

CORAL GABLES

THE CITY BEAUTIFUL

Economic Development Board Meeting Meeting Minutes

Wednesday | January 5, 2022 | 8:00 a.m.

Location: Zoom and Police and Fire Headquarters (PFHQ), Community Meeting Room A
2151 Salzedo Street, Coral Gables, FL 33134

EDB MEMBERS	J	F	M	A	M	J	J	A	S	O	N	D	APPOINTING ENTITY
	'22	'22	'22	'22	'22	'22	'22	'22	'22	'22	'22	'22	
Julio Grabiell	A												Mayor Vince Lago
Olga Ramudo, Chair	P												Vice Mayor Michael Mena
Stuart McGregor	P												Commissioner Kirk R. Menendez
Tania Cruz- Gimenez	P												Commissioner Rhonda Anderson
Mary Snow	P												Commissioner Jorge Fors, Jr.
Barbara Perez	P												City Manager Peter Iglesias
Thad Adams	E												Chamber of Commerce

A=Absent E=Excused Absence P=Present X=No Meeting Ph=Present by Phone Z=Zoom - =Former Board Member

Staff and Guests:

Julian H. Perez, AICP, CFM, Director, Economic Development Department
 Belkys Perez, Assistant Director, Economic Development Department
 Zeida Sardiñas, Asset Manager, Economic Development Department
 Francesca Valdes, Business Development Coordinator, Economic Development Department
 Leticia Perez, International Business Development Coordinator, Economic Development Department
 Yenis Gomez, Administrative Assistant, Economic Development Department
 Gloria Serrano, Office Assistant, Economic Development Department

Welcome and Introduction

Ms. Gloria Serrano was introduced by Julian H. Perez, Director, Economic Development Department as the new Economic Development Office Assistant.

Chairwoman Ms. Olga Ramudo brought the meeting to order at 8:18 a.m.

1. Review and approval of December 1, 2021, Economic Development Board Meeting Minutes. Ms. Snow made a motion to approve the meeting minutes and Mr. McGregor seconded the motion, which passed unanimously. There was no discussion regarding the minutes.

2. Excuse Board member absences

Mr. McGregor made a motion to excuse today's absence for Mr. Adams. Ms. Snow seconded the motion, which passed unanimously. There was no discussion regarding the absences.

3. 2325 Galiano Street Lease Presentation

Ms. Zeida Sardiñas informed Board members that the Economic Development Department will be presenting an Ordinance on first reading for the City Commission's approval at the February 2022 City Commission meeting. The Ordinance is requesting authorization to enter into a lease with SRA Coral Gables Restaurant, LLC, a Delaware limited liability company, for the City-owned premises located at 2325 Galiano Street, Coral Gables, Florida 33134 for a period of fifteen (15) years and with two (2) additional, five-year renewal options, at the City's discretion. City Staff recommends approval.

Pursuant to the requirements of **Division 12 of the Procurement Code, Section 2-1094 -Analysis for Purchase, Sale or Lease of City Property-** the proposed Lease Agreement is being presented to the Economic Development Board for its recommendation to the City Commission.

BRIEF HISTORY AND PROPOSED LEASE TERMS:

In May of 2020, the City of Coral Gables (the "Landlord") ended its Lease with the previous tenant for the City-owned property at 2325 Galiano Street, Coral Gables, FL 33134 (the "Premises"). Since then, the Economic Development Department (the "Department") has been marketing the Premises in search of an experienced restaurateur with a chef-driven restaurant/entertainment concept. The ideal tenant also needed to have had a leading role in the design/execution of restaurant build-out project(s) of similar size and/or complexity given that the Premises needed a full renovation/build-out. Between May 2020 and August 2021, the Department showed the Premises to over twenty-five (25) interested parties and reviewed three (3) proposals with the City Manager who selected SRA Coral Gables Restaurant, LLC dba SRA. Martinez (the "Tenant") as the proposed Tenant for the Premises.

Concept:

The proposed SRA. Martinez restaurant/entertainment concept was submitted by renowned James Beard Foundation Best Chef in The South Winner Michelle Bernstein and her husband/business-partner David Martinez. Chef Bernstein is one of only four chefs in South Florida who have won the prestigious James Beard Award and is also the only female chef in South Florida to have received this national honor.

SRA. Martinez will be Chef Bernstein's new signature dining/entertainment experience created exclusively for downtown Coral Gables as follows:

- The restaurant will entail a bright and lively design aesthetic, as well as indoor and outdoor seating that will pay great attention to detail with textures, patterns, colors, and strategic ambient lighting.
- The length of the room will be outfitted with sliding glass doors for an indoor-outdoor feel throughout the day. An extended cocktail bar will bring the entire room together as the restaurant transitions from a fast-paced business lunch setting during the day to a bustling happy hour after working hours.

- In the evening, SRA. Martinez will transform itself into a more intimate dinner experience that will incorporate exclusive, upscale live entertainment for all ages.
- The restaurant will offer an eclectic menu of old-world favorites as well as innovative, contemporary dishes, all infused with Chef Bernstein's eye for great product and her signature flavors.
- SRA. Martinez will also provide vibrant cocktails and innovative mixology as well as an exclusive wine-list to pair with Chef Bernstein's acclaimed cuisine.

Experience/Brand/Design/Build-Out:

- Since 2001, Chef Bernstein and David Martinez have been involved in the design, build-out, opening, and day-to-day operations of prominent restaurants in South Florida including Azul at the Mandarin Oriental Hotel on Brickell Key, Michy's, Crum on Parchment, and Sra. Martinez in the Design District, as well as Seagrape at the former Thompson Hotel in Miami Beach.
- Chef Bernstein and Mr. Martinez currently own and operate Michelle Bernstein Catering, the acclaimed Cafe La Trova restaurant/bar on Calle Ocho, and the internationally recognized Miami Beach cocktail bar, Sweet Liberty.
- Chef Bernstein currently hosts two television shows: Check, Please! on South Florida (PBS) and the Emmy-award winning SoFlo Taste on Channel 10. Chef Bernstein also regularly appears as a guest judge on nationally televised culinary competition programs, such as Bravo TV's Top Chef and the Food Network's Chopped, also making appearances on ABC's Good Morning America cooking segments.
- Chef Bernstein has partnered with American Express to create the menu for the Centurion Lounge at Miami International Airport, and is a Lexus Culinary Master, a select group of the country's most talented chefs, restaurateurs, and sommeliers. Chef Bernstein also devotes her time to a national program, Common Threads, that she brought to South Florida to teach underprivileged children about cooking and eating healthy.

Proposed Lease Terms:

Premises: 4,111 gross sq. ft. Space is being leased in its "as is" condition.

Tenant Improvements: Tenant will complete renovations required to create a restaurant with a minimum value of no less than \$1,300,000.00 in improvements, no later than twenty-four (24) months from the Effective Date of the Lease. Any additional funds required to complete the Tenant Improvements will be the Tenant's responsibility.

Term: Fifteen (15) years from the Effective Date of the Lease with two (2) additional, five-year renewal options, at the City's discretion.

Base Rent and Escalations: Monthly rent at \$31.00 per sq. ft. during the third year of the Lease Term, \$34.00 per sq. ft. during the fourth year of the Lease Term, increasing at the rate of three percent (3%) per annum thereafter.

Lease Year	Rent Per Square Foot	Annual Base Rent
3	\$31.00	\$127,441.00
4	\$34.00	\$139,774.00
5	\$35.02	\$143,967.22
6	\$36.07	\$148,286.24
7	\$37.15	\$152,734.82
8	\$38.27	\$157,316.87
9	\$39.42	\$162,036.37
10	\$40.60	\$166,897.47
11	\$41.82	\$171,904.39
12	\$43.07	\$177,061.52
13	\$44.36	\$182,373.37
14	\$45.69	\$187,844.57
15	\$47.06	\$193,479.91

Additional Rent: Commencing on the nineteenth (19) month from the Lease Effective Date, the Tenant will pay Landlord no more than \$9.00 per sq. ft. to cover Tenant’s proportionate share of real property taxes, insurance, common area maintenance and operating costs for the Premises. Annual increases to Additional Rent shall not increase more than 5% per year during the term of the Lease.

Renewal Period Rent Increases: Tenant will have two (2) additional, five-year renewal options, at the City’s discretion. The first renewal period at the end of the initial Lease Term shall be subject to an adjustment of no more than eight percent (8%) over the Base Rent plus annual adjustments of three percent (3%). The Second renewal period shall also be subject to an adjustment of no more than eight percent (8%) over the Base Rent at the end of the First Renewal Period, plus annual adjustments of three percent (3%).

Rent Commencement: The Tenant will not pay Base Rent (the “Tenant”) for the initial twenty-four (24) months of the Lease Term while the Tenant performs the \$1,300,000.00 in Tenant Improvements to the Premises.

Security Deposit: Three (3) months at \$31.00 per sq. ft. (\$31,860.25).

The Department believes that the proposed tenant has the required restaurant design, build-out, and operations experience required for the total renovation/build-out and successful operation of the Premises. The Department also believes that if approved by the City Commission, the SRA. Martinez branded, chef-driven, dining/entertainment concept will contribute to the vibrancy and resiliency of the downtown as the city continues to work towards making Coral Gables one of South Florida’s premier dining destinations.

Pursuant to the requirements of **Division 12 of the Procurement Code, Section No. 2-1094 - Analysis for Purchase, Sale or Lease of City Property**, the proposed Ordinance will also be presented to:

- The Property Advisory Board on January 12, 2022, for its recommendation to the City Commission.
- The Budget and Audit Advisory Board on January 26, 2022, for its recommendation to the City Commission.

Pursuant to the requirements of **Division 12 of the Procurement Code, Section No. 2-1094 - Analysis for Purchase, Sale or Lease of City Property**- the Economic Development Board provides answers to the following three (3) questions (suggested answers are below):

1. Is the proposed use in keeping with the city goals and objectives?

The proposed use of the Premises as a restaurant/entertainment space keeps with the goals and objectives of the City's Retail Strategy which recommends branded, chef-driven dining concepts with entertainment components that contribute to the vibrancy and resiliency of the downtown. The proposed dining/entertainment use also continues to work towards the goal of making Coral Gables one of South Florida's premier dining destinations. The Premises are located in the heart of the downtown and at the base of the City's Parking Garage #6. Therefore, patrons of this new Michelle Bernstein dining/entertainment experience will also enjoy a convenient location to arrive, park, and explore the downtown thereby increasing economic impacts to the area.

2. What is the economic impact to the city including, i.e. is the proposed use in keeping with a public purpose and community needs, such as expanding the city's revenue base, reducing city costs, creating jobs, creating a significant revenue stream, and improving the community's overall quality of life?

The proposed use and occupancy of the Premises keeps with the public purpose/benefit of expanding the City's revenue base, creating jobs, and proposing a significant increase to the City's revenue stream. As such, there is material inducement for the Landlord to lease the Premises to the Tenant. Whereas the previous tenant's Lease for the Premises was at \$22.00 per sq. ft, the proposed Lease will increase the City's revenue base with rent at \$31.00 per sq. ft. during the third year of the Lease Term, \$34.00 per sq. ft. during the fourth year of the Lease Term, increasing at the rate of three percent (3%) per annum thereafter. The Tenant will also pay the Landlord additional rent starting on the 19th month from the Lease effective date for its proportionate share of property taxes, insurance, common area maintenance and operating costs not to exceed \$9.00 per sq. ft and not to increase at more than 5% per year thereafter. Parking revenues at Garage #6 are also expected to increase given the additional restaurant/entertainment patronage.

3. Are there alternatives available for the proposed disposition, including assembly of adjacent properties and can the project be accomplished under a private ownership assembly?

Yes, there are other alternatives to this type of use, however, at this time, this is the most appropriate use for the location since it meets all of the requirements envisioned and recommended by the Retail Strategy for the area.

The board agreed with the provided responses.

A motion was made by Ms. Cruz-Gimenez to approve the City of Coral Gables to enter into a Lease with SRA Coral Gables Restaurant, LLC, a Delaware limited liability company, for the City-owned premises located at 2325 Galiano Street, Coral Gables, Florida 33134 for a period of fifteen (15) years and with two (2) additional, five-year renewal options, at the City's discretion. The motion was seconded by Ms. Snow. The motion was voted upon and adopted unanimously.

4. Business Tax License Report

Ms. Francesca Valdes updated Board members on the new and upcoming businesses in Coral Gables. The current vacancy rate on Miracle Mile is under 10%. The City pop up, Ben & Giules at 290 Miracle Mile is now open. They will be in the space for six months with a six-month option to renew.

Ms. Belkys Perez informed the Board regarding new office businesses that have recently opened in Coral Gables.

5. Open Discussion

Ms. Cruz-Gimenez congratulated the City of Coral Gables on a fantastic job during the Holiday Downtown Cleanup event.

Ms. Belkys Perez reminded the Board members that the February 2, 2022, meeting will focus on incentives. Commissioner Fors is interested in attending.

Ms. Barbara Perez requested an update on the International Cultural Events Initiative program. Ms. Leticia Perez informed Board members that we currently have several countries interested in hosting cultural events. Mr. Julian Perez added that Mexico is already committed to an event and that we will be sending another round of emails to all the multinational companies.

There being no further discussion, the meeting was adjourned at 8:49 a.m.

Respectfully submitted,
Yenesis Gomez, Administrative Assistant, Economic Development Department.