

City of Coral Gables City Commission Meeting
Agenda Items H-1 and H-7 are related
January 26, 2016
City Commission Chambers
405 Biltmore Way, Coral Gables, FL

City Commission

Mayor Jim Cason
Commissioner Pat Keon
Commissioner Vince Lago
Vice Mayor Frank Quesada
Commissioner Jeannett Slesnick

City Staff

City Manager, Cathy Swanson-Rivenbark
City Attorney, Craig E. Leen
City Clerk, Walter J. Foeman
Deputy City Clerk, Billy Urquia
Assistant Director of Economic Development, Leonard Roberts

Public Speaker(s)

Agenda Items H-1 and H-7 are related [9:31:15 a.m.]

A Resolution authorizing the assignment of ERP OPERATING LIMITED PARTNERSHIP and EQR-SWN LINE VISTAS, INC (collectively “Transferor”) interest in the ground lease with regards to City owned property located at 353 Aragon Ave., otherwise known as Gables Grand to SCG ATLAS GABLES GRAND PLAZA, L.L.C., a Delaware limited liability company (“Transferee”) (Lease transfer of Gables Grand).

A Resolution authorizing entering into a third amendment to the Amended and Restated Agreement with Merrick Center, Ltd. with regard to City owned property located at 353 Aragon Ave, Coral Gables, Florida, otherwise known as Gables Grand (to set the equity IRR for future transaction rent).

Mayor Cason: We have a time certain item for now, which is Item H-1. This is a resolution. City Manager.

City Manager Swanson-Rivenbark: When the City entered into a public-private joint venture for the redevelopment of the Coral Gables bus terminal, the -- Miami-Dade had decided it would switch all of its bus terminals to the Metrorail station, so we had a vacant bus terminal. We went out to bid with a possibility of bringing residential into the downtown; ground floor retail, plenty of surface public parking reintroduced, and also, residential. Included in the 99-year lease agreement -- so the City has never sold that property. We still continue to hold it. There was a provision that any time the lease was to be sold, that the City had an opportunity to comment on it and also to receive a portion of the transaction rent. You also had the right to look at whoever the operator was going to be proposed. And so, today we have one of those proposed transitions. When we first built the property -- or when Prudential first built the property, they quickly sold their interest in the lease to Equity Residential. And today, Equity Residential is interested in selling its lease interest to an additional user, very well qualified, very well qualified operator, but it's an important part of the lease. So, I will call Javier Betancourt -- I'm sorry, I'm going to call Leonard Roberts, Assistant Director for Economic Development, to walk us through what we have today.

Economic Development Assistant Director Roberts: Good morning. Leonard Roberts, the Economic Development Assistant Director. So, part of the lease agreement requires that the new transferee meet certain criteria for having the actual lease assigned to them. The City reviewed that criteria and it was included in the agenda, specific requirements that meet the (INAUDIBLE), which includes they have to have a net asset base of about \$50 million. They have to meet certain other criteria; be a US corporation, no pending litigations, no felony indictments, no bankruptcies. The City reviewed their financial statements, reviewed the actual operator's information and we received a letter from the actual transferee -- I'm sorry, from the transferor certifying the qualifications of the transferee and the City feels confident that we can recommend that the actual transferee qualifies for potential assignment.

Mayor Cason: So, everything will stay the same in the building, it's just a new owner?

Economic Development Assistant Director Roberts: New owner, correct.

Mayor Cason: They're not doing any construction or anything?

Economic Development Assistant Director Roberts: Equity Residential had substantial renovations that were done to the building throughout the years. It's -- the potential new company is Starwood Capital Group. It's a fund within Starwood Capital that would be the actual owner of the property. I don't know if they anticipate doing any renovations. I do know that the deal does include a potential daycare use that, you know, maybe some tenant improvements that are added to it. Besides that, I'm not aware of anything.

Commissioner Slesnick: How many years do we have left on the lease?

Economic Development Assistant Director Roberts: It's a 99-year lease. It's 1996...

Commissioner Keon: Well, I was here when we entered into it, so...

Economic Development Assistant Director Roberts: 1991 so, 100 -- or 99 years...

City Manager Swanson-Rivenbark: And Leonard is absolutely right. Equity Residential has done an excellent job maintaining the building and all of the infrastructure improvements. And we're confident that the new holder of the lease will have similar attention to the property. Starwood Capital is not the hotel group. Frequently when you hear the term "Starwood" it will continue to be an excellent apartment building, three-bedroom, two-bedroom, one-bedroom, of very high occupancy, very good reputation, and they will be bringing in an operator to continue that service, so...

Economic Development Assistant Director Roberts: Yes.

City Manager Swanson-Rivenbark: We're very excited about it. It is also, for the public, an excellent place to park because there's ample public parking. It's for pay, but there's ample public parking in that garage and very well designed.

Economic Development Assistant Director Roberts: Yeah. And just, you know, for information purpose, Starwood itself has over 87,000 multifamily units, 2,600 hotels, 62 million square feet of office and 50 million square feet of retail, so very well versed to operate.

Mayor Cason: Okay, questions? Do we have a motion?

Commissioner Lago: I'll make the motion.

Mayor Cason: Commissioner Lago makes the motion.

Commissioner Slesnick: Second.

Vice Mayor Quesada: Second.

City Attorney Leen: We would like two votes; one on H-1, one on H-7. Two votes, one on H-1, one H-7.

Mayor Cason: Right, we're doing H-1 right now. So, Commissioner Lago made the motion and Commissioner Slesnick second. City Clerk.

Commissioner Slesnick: Yes

Commissioner Keon: Yes

Commissioner Lago: Yes

Vice Mayor Quesada: Yes

Mayor Cason: Yes

(Vote: 5-0)

Economic Development Assistant Director Roberts: Thank you.

Mayor Cason: And H-7.

Vice Mayor Quesada: So move.

Commissioner Lago: I'll second the motion.

Mayor Cason: Vice Mayor makes the motion. Commissioner Lago seconds. City Clerk.

Commissioner Keon: Yes

Commissioner Lago: Yes

Vice Mayor Quesada: Yes

Commissioner Slesnick: Yes

Mayor Cason: Yes

(Vote: 5-0)

City Manager Swanson-Rivenbark: And Mr. Mayor, thank you for voting unanimously on these two important items. As a part of the transaction, there is a complicated, but important formula that allows the City to benefit in the profit, and so we will be receiving somewhere between five hundred thousand dollars and a million dollars, depending on the daycare provision of the agreement, which would be very appropriate in the downtown. And so, we are referring to that as our Pennies from Heaven Fund that we never know if we're going to receive that kind of money. And we were ready to earmark it for your 2506 purchase, the 2506 Ponce, and so we may be

coming back to you asking your permission to use the transaction rent proceeds toward that. We're moving forward with the 2506 purchase that you allowed, and the title has approved -- has come back clean. The inventory of the historic furnishings is happening, and so we will be coming back to you at a later time asking permission to use this transaction rent to help purchase that building.

Mayor Cason: Okay.

[End: 9:38:02 a.m.]