms. Ramudo suggested that the newsletter should also be distributed to businesses outside Coral Gables, including those in Brickell and Coconut Grove. She said that many lawyers who have had offices in Brickell for years are moving to the Gables, which is more pedestrian friendly and has a trolley that makes it easy to get around. Mr. Roberts said that encouraging office and residential development increases demand for retail in

the City, making it an important objective.

There being no further business, the meeting was adjourned at 9:04 a.m.

The next Economic Development Board meeting will be held on September 2, 2015.

Respectfully submitted,

Jorge Casuso, Economic Development Analyst, Economic Development Department