

CITY OF CORAL GABLES
Property Advisory Board Meeting Minutes
Thursday, May 25, 2017, 8:30 a.m.
2121 Ponce de Leon Blvd., Suite 720, Coral Gables, Florida 33134

PAB MEMBERS	J	F	M	A	M	J	J	A	S	O	N	D	APPOINTING ENTITY
	'17	'17	'17	'17	'17	'17	'17	'17	'17	'16	'16	'16	
Luis Espino Chair	P	P	P	P	P					P	X	P	Mayor Jim Cason
VACANT													Commissioner Jeannett Slesnick
Luba DeWitt	E	P	E	E	P					P	X	P	Commissioner Patricia Keon
Valerie Quemada Vice Chair	P	P	E	P	E					P	X	P	Commissioner Vince Lago
Tony Gonzalez	E	P	P	P	P					P	X	P	Commissioner Frank Quesada
Andrew Nadal	P	P	P	P	P					A	X	P	City Manager
Andrea Molina	P	P	P	Ph	P					P	X	P	City Commission

A = Absent E = Excused Absence P = Present X = No Meeting Ph = Present by Phone

STAFF AND GUESTS:

Leonard Roberts, Assistant Director, Economic Development Department
Mariana Price, Administrative Assistant, Economic Development Department

Meeting Motion Summary:

A motion to approve the minutes of the April 12, 2017 meeting passed unanimously.

A motion to require acknowledgement of default from Bloom Boutique, but allowing them to continue paying contractual rent while paying past due rent in full, based on 20% of all sales over \$10,000/month.

A motion to require acknowledgement of default from Ortanique as well as requiring them to continue paying contractual rent while paying the past due balance over the next 12 months in equal installments passed unanimously.

Mr. Espino brought the meeting to order at 8:42 a.m.

1. Review of the April meeting minutes (Action)

Mr. Gonzalez made a motion to approve the minutes of the April 12, 2017 Board meeting. Mr. Nadal seconded the motion, which passed unanimously.

2. Outstanding Rent Due (Ortanique & Bloom Boutique) (Action)

Bloom Boutique

Mr. Roberts first reviewed the financial statement for Bloom Boutique, which included average monthly sales going back to March 2015. The statement showed sharp declines in sales over the past two and a half years. The board discussed and analyzed the potential and

feasibility of Bloom Boutique paying back the rent owed to the City if they are to continue sales at the current rate. The board took into consideration Bloom Boutique's 15 year history with the City, recalling when it was once located on Ponce de Leon Boulevard. The boutique has a loyal following, but has not been able to compensate its lost sales. The rent abatement that was approved by the City Commission before construction began last year is set to expire by the end of May, and the contractual rent rate will be due in June.

The Bloom Boutique rent analysis showed a trend of decreased sales over the past two and a half years, which means the percentage rent rate to sales has increased substantially. As of March 2017, Bloom Boutique was six months behind in rent, totaling just over 18 thousand dollars.

Ms. Molina made a motion for the agreement between the City and Bloom Boutique to require an acknowledgement of default from Bloom Boutique, allow them to continue paying the contractual rent rate, and 20% of any sales made over \$10,000/month to be returned to the City. If at any point they are unable to pay their rent moving forward, the City maintains its right to end the lease. Luba DeWitt seconded the motion, which passed unanimously.

Ortanique

Mr. Roberts reviewed the rent analysis for Ortanique, explaining that they are in default roughly \$97,000 as of May 2017. Mr. Espino did not understand, based on their financials, why they were in default of so much money. He asked if they had gone through with their renovations, to which Mr. Roberts replied that once their permits for renovations were approved, their sales dropped and they decided against going forward with those plans.

Board members expressed their skepticism over Ortanique's inability to pay their rent. When asked by Mr. Espino what their cost per square foot was, Mr. Roberts answered \$35 PSF. Mr. Espino shared his concerns that if more concessions were made, Ortanique would continue to ask for more concessions that other private real estate property owners would never allow. The board considered different options for the appropriate approach to Ortanique's default status. They evaluated the expenses Ortanique was claiming and, given their sales and the actual percentage of rent from their sales being less than 10%, that it was indefensible for them to not pay the City their due rent.

Mr. Espino reminded the board that the City already gave them concessions on the premise that they would renovate their restaurant, which they did not do. Ms. Molina offered that there are plenty of restaurants that would be happy to take that space on the Mile and be better, more compliant tenants. The board members had no sympathy for Ortanique's being in default with their current financial status. Mr. Espino stated simply "they have not met their commitments."

Ms. Molina advocated for a fixed amount to be paid back to the City on a monthly basis over the next 12 months. The rent abatement granted to the City's tenants on Miracle Mile (Bloom Boutique, Ortanique, and Haagen Dazs) during the construction of the streetscape project ends in May 2017.

Ms. Molina made a motion to require that Ortanique acknowledge default and to continue to pay the contractual rent rate along with paying their past due balance in equal installments over the next 12 months. Tony Gonzalez seconded the motion, which passed unanimously.

3. Other City Business

Mr. Espino offered a suggestion regarding the City-owned parking lot next to Doctors Hospital. Mr. Roberts provided some history, saying that the City signed a 30-year deal to lease Lot 24 to Doctors Hospital. The lease has an existing 30-year renewal term, and the rent increases are all tied to parking meter increases. This year is the first in five years that the parking rate has increased. Doctors Hospital has issued a renewal notice, and the existing lease states that all they have to do is issue a notice. To modify it, the City would have to amend the terms for Doctors Hospital's consideration. Recently, Doctors Hospital has shown an interest in purchasing the lot, and has ordered an appraisal. The City has also ordered an appraisal. Mr. Espino stressed that the appraisal should be based on the highest and best use. Mr. Roberts said the first appraisal came in at \$2.3 million, and when he revalued it as a valet operation, it came to \$3.5 million. He clarified that the valet operations appraisal was hypothetical, and that the true value likely lies in between \$2.3 and \$3.5 million for the lot.

The meeting was adjourned at 10:08 a.m.

Respectfully submitted,

Mariana Price, Administrative Assistant - Economic Development Department