

CORAL GABLES PROPERTY ADVISORY BOARD

Minutes of June 10, 2009

Youth Center – Conference Room

405 University Drive, Coral Gables, Florida

MEMBERS:	J	J	A	S	O	N	D	J	F₁	F₂	A	M	
Mary Young	P	-	-	-	-	-	-	-	-	-	-	-	Mayor Donald D. Slesnick, II
Maurice Donsky	E	-	-	-	-	-	-	-	-	-	-	-	Commissioner Maria Anderson
Gustave (Gus) Perez	P	-	-	-	-	-	-	-	-	-	-	-	Vice-Mayor William H. Kerdyk, Jr.
James Hinrichsen	P	-	-	-	-	-	-	-	-	-	-	-	Commissioner Rafael “Ralph” Cabrera, Jr.
Luis M. Padron	A	-	-	-	-	-	-	-	-	-	-	-	Commissioner Wayne “Chip” Withers
Edmund J. Mazzei	P	-	-	-	-	-	-	-	-	-	-	-	City Manager Patrick Salerno
Valentin Lopez	E	-	-	-	-	-	-	-	-	-	-	-	City Commission

A = Absent

P = Present

E = Excused

STAFF:

R. Alberto Delgado, P.E., Public Works Department

Lorena Garrido, Public Works Department

GUESTS: Maria Alberro-Jimenez, Assistant City Manager; Jessica Wotherspoon, Business Development Specialist; Bob Bonham, Co-owner Preston Scott Design with Flowers

RECORDING SECRETARY: Lorena Garrido, Public Works Department

CALL TO ORDER:

The Chairman, Mr. Perez, called the meeting to order at 8:40 a.m.

ROLL CALL:

Ms. Garrido called the roll and members confirmed attendance.

MEETING ABSENCE:

Mr. Padron was absent.

MINUTES OF APRIL 15, 2009 MEETING:

The April 15, 2009 meeting minutes were previously approved via email.

SECRETARY'S REPORT:

- **New Members' Introduction**

New members introduced themselves. Mr. James Hinrichsen and Ms. Mary Young were present. Mr. Maurice Donsky and Mr. Valentin Lopez were excused.

- **Schedule of Outstanding Rent – Report as of May 31, 2009**

Mr. Delgado explained that this report is provided to the Board on a quarterly basis. He stated that two of the Lessees on the report with due balances, ZBA and Preston Scott are on today's meeting agenda for consideration and recommendation.

He further reported on a meeting with the City Attorney and Finance Department to clarify who collects rent balances. It was understood that the Finance Department is the one responsible for the collection of rent. If a tenant is (30) days past due, Finance Department will generate a letter and if a second letter is required, it will be referred to the City Attorney's office for legal action. Public Works Department is responsible for any facilities issues such as roof repairs, air conditioning, etc.

Mr. Perez mentioned that a few years ago the Board was made aware of this process and whose responsibility it was. He mentioned that he was surprised that this was still not clear.

Mr. Perez commented that the May 20th meeting was postponed due to this report not being complete and he still feels it's incomplete. He stated that the Biltmore is not being mentioned in this report and he asked for an explanation from Mr. Delgado. Mr. Mazzei added that he agreed with Mr. Perez's comments and stated that he would like for these minutes to go to the City Manager for him to become ware. He continued to say that the Board is tired of asking for this report and then when it's received it's not accurate.

Mr. Perez stated that as a Board they need to have this information, especially since the May 20th meeting was cancelled for not having this report.

Ms. Jimenez mentioned that she agreed with the Boards comments. She further stated that even though Finance is negotiating with the Biltmore they should be listed on the report provided.

Mr. Perez asked how far behind they were and Ms. Jimenez said she didn't know but that she'll find out. Mr. Delgado explained that when he asked Mr. Nelson what was going on with the Biltmore Mr. Nelson said that the Biltmore is claiming credit for improvements done to the golf course, building and pedestrian bridges. They also want credit for the environmental issues addressed.

Ms. Young mentioned that this should be placed on the report as footnotes as done with other tenants. Ms. Jimenez agreed.

Mr. Mazzei reiterated that this report is a schedule of outstanding rent so any outstanding rent should be listed. He mentioned that there are two (2) footnotes on ZBA and Preston Scott, but there are no notes on Ortanique and if the Biltmore was listed it should have footnotes as well. He continued to state that when Mr. Nelson was present they requested to know who is behind on rent, reason(s) why and status.

Mr. Perez said that the Board requires this and that they are not getting it.

Ms. Jimenez mentioned that the Board's message was clear.

Mr. Hinrichsen asked Ms. Jimenez if there was a meeting yesterday regarding the Biltmore's situation. Ms. Jimenez responded that she was not part of any meeting and that she had no knowledge of a meeting.

Mr. Hinrichsen stated that the Biltmore has actually about five (5) different accounts with the City and that they are all missing. He continued to ask Ms. Jimenez and Mr. Delgado if they have seen this. Ms. Jimenez said no and Mr. Delgado said that what he had seen was a print out from the EDEN system which is different from the report provided by Finance.

Ms. Jimenez said that this was going to be resolved and placed a call to Finance. The complete report including the Biltmore was provided to the Board shortly after.

In the meantime, Mr. Delgado stated that there was another issue which was the management of leases. That City leases are not managed by only one department. For example, the Country Club is managed by the City Manager's Office, Development manages other leases such as Preston Scott and Public Works manages other leases too. Each of these departments have control of their own leases and obviously know what is going on.

CITY COMMISSION BOARD RELATED ITEMS UPDATE:

Mr. Delgado mentioned that the only item was the one presented before the City Commission relating to the lease with Bijan's Coral Gables, LLC for the former Karma space located at 2325 Galiano Street. This will be discussed under "New Business".

CITY UPDATE:

Nothing at this time.

OLD BUSINESS:

- **Preston Scott lease – request for rent reduction**

Ms. Jimenez mentioned that she received a letter from Preston Scott which she has not been able to review in detail. However her concern is setting a pace for other lessees to follow as far as what is decided today.

Mr. Mazzei stated that he recommends encouraging the City Manager to work with Preston Scott to get them through this period. The alternative would be that the City will not find anyone to rent this large space to. He continued to add that Preston Scott received their tax bill in 2008 unexpected and apparently no one challenged the bill. He stated that if the assessment is above what it should be, this should have been challenged and if it wasn't challenged they should not be penalized.

Mr. Hinrichsen asked Mr. Bonham what this amounted to. Mr. Bonham replied that there is a comparable space on Galiano Street, a garage with retail, which was assessed at \$171.00/sq. ft. (approx. \$12,000.00) and that their space was assessed at \$456.00/sq. ft. (\$36,000.00).

Mr. Perez asked Mr. Bonham if during the initial construction of the space, if he was given rent abatement and he said no. However there were change orders which the City handled.

Mr. Perez stated that he personally feels that this issue needs to be tabled for the City Manager to look into this and then maybe discuss it at a special meeting.

Mr. Hinrichsen stated the he understands the hard times of Preston Scott and knows they've been a good tenant for a long time but in seeking to do something that is fair, he asked Mr. Bonham if he would consider having his lease terms changed and being on a month to month basis. That this may allow for the City to find a tenant that may be able to handle the rent amount.

Mr. Bonham replied that right now they are looking into a living and dying situation and that they made a personal investment in their space and hopes that whatever final solution is reached that this investment is acknowledged.

Mr. Mazzei commented that he does not recommend a month to month lease because it would be adverse for the City potentially as well as to Preston Scott.

Mr. Hinrichsen asked how would it be adverse to the City.

Mr. Mazzei replied that if it is month to month they could close and walk away. He further stated that he recommends that the City Manager defers the rent rather than forgiving it and maybe adding it to the last month's of their rent.

Ms. Jimenez asked Mr. Bonham what was the tax bill in 2007.

Mr. Bonham replied that there wasn't one. He stated that when they moved into the space, that it was classified in such a way that there wasn't a tax assessment.

Mr. Bonham mentioned that it was his understanding that it was contested but after it was paid.

Mr. Perez mentioned that we can discuss this forever but this needs to go to the City Manager and then brought back to the Board.

- **Burger Bob (Granada Snack Shop) – (1) year lease renewal with same terms and conditions**

Mr. Delgado explained that during the Country Club RFP process, Burger Bob's lease was renewed for one year which allowed to find the outcome of the RFP process, if it they would be included as part as the Country Club.

Ms. Jimenez asked if there was a letter from Burger Bob requesting a lease renewal.

Mr. Delgado said no that he would have it for the next meeting along with the lease terms.

NEW BUSINESS:

- **Review and consideration of a new lease with Bijan's Coral Gables, LLC (Monty's Coral Gables) at the former Karma space**

Ms. Jimenez explained that this lease agreement was presented to the City Commission as "negotiate and execute". The reason for this was because the Board's May 20th meeting was cancelled and this was already in the City Commission Agenda. Further explained that time is of the essence when dealing with these leases and the next scheduled Board meeting is in July. By placing this item as "negotiate and execute" it gives an opportunity to include other suggestions if needed. Ms. Jimenez continued to say that her understanding is that this lease with Bijan's Coral Gables is the same lease presented to the Board in February. That proposed lease was with Rumi which fell through. This lease is being presented today for consideration.

Mr. Mazzei mentioned for the new members' benefit that this lease was previously presented, marked-up and suggestions/changes were included. He further stated that the Board was satisfied with this lease. He said that he reviewed the red line version and only had one minor concern. This relates to the personal guarantee being good for only 18 months from the date of execution, which is fine as long as the tenant performs well. There is no caveat stating that if they don't perform well that this period would be extended. He suggested this added for leases with personal guarantee less than the term.

Mr. Mazzei motioned to accept the terms and conditions of this lease agreement with the notation that the previous Board members had gone through this lease and accepted it as well. Mr. Hinrichsen seconded the motion.

OPEN DISCUSSION:

There were no open items for discussion.

ADJOURNMENT:

Mr. Mazzei motioned to adjourn the meeting. Mr. Perez seconded the motion. The meeting was adjourned at 9:30 a.m.