

CITY OF CORAL GABLES BUDGET/AUDIT ADVISORY BOARD

Tuesday, October 4th, 2022, 8:00 a.m.

Location: City Hall Commission Chambers

405 Biltmore Way, 2nd Floor, Coral Gables, FL 33134

Public via Zoom: Meeting ID: 814 3489 7118

MEETING MINUTES

MEMBERS	N	D	J	F	M	A	M	J	J	A	S	O	APPOINTED BY:
	21	21	22	22	22	22	22	22	22	22	22	22	
John Holian	P	-	A	P	P	P	-	-	P	-	P	P	Vince Lago
Francisco Paredes	P	-	P	P	PVC	P	-	-	P	-	AE	P	Vice Mayor Michael Mena
Javier Banos	P	-	P	P	P	PVC	-	-	PVC	-	P & VC	P	Rhonda Anderson
Matt Martinez	P	-	E	P	P	P	-	-	E	-	P	PVC	Jorge Fors
Carmen Sabater	P	-	P	A	P	A	-	-	E	-	PVC	E	Kirk Menendez

(Dash indicates no meeting; blank space indicates member not yet serving.)

^ New Member

#- Special meeting
P – Present

** - Resigned Member
A – Absent

PVC – Present Via Video Call
E - Excused

City Staff:

Diana Gomez, Finance Director

Keith Kleiman, Assistant Finance Director for Management, Budget & Compliance (Via Zoom)

Zeida Sardinias, Asset Manager, Economic Development

Call to Order:

The meeting was called to order at 8:02 AM by Frank Paredes. The roll was taken, and an in-person quorum was established since one member participated via Zoom. The meeting was also available on Zoom for public access.

Meeting Minutes:

A motion was made by Javier Banos to approve the minutes of both April 27th, 2022, and July 19th, 2022, and second by John Holian. The motion was voted upon and passed unanimously.

Frank Paredes inquired whether if all action items had been addressed from prior meetings. ***Javier Banos informed the board that he was still waiting to receive information with regards to the retirement selections made by the recent hires at the Country Club. Keith Kleiman informed the board that he had responded verbally but would follow up with HR for the exact numbers.***

• **Discussion: Lease Agreement – 278 Miracle Mile**

Zeida Sardinias, Asset Manager, presented the board with details surrounding the proposed lease by Francesco Miracle Miles, LLC. as a potential tenant for the city owned property located at 278 Miracle Mile (a restaurant inside the theater). The previous tenant vacated the property in July 2020 due to COVID. The City held two formal advertisement processes for several months and showed the property to 90 interested parties.

This tenant was selected from an initial pool of 8 applicants. This seven-year lease with two additional five-year renewal options at the city’s discretion uses a base rate of \$45 per sq. ft. (3,147) commencing in year two escalating at a rate of 3% per annum. An additional \$13.50 per sq. ft. will cover the tenant’s proportionate share of property taxes and insurance. Frank Paredes questioned how this rate compared to the rate granted to Sra. Martinez earlier in the year. Zeida explained how this is a different situation with a shorter term.

John Holian inquired about how the \$45 plus \$13.50 was determined and who decides if this is the best acceptable rate. Ms. Sardinas explained that the City conducted a lease market value assessment using the CoStar Commercial Real Estate Service and this rate was deemed appropriate. Matt Martinez added that \$60 is a healthy rate for the mile.

The Economic Development Team believes Francesco Miracle Miles, LLC. has the required design, and operations experience required for the total renovation. Additionally, this chef-driven, dining/entertainment concept will contribute to the vibrancy and resiliency of the downtown area as the city continues to work towards making Coral Gables one of the South Florida's premier dining destinations.

The agreement also includes a commitment by the tenant of \$1.450M for lease hold improvements over the first 12 months including the replacement of the grease trap and two HVAC systems. The tenant will not pay rent during this 12-month period.

The Board is required to provide answers to three specific questions as it relates to the terms listed which is required by the Economic Development Department to present it to the Commission.

- a. **Is the purchase, sale and/or lease consistent with the property appraisal as required under section 2-1092?** No. Appraisals are not performed for lease agreements. The City conducted a lease market value assessment using the CoStar Commercial Real Estate Service.
- b. **What is the immediate impact on the current fiscal budget and the long-term effect on future budgets, i.e., the long-term overall effect on the city?** Based on the information provided by the city, the leasing of this property will generate revenue which will positively impact the City's budget.
- c. **Considering the city's mission statement, are there other alternatives to entering the proposed transaction?** There are always alternatives, but a restaurant lease seems an appropriate choice under the City's mission to become a culinary destination.

Javier Banos expressed concern over the amount another tenant who had abandoned one of our properties which left us with significant debt (\$174K) and introduced the recommendation of a personal guaranty into the dialogue. Matt Martinez supported a personal guaranty of seven years.

Although the board was committed to answer three specific questions, all board members favored obtaining a personal guaranty for the first seven years of the lease to minimize the City's risk. Ms. Sardinas explained how the city monitors the progress by obtaining budgets, monthly financial reports with receipts and performs regular physical inspections to validate the investment. She also confirmed the investment funds by the tenant are not borrowed. Proof of funds was verified and there are funds in excess of the amount of the investment. No improvement dollars were offered by the City only rent abatement for 12 months. She also added that the renewals are not automatic but rather at the City's discretion.

A brief discussion ensued with regards to how the Commission viewed this board's recommendation. Ms. Sardinas explained that the position of each board is presented to the Commission, which then decides whether to adopt any of those recommendations. First and second reading opportunities make it possible to address changes to the transaction even though the tenant already signed the lease. Ms. Sardinas stated she will present this item as a unanimous vote by the Property Advisory Board and the Economic development Board, and state that when it was presented to the Budget Advisory Board,

they approved the item but proposed that a personal guaranty be secured for the first seven years of the lease. A motion to approve the selected responses was voted upon and adopted unanimously.

Several comments were made by Javier Banos, John Holian and Frank Paredes with regards to the intent/structure for the required questions under Division 12 of the Procurement Code, Section No. 2-1094-Analysis for Purchase, Sales or Lease of City Property. ***All members requested a discussion item be added on the agenda of our next BAB meeting (10/26/22).***

John Holian questioned if the city had an expedited permitting process for these types of projects. Ms. Sardinias mentioned that the City has a person specifically assigned to address it within City Manager's Office - Tony Silio.

- **Discussion: FY2021-22 Annual Report**

Frank Paredes reviewed the FY2021-22 Annual Report and recommended the answer to question number one be extended to include "...that of advisory." For question #2, the addition of "Discussed and submitted comments" should be added to all items referring to the review and/or sale of any city owned property. The changes were voted upon and passed unanimously.

Javier Banos discussed the need to have more influence as a board member over the financial decisions made by the city. Director Gomez explained that advisory boards do not have that type of control only the quasi-judicial boards such as the pension system or code enforcement boards. Both John Holian and Frank Paredes disagreed with Mr. Banos and preferred to act solely in an advisory role. Matt Martinez is not interested in a committee with decision making authority.

John Holian inquired if as an advisor, are the members of the board liable and how does the city protect their decisions. Director Gomez confirmed the city offers protection to all its members however Javier Banos mentioned the city does not insure but rather protects its participants through a city ordinance.

- **Discussion: Meeting Dates**

Frank Paredes requested an update to the meeting schedule to reflect the cancellation of the May 25th meeting. The next meeting date was confirmed for Wednesday, October 26th, 2022. ***Director Gomez addressed the need to invite directors from other business units with regards to parking, drainage and building services issues resulting from our last meeting.***

- **Discussion: Hurricane Ian & Other**

Frank Paredes questioned if we would be reimbursed for our support to Hurricane Ian. Director Gomez explained how we are working as a contractor and will track our expenses to allow us to submit for reimbursement to the State. It is not direct. ***Javier Banos questioned if we have been fully reimbursed for Surfside. Director Gomez will follow-up with its collection status.***

No Public Comments were made.

Adjournment: Meeting Adjourned at 8:44 AM.