

CORAL GABLES

THE CITY BEAUTIFUL

Property Advisory Board Meeting Minutes

Wednesday | January 12, 2022 | 8:30 a.m.

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

| PAB MEMBERS | MEETING DATES | | | | | | | | | | | | APPOINTING ENTITY |
|---------------------------|---------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------------------------------|
| | J | F | M | A | M | J | J | A | S | O | N | D | |
| | '22 | '22 | '22 | '22 | '22 | '22 | '22 | '22 | '22 | '22 | '22 | '22 | |
| Nancy Pastor Chair | P | | | | | | | | | | | | Mayor Vince Lago |
| Jack Lowell Vice-Chair | P | | | | | | | | | | | | Commissioner Kirk R. Menendez |
| Alberto Manrara | P | | | | | | | | | | | | Commission as a Whole |
| Edmund Mazzei | P | | | | | | | | | | | | City Manager Peter Iglesias |
| Frank Maderal | P | | | | | | | | | | | | Vice Mayor Michael Mena |
| Michelle Dunaj | E | | | | | | | | | | | | Commissioner Rhonda Anderson |
| Manuel Niebla | A | | | | | | | | | | | | Commissioner Jorge Fors, Jr. |

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
 Zeida Sardiñas, Asset Manager, Economic Development Department
 Francesca Valdes, Business Development Coordinator, Economic Development Department
 Yenis Gomez, Administrative Assistant, Economic Development Department
 Gloria Serrano, Office Assistant, Economic Development Department

Property Advisory Board Chair Ms. Nancy Pastor brought the meeting to order at 8:40 a.m.

1. Excuse Michelle Dunaj’s absence

Mr. Maderal made a motion to excuse Ms. Dunaj’s absence and Mr. Manrara seconded the motion, which passed unanimously. There was no further discussion.

2. Review and approval of November 10, 2021, Property Advisory Board Meeting Minutes.

Mr. Lowell made a motion to approve the meeting minutes and Mr. Maderal seconded the motion, which passed unanimously. There was no discussion regarding the minutes.

3. Asset Management Report

Ms. Sardiñas informed the Board members that there was no change from the previous report.

a) Unsolicited Bid Report

1. Ms. Sardiñas informed the Board members that no unsolicited bids were received.

b) Rent Report

Ms. Sardiñas provided the Board with a copy of the Rent Report and informed the Board there are no issues.

c) 2325 Galiano Street Lease Presentation

The Economic Development Department will be presenting an Ordinance on first reading for the City Commission's approval at an upcoming City Commission meeting on January 25, 2022. 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 Property Advisory 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 David Martinez currently own and operate Michelle Bernstein Catering, the acclaimed Cafe La Trova restaurant/bar on Calle Ocho, the internationally recognized Miami Beach cocktail bar, Sweet Liberty, and La Canita at the Bayside Marketplace.
- 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 was presented to:

- The Economic Development Board on January 5, 2022, for its recommendation to the City Commission. The Board recommended approval unanimously.

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 Budget and Audit Advisory Board on January 24, 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 Property Advisory Board provides answers to the following three (3) questions (suggested answers are below):

1. Does the proposed use conform to the city's comprehensive plan and is it compatible with the surrounding neighborhood?

The proposed restaurant/entertainment use is consistent with the City’s comprehensive plan (goals, objectives, and policies) and is compatible with the surrounding neighborhood. It also conforms 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.

2. Analyze the positive or negative impacts on adjacent property including, but not limited to, open space, traffic, access considerations, noise level, property values, improved development patterns and provision for necessary services including

municipal utilities and other infrastructure systems and the needs and costs associated with the needed improvements. To the extent needed, traffic studies and other professional studies required shall be the responsibility of the proposed purchaser, developer, or lessee.

| Categories | Positive Impacts | Negative Impacts |
|--------------------------------------|---------------------------------|-------------------------|
| Open Space | N/A | N/A |
| Traffic | Reduction Traffic Impact | N/A |
| Access | Existing | N/A |
| Noise Level | Same as Previous Use | No Impacts |
| Property Values | Increase | N/A |
| Improved Development Patterns | N/A | N/A |
| Municipal Services | Same as Previous Use | N/A |

The Premises are located in the heart of the downtown and at the base of the City’s Parking Garage #6 in close proximity to both the Giralda Plaza and Miracle Mile dining and shopping areas. The addition of a new, branded, chef-driven dining/entertainment venue will have additional economic benefits to the area. Patrons will enjoy a convenient location to arrive, park, and explore the downtown thereby increasing economic impacts to the surrounding commercial areas. The \$1,300,000 in tenant improvements will include relocation of the interceptor system to the restaurant’s exterior as well as significant upgrades and improvements to the city-owned space which was outdated and in need of full renovation.

3. Are the terms and conditions of the proposed purchase, sale, or lease of city property; or the proposed purchase or lease by the city of non-city property based on market terms and value?

The proposed Lease keep within market terms and values 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 \$21.49 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.

After several discussions and questions, the Board agreed with the responses mentioned above.

A motion was made by Mr. Maderal to approve the Board’s interest to have the City 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 Mr. Mazzei. The motion was voted upon and adopted unanimously.

d) Lease Amendment Extension Robert Maguire

Ms. Sardiñas updated the Board Mr. Maguire was provided with a Fourth Amendment to Lease extending the term of the lease from January 1, 2022 through March 31, 2022, both Landlord and Tenant can terminate the lease by providing a 30-day notice. The construction for the Pro Shop should be commencing in April of 2022. At which time, Burger Bob's will have to close.

Ms. Sardiñas informed the Board that the advertisement for the 2003 Granada Boulevard (Burger Bob's space) closed on January 10, 2022. We received three (3) proposals. The City Manager will be reviewing all the proposals received.

e) Update of Proposals under Review

Ms. Sardiñas informed the Board that the Coral Gables Country Club advertisement only received one (1) proposal from BTW Investments dba Barreto Hospitality. The City Manager is reviewing the proposal as well as other City run options for the Country Club.

4. Other Business

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

Ms. Sardiñas informed the Board that the Economic Development Department will be moving at the end of January into the Fink Studio.

Ms. Sardiñas updated the Board 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.

5. Closing Remarks

There being no further discussion, the meeting was adjourned at 9:41 a.m.

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