

**CITY OF CORAL GABLES**  
**Property Advisory Board Meeting Minutes**  
**Wednesday, September 16, 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	'15	'15	'14	'14	'14	'15	'15	'15	
Luis Espino Chair	A	P	P	P	P	P	P	X	P	X	P	Mayor Jim Cason
Ariel Fernandez			P	P	P							Commissioner Jeannett Slesnick
Luba DeWitt			P	P	P							Commissioner Patricia Keon
Valerie Quemada Vice Chair	E	P	P	P	P	E	P	X	P	X	P	Commissioner Vince Lago
Tony Gonzalez	P	P	P	P	P	P	P	X	P	X	A	Commissioner Frank Quesada
Andrew Nadal			E	P	P							City Manager
Vacancy												City Commission

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

**STAFF AND GUESTS:**

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

**Meeting Motion Summary:**

**A motion to approve the minutes of the August 19, 2015 meeting passed unanimously.**

**A motion to recommend that the City enter into a ten-year lease agreement with Starbucks for the City owned space at 292 Miracle Mile starting at \$45 PSF with two-five year renewals at fixed rates starting at \$69.58 PSF and another two five-year renewals at market rates after 20 years, that the termination fee be \$100,000, and that the rent abatement be six months with an additional four months to build out, passed unanimously.**

Mr. Roberts brought the meeting to order at 8:40 a.m.

**1. Review and approval of the Property Advisory Board Minutes of September 16, 2015.**

**Mr. Fernandez made a motion to approve the minutes from the September 16, 2015 Board meeting. Mr. Nadal seconded the motion, which passed unanimously.**

**2. Introduction of Economic Development Director Javier Betancourt**

Mr. Roberts informed the Board that Mr. Betancourt, who assumed the post of director on Monday, was unable to be present because he had a meeting with Commissioner Quesada. He explained that it was customary for new directors to meet with Commissioners before attending Board meetings. Mr. Roberts said that Mr. Betancourt had served as Deputy Director of the Miami Downtown Development Authority and before that had worked as a principal planner for the City of Coral Gables. He said Mr. Betancourt had experience working with State legislators in Tallahassee and Congressmen in Washington D.C. to push his agency's agenda.

### **3. Update of new trolley station, Mediterranean Village, vacancy rates at Village of Merrick Park and an update on the Starbucks lease (Discussion)**

Mr. Roberts informed the new Board members that the PAB had recommended approval of a 30-month lease with the Miami-Dade County Public Schools to relocate the City's Trolley station to its building on S.W. 4<sup>th</sup> Street and 73<sup>rd</sup> Avenue. The City had planned to relocate the trolley facility to Fire Station 2 on US 1, but that plan had been put on hold while the City explored replacing its public safety building, which has structural problems that are too costly to repair. He said the City has been looking at possible sites for the new building, including the current site of Fire Station 2. Mr. Roberts informed the Board that the City Commission had approved the Mediterranean Village development in July and that the project would take about three years to complete. Mr. Roberts told the Board that the City does not have current vacancy rates for the Village of Merrick Park. Mr. Nadal said CoStar, which is viewed as the most reliable source for the data, reported a vacancy rate of 1.4% for Merrick Park, which he said seemed low. Mr. Roberts told the Board that the City leases the land to the mall and has a land lease that requires review of financial statements on an annual basis and the payment of percentage rent, which the company has not had to pay since the mall opened.

Mr. Roberts informed the Board that Starbucks had been presented with the counter terms the Board had approved for the City owned space at 292 Miracle Mile. The Board's counter terms included entering into a ten-year lease agreement with two-five year renewals at the proposed fixed rates and another two five-year renewals at market rates after 20 years or that the lease be terminated. The Board also recommended 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 that Starbucks came back with a proposal that increased the starting rate from \$44 SF to \$45 SF, followed by 2 percent increases for the first 10 years. This amounted to an increase of approximately \$20,000 a year in rent or \$400,000 over the first ten years, he said. Starbucks agreed to pay market rents after the first 20 years. Starbucks also estimated it would make \$850,000 to \$1 million in tenant improvements. Mr. Roberts said Starbucks would agree to a termination fee of \$100,000 and 10 month rent abatement. Starbucks had wanted to have the deal approved by August so renovations could start in January, he said.

**Mr. Fernandez made a motion to recommend that the City enter into a ten-year lease agreement with Starbucks for the City owned space at 292 Miracle Mile starting at \$45 PSF with two-five year renewals at fixed rates starting at \$69.58 PSF and another two five-year renewals at market rates after 20 years, that the termination fee be \$100,000, and that the**

**rent abatement be six months with an additional four months to build out. Mr. Nadal seconded the motion, which passed unanimously.**

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

Mr. Roberts informed the Board that all City rents were up to date except for Open Stage, which would be considered 30-days past due if it failed to pay by this time next month. He said the City was still negotiating a settlement agreement with the previous tenant, Bijans. He also said that Dulce Shoes had paid the \$6,000 it owed when it vacated the premises.

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

Mr. Roberts informed the Board that the HVAC system at the City leased Coral Gables Cinema needed to be replaced and that the Cinema had no funding to replace it. The Cinema, which under the lease agreement is responsible for the HVAC system, asked if the City could help since the system had experienced problems from the start. Mr. Roberts requested invoices for maintenance and repairs. Cinema officials said they had leased a temporary system for \$6,000 a month but their cash flow was constrained. They estimated a new system would cost about \$20,000. Mr. Roberts said that if there was an opportunity to help the City should consider it. He said the City has an elevator contract and an HVAC contract to maintain systems across the city. Mr. Espino requested financial statements and said there was no reason the Cinema wasn't making money. He said Mr. Roberts should canvass the directors and see what they feel about the operation. Mr. Gonzalez asked why they couldn't get financing for a new system. Mr. Roberts suggested the Board may want to revisit the contract and perhaps include a City loan to finance a new system over the remaining period of the lease. Mr. Espino suggested they go to a bank for financing. A city loan should be a last resort, he said.

Mr. Roberts informed the Board that the Miracle Mile and Giralda Avenue Streetscape had gone to the Commission in August and that the Commission had agreed to go "curbless" to enhance the pedestrian experience and give the City the option to close off the street to cars on special occasions. He also shared some of the latest statistics compiled by the Economic Development Department, some of which will be published in a newsletter the department planned to launch in October. The Board agreed to schedule the Business Tour prepared by the Department after its meeting Monday, November 16 at 8:30 a.m.

The meeting was adjourned at 9:40 a.m.

Respectfully submitted,

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