

CITY OF CORAL GABLES
Economic Development Board Meeting Minutes
Wednesday, August 24, 2017, 8:00 a.m.
2121 Ponce de Leon Blvd., Suite 720, Coral Gables, Florida 33134

EDB MEMBERS	J	F	M	A	M	J	J	A	S	O	N	D	COMMISSIONERS
	'17	'17	'17	'17	'17	'17	'17	'17	'17	'16	'16	'16	
Carolina Rendeiro	-	-	-	-	-	X	P	P	P	-	-	-	Mayor Raúl Valdés-Fauli
Olga Ramudo, Chair	P	P	E	P	P	X	P	P	P	P	P	E	Commissioner Michael Mena
Stuart McGregor	P	P	P	P	P	X	E	E	E	P	E	E	Vice Mayor Pat Keon
June Morris	P	P	P	P	P	X	P	P	Ph	P	P	P	Commissioner Vince Lago
Elizabeth Patino	-	-	-	-	-	X	E	P	P	-	-	-	Commissioner Frank Quesada

A = Absent E = Excused Absence P = Present X = No Meeting Ph = Present by Phone - =Former Board Member
 *July's meeting took place on June 27th and September's meeting took place on August 24th

STAFF AND GUESTS:

Javier Betancourt, Director, Economic Development Department
 Leonard Roberts, Assistant Director, Economic Development Department
 Francesca Valdes, Business Development Marketing Specialist, Economic Development Dept.
 Mariana Price, Administrative Assistant, Economic Development Department
 Steve Krams, President & Executive Director, Coral Gables Art Cinema
 Brenda Moe, Administrative Director, Coral Gables Art Cinema

Meeting Motion Summary:

A motion to approve the minutes of the August 2, 2017 meeting passed unanimously.

A motion to approve that the City approve a nonbinding letter of interest in working with the cinema to expand their facilities (upon the expiration of the current tenant's lease in 2020) with the terms to be finalized at a later date passed unanimously.

Mrs. Ramudo brought the meeting to order at 8:15 a.m.

1. Review of the August meeting minutes (Action)

Mrs. Rendeiro made a motion to approve the minutes of the August 2, 2017 Board meeting. Mrs. Patino seconded the motion, which passed unanimously.

2. Economic Development Director's Report

Mr. Betancourt explained that moving forward the City Clerk's Office would like present board members to vote on whether or not to approve the absence of other board members. Mrs. Ramudo held a vote for excusing Stuart McGregor's absence, for which Mrs. Rendeiro made the motion to approve to excuse his absence, it was seconded by Mrs. Patino, and passed unanimously.

3. Coral Gables Art Cinema Presentation (Presentation) – *Steven Krams, President & Executive Director*

Mr. Betancourt introduced Steve Krams to the board who gave a presentation about the Coral Gables Art Cinema and its prospective future. Mr. Krams explained that the Art Cinema is a 501c-3 organization, which began as a partnership with the City and is now in its seventh year of operation. Mr. Krams presented the following information:

- The Cinema's annual budget is \$1.1 million.
- The Cinema shows approximately 190 films each year and attracts 55,000 patrons who come from all over Miami-Dade County, and travel from as far as Dania Beach and the west coast of Florida.
- 1,600 members who pay annual dues.
- 55% of cinema patrons spend money at other businesses in the Gables during their visit.
- 72% of patrons use the adjacent City garage during their visit.
- 91% of patrons return another time.
- The Art Cinema participates in Family Day on Aragon Avenue.
- The cinema runs the Film Flavors Program which is a partnership between cinema and restaurants to encourage patrons and promote businesses.
- The expansion would allow space for two more theatres plus more office space.
- The Patio 'n Things lease expires in the year 2020. That location is ideally suited for the cinema's expansion not only because it is adjacent but because it has the same ceiling height.
- It wouldn't make sense to have an additional operation as it would require hiring twice as much staff and would defeat the purpose of capitalizing off of several film distribution rights at the same time (as per film distribution requirements).
- Mr. Krams explained that the Cinema is forced to hold a movie for as long as four weeks at a time, which hinders the potential for cinema patrons to return within that same time period after they have already seen a film. Therefore, the new theatre rooms would help to capitalize on films as they would be able to rotate the showings of a particular film from screen to screen appropriate for its current demand.
- The Art Cinema has the opportunity to request a grant from the Knight Foundation, which won't provide funds unless the Cinema has the support from the City of Coral Gables, in the form of a letter of interest.

After some inquiry from board members voicing concern over the Art Cinema's potential competition nearby, specifically the Landmark Theatre at Merrick Park, Mr. Krams responded that an agreement had been made for that theatre not to aggressively seek for film licenses that the cinema is simultaneously seeking.

Mrs. Ramudo asked how much the City would be losing in revenue and how much the Cinema currently pays in monthly rent, to which Mr. Roberts responded that Patio 'n Things currently pays \$10,000/month. The business knows that the City wants to keep them in Coral Gables. The Art Cinema pays \$1,400/month. The City on the other hand, wants to encourage the growth of Aragon Avenue as a "cultural corridor," adding to the appeal of Books & Books and the Coral

Gables Museum, and even the Colombian Consulate. Mr. Roberts explained that this is more of an economic development decision than it is a financial one.

Brenda Moe added that the Cinema opens its doors to corporate patrons who want to entertain clients, host annual meetings, and reward employees with exclusive movie nights. The Cinema however, cannot always accommodate that demand due to its one screen limitation. The Cinema's rental program provides an additional revenue stream, which would have more potential if the Cinema had more than one screen. Mrs. Rendeiro suggested that a good way to market the cinema would be to cooperate with two groups who often give presentations for meetings, The DaVinci Group and Liquid Space.

Mrs. Morris expressed her concern that the Cinema was not offering a more high-end luxury experience with better seating. Mr. Krams explained that his brand is not based on competition with commercial theatres. Most, if not all, of the art and independent theatres around the country are much more traditional in design because of the terrible expense and space it takes up to create these larger and luxurious facilities. The Cinema seeks to get the project completed at most reasonable cost to the community. If they create luxury space, he doesn't think it's going to reward them with more patrons. The patrons that want to see the kind of product they have to offer are not relying on that kind of presentation of their facilities. Mr. Krams said it speaks for itself when they have the right product, as they are sold out and putting out folding chairs to accommodate everyone. People want to come to the theatre to see the unique and special things they have to offer. Mr. Krams explained he has over 50 years of experience in this business. He explained that the luxury chairs take up nearly three times as much of floor space, so they wouldn't be able to service the number of people they would like to serve.

Ms. Moe further offered that the Cinema gets a lot of positive feedback in terms of their seating, especially from older patrons, who say the big giant chairs are not comfortable; the cinema's chairs suit their needs. As far as Landmark and their foreign films, the Cinema is able to check their performance versus theirs, and the small 141-seat theater outperformed Landmark incredibly with the Hollywood blockbuster, "Dunkirk." They have the data to know they are standing toe-to-toe with Landmark even when the Cinema brings in Hollywood films. Mr. Krams expanded that the Cinema is a destination. There were 35 locations showing "Dunkirk" in the Miami-Dade County area with much larger auditoriums, and within the first two weeks of running that film, they were No. 10 of 35. He continued that it has happened in the past that the Cinema comes in at fifth or even third place for performance—in the country.

Leonard Roberts expanded on the Letter of Interest which would include the following terms:

Proposed Terms and Conditions:

1. Tenant: Coral Gables Cinemateque, Inc.
2. Initial Term: Initial term of the Lease shall be 10 years. The effective date to be determined. Tenant to retain 2 renewal options each for a period of 10 years.
3. Property Access: Tenant to have full and complete access to the Property in order for Tenant to initiate and complete Tenant improvements necessary for the intended use of the premises.

4. Lease Rate: Base rent for the Premises shall be based on Lease Rate arrangement to be negotiated between Tenant and Landlord.
5. Build-Out: Tenant to initiate and complete construction and build-out to include fixtures, equipment, seating, and projection systems. the city to complete demising walls, and hvac, electrical and plumbing.
6. Construction Allowance: Landlord shall give Tenant a construction allowance. Amount and terms to be negotiated.
7. Tenant Use: Non-profit Art Cinema presenting top quality films that may not be readily commercially available and for other cultural offerings including but not limited to film festivals, book readings, and small cultural performances presented by the Tenant and by other groups. Included in the use is the operation of a concession stand or food stations as an amenity to the Tenant's patrons, including the licensed sale of beer and wine.
8. Permits: Lease Agreement is contingent upon the City obtaining all necessary permits to include occupancy, zoning, etc. necessary for operating the intended business.
9. Audit Records subject to the provisions of Public Record Law, Florida Statutes Chapter 119, shall be kept and maintained in accordance with such Statute. Tenant acknowledges that records and books, not subject to exemption under Chapter 119, may be disclosed and/or produced to third parties by the City in accordance with requests submitted under Chapter 119 or court orders without penalty or reprisal to the City for such disclosure and/or production. Tenant also agrees to assert, in good faith, any relevant exemptions provided for under Chapter 119 for records in its possession on behalf of the City. Furthermore, Tenant agrees to comply with the provisions outlined in Section 119.0701 of the Florida Statutes.
10. Non-Binding This Letter of Intent is completely non-binding and has no effect on either party whatsoever until a Lease Agreement has been fully executed by both Tenant and Landlord.

If Landlord is desirous of leasing the Premises, a Lease will be prepared using the information contained herein. It is the intention of the parties to negotiate any remaining terms of the transaction and enter into a Lease. The parties are not bound until a Lease is executed.

4. Cinema expansion (Action)

Carolina Rendeiro made a motion to recommend the approval to write a nonbinding letter of interest to say the City has an interest in working with the cinema to expand their facilities (upon the expiration of the current tenant's lease in 2020) with the terms to be finalized at a later date (and if the terms are not finalized at a later date, there would be no deal). Elizabeth Patino seconded the motion, which passed unanimously.

5. Strategic Workshop (Discussion)

Mr. Betancourt suggested to the Economic Development Board that they consider meeting for a two-hour workshop to discuss the objectives and priorities of the Economic Development Board. The board members agreed and Mr. Betancourt said that Ms. Price would be reaching

out to schedule a convenient date and time.

6. Business Tax License Report

A report of the latest businesses to join the City was handed out to board members.

7. Other City Business

Mrs. Morris told Mr. Betancourt that she had heard the City Attorney, Craig Leen, had been meeting with different boards about creating historic districts in Coral Gables, for Miracle Mile, and asked him what he knew about it. Mr. Betancourt responded that he was unaware of any of those discussions but would find out more information and let her know.

The meeting was adjourned at 9:06 a.m.
Respectfully submitted,

Mariana Price, Administrative Assistant - Economic Development Department