

CORAL GABLES

THE CITY BEAUTIFUL

Economic Development Board Meeting Meeting Minutes

Wednesday | September 1, 2021 | 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
	'21	'21	'21	'21	'21	'21	'21	'21	'21	'21	'21	'21	
Julio Grabiell	Z	Z	Z	P	P	P	X	P	P				Mayor Vince Lago
Olga Ramudo, Chair	P	E	Z	P	P	P	X	P	P				Vice Mayor Michael Mena
Stuart McGregor	Z	E	Z	P	P	Z	X	E	E				Commissioner Kirk R. Menendez
Tania Cruz-Gimenez	-	-	-	-	-	Z	X	E	P				Commissioner Rhonda Anderson
Mary Snow	-	-	-	-	-	P	X	P	P				Commissioner Jorge Fors, Jr.
VACANT	-	-	-	-	-	-	-	-	-				City Manager Peter Iglesias
Thad Adams	-	-	Z	P	P	P	X	P	P				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

Chairwoman Ms. Olga Ramudo brought the meeting to order at 8:10 a.m.

1. Excuse Stuart McGregor and Tania Cruz-Gimenez's absence

Mr. Grabiell made a motion to excuse today's absence for Mr. McGregor, and excuse Ms. Cruz-Gimenez absence from the August 4, 2021 meeting. Mr. Adams seconded the motion, which passed unanimously. There was no discussion regarding the minutes.

2. Review and approval of August 4, 2021, Economic Development Board Meeting Minutes.

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

3. Multinational Company (MNC) Survey

Ms. Leticia Perez updated Board members that only six (6) Multinational Survey responses were received. We will be launching the surveys again and request the assistance of board members. Board members requested that Ms. Perez send them the Multinational list.

4. Downtown public art tour

Ms. Belkys Perez presented a new initiative in collaboration with the Historical Resource & Cultural Arts Department. The departments have created a self-guided walking tour of the Public Art pieces located in the Downtown. The tour can be accessed at the kiosks (3 on Miracle Mile & 1 Giralda Plaza). The tour poster provides information on each piece with the name of the artist along with directions to the artwork. Mr. Grabiell mentioned that it would be beneficial to include physical markers or QR codes at each site of the art piece.

5. Mayor's initiative: International events

Ms. Leticia Perez informed Board members regarding the Mayor's new initiative on hosting international cultural events. The Mayor would like the City to partner with members of the International Consular Corps to create five (5) events a year that provide rich cultural offerings to the community. This initiative will commence in FY2022. Ms. Perez is already meeting with Consul Generals to organize.

6. Business Report

Ms. Belkys Perez provided Board members a copy of the quarterly Business Report which was also sent digitally to the business community.

7. Retail Strategy Update

Ms. Valdes presented to the Board the updated Retail Strategy Report prepared by Downtown Works, the City's retail consultants. The report updated the type of retail operators the City should focus on attracting. The four key targets for the downtown are: 1. Home furnishing, accents, kitchen, gifts; 2. Beauty, health and wellness; 3. Unique, innovative uses (i.e. locally made products and specialty foods); 4. Food and beverage operators that are open day and night. The key recommendations are: 1. focus on improving the built environment; 2. focus on improving the merchandise mix; 3. cultivate small talented small-scale developers; 4. Improve parking wayfinding; 5. Explore enhancement opportunities. The Board requested that the Retail Strategy Refresh presentation and Retail Strategy Refresh Market report be emailed to them. They also requested some time at the next meeting for Q&A.

8. Parking lot lease for Coral Gables Congregational Church

Ms. Sardiñas informed the Board members that the Economic Development Department will be presenting an Ordinance on first reading for City Commission approval at the October 26, 2021 City Commission meeting. The Ordinance is requesting authorization to terminate the existing Lease and enter into a new Lease with Coral Gables Congregational Church, Inc., a Florida non-profit corporation, for the surface parking lot within the platted right-of-way bounded on the north by Malaga Avenue, on the south by Anastasia Avenue, on the east by De Soto Boulevard, and on the west by Columbus Boulevard, for a period of five (5) years and with two (2) additional, 5-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 Ordinance is being presented to the Economic Development Board for its recommendation to the City Commission.

Pursuant to Resolution No. 26231 (adopted on July 21, 1987), on February 2, 1989, the City of Coral Gables (the "Landlord") and Coral Gables Congregational Church (the "Tenant") entered into a Lease Agreement (the "Existing Lease") for the surface parking lot within the platted right-of-way bounded on the north by Malaga Avenue, on the south by Anastasia Avenue, on the east by De Soto Boulevard, and on the west by Columbus Boulevard (the "Premises"). The Existing Lease term was for ten (10) years and provided for ten (10) additional 5-year renewal options.

Pursuant to the Lease renewal options, Landlord and Tenant renewed the Lease on February 2, 1999 (1st option). Lease renewals also occurred pursuant to Resolution No. 2005-71, adopted April 26, 2005 (2nd Option), and to Resolution No. 09-0463, adopted July 7, 2009 (3rd Option). Landlord and Tenant also renewed the Lease on February 2, 2014 (4th Option) and February 2, 2019 (5th Option) pursuant to shared correspondence.

In 2019, Tenant notified Landlord of its intent to reseal and restripe the surface parking lot at the Premises (the "Tenant's Work") and Landlord determined that in order to perform Tenant's Work and abide by Miami-Dade County Ordinance No. 01-196, lighting would need to be installed (the "Landlord's Work") on the Premises. Landlord also determined that the existing Lease pertained to Premises that consist of platted right-of-way, and as such, lacked the necessary right of termination and appropriate use and occupancy provisions required by applicable law. As such, Landlord and Tenant are requesting authorization to terminate the Existing Lease and enter into a new Lease with the following terms and provisions:

- Term and Renewals: Initial Five (5) year term with two (2) additional, 5-year renewal options, at the City's discretion.
- Rent and Escalations: \$1,200 increasing at 3% per year throughout initial term and renewals.
- Landlord's Work: Landlord will install lighting on the Premises at its cost and expense. (Initial Installation Cost-\$3,404.71; \$354.65 monthly electricity cost thereafter).
- Tenant's Work: Tenant shall reseal and restripe the surface parking lot at the Premises and upon completion of Tenant's Work (not to exceed \$2,800.00), Landlord will deduct \$200.00 from the monthly rent until the Tenant's Work \$2,800.00 is reimbursed in full.
- Right of Termination: Landlord shall have the right to terminate this Lease, for any necessary reason upon at least sixty (60) days written notice to Tenant, or sooner if the termination is deemed urgent by Landlord.
- Use and Occupancy: Tenant acknowledges that Tenant's use and occupancy of the Premises for a public purpose are a material inducement for Landlord to lease the Premises to Tenant. The Tenant will use and occupy the Premises for the no other use or purpose that the public use as a surface parking lot for Tenant's visitors and/or employees.

Aerial View of the Parking Area:



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 September 8, 2021, for its recommendation to the City Commission.
- The Parking Advisory Board on September 22, 2021, for its recommendation to the City Commission.
- The Budget and Audit Advisory Board on October 6, 2021, 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 surface parking lot keeps with the City's goals and objectives of providing parking solutions that minimize parking congestion and prevent any nuisance caused by visitors parking on swales for neighborhood areas. Thus, the proposed use and occupancy of the Premises is for a public purpose/benefit, and this is a material inducement for the Landlord to lease the Premises to the Tenant. The Premises will be used and occupied for no other use or purpose than that of its public use as a surface parking lot for Tenant's visitors and/or employees.

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 platted right-of-way Premises is for a public purpose/benefit, and as such, is a material inducement for Landlord to lease the Premises to Tenant. The Lease will continue to increase the City's revenue base with rent remaining at \$1,200 per month for the first year with an escalation 3% per annum. The city will improve the platted right-of-way property by adding lighting, bearing a one-time cost of resealing, and restriping the surface parking lot, and the Tenant will be responsible for resealing and restriping thereafter. The continued leasing of the platted right-of-way as a surface parking lot to the Tenant will provide certain benefits to the community such as a dedicated revenue stream and a reduction of parking congestion. It will also prevent visitors from parking on swales thus minimizing the impact of vehicle traffic to public swales in the surrounding neighborhood.

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?

The Tenant is a non-for-profit religious organization that has been in a Landlord-Tenant relationship with the city for the Premises for over 32 years. There are no other surface area parking solutions available in the area to accommodate Tenant's visitors and/or employees.

The board agreed with the provided responses with slight modifications (already reflected in the three answers provided above).

A motion was made by Ms. Cruz-Gimenez to approve the lease termination of the existing Lease and enter into a new Lease with Coral Gables Congregational Church, Inc. for the surface parking lot within the platted right-of-way bounded on the north by Malaga Avenue, on the south by Anastasia Avenue, on the east by De Soto Boulevard, and on the west by Columbus Boulevard, for a period of five (5) years and with two (2) additional, 5-year renewal options, at the City's discretion. The motion was seconded by Mr. Grabiell. The motion was voted upon and adopted unanimously with the recommendation that any lighting be cognizant of the surrounding neighborhood.

9. Business Tax License Report

Due to time management, Ms. Valdes updated board members of the new and upcoming businesses in Coral Gables via email.

10. Open Discussion

Ms. Sardiñas updated Board members regarding City Tenant Coral Grand LLC - Coral Gables Country Club that at the City Manager's requested that the department provide you with a briefing regarding Coral Grand, LLC, the tenant at the Coral Gables Country Club as follows:

In 2011, the City (in its capacity as "Landlord") entered into a Lease with Coral Grand, LLC (the "Tenant") for an initial 10-year term (10/1/2011-9/30/21) for the Coral Gables Country Club (CGCC). The Lease included two, 10-year renewal options. It is important to note that the City did not have a termination for convenience clause in the Lease Agreement. Pursuant to Section 3 of the Lease,

however, the Tenant would not be eligible to exercise an option to renew the Lease if it had been in default within the last two (2) rental years of the initial term.

Due to non-payment of base rent and of percentage rent respectively, on April 20 and July 30, 2020, the Landlord's attorneys noticed the Tenant with letters of default. Both letters are attached for your review. With respect to percentage rent, the Tenant had failed to submit CPA reviewed financial statements as required by the Lease for FY18 and FY19 which affected the accurate calculation and timely payment of the percentage rent. With respect to base rent, the Landlord offered the Tenant a rent deferment agreement.

On January 22, 2021, Tenant and Landlord entered into a Fourth Amendment to the Lease for Rent Deferment where the Tenant acknowledged that it was in default of the Lease for failure to pay rent. Therefore, because the Tenant had been in default during 2020, pursuant to Section 3 of the Lease, at the expiration of the Lease (9/30/21), the Tenant would not be eligible to exercise its renewal option.

In addition to the Tenant's ineligibility to renew because it had been in default during 2020, over several years, the City had noted additional Tenant issues, some of which also showed the Tenant's inability to abide by and meet its responsibilities under the Lease. These are as follows:

- The Tenant's contractors performed un-permitted HVAC work at the CGCC which was discovered by Public Works/CIP during the scope assessment of the City's roof replacement project. The Tenant failed to correct the violations in a timely fashion which caused unnecessary delays to the Landlord's project.
- The Landlord found deficiencies in the Tenant's maintenance responsibilities pursuant to the Lease that resulted in existing damages to the CGCC. Some of these damages could have been covered by insurance if the Tenant would have presented claims to its insurance carrier in a timely manner as required by the Lease.
- The Landlord continues to receive complaints regarding the Tenant's lack of landscape maintenance from the surrounding neighbors. The complaints, as well as the Tenant's landscape maintenance deficiencies, require on-going City Landscape Services and Code Compliance oversight to ensure compliance.
- During 2020, the Landlord received various complaints from CGCC patrons regarding the return of deposits for events scheduled/cancelled at the CGCC due to COVID-19. The City Commission publicly noted its disappointment over the Tenant's non-cooperative stance with those patrons, some of which included non-profit organizations and schools.
- For several years, the Tenant has had several additional for-profit companies registered at the CGCC without the Landlord's authorization. It is important to note that the Landlord's Lease is only with Coral Grand, LLC and includes a percentage rent provision based on the facilities gross revenues.

As a result, with two letters of non-renewal dated March 5th and March 16th, 2021, the Landlord's attorneys noticed the Tenant of the Landlord's intention not to renew the Lease. Both letters are attached for your review.

After numerous conversations with City staff (which included the City Manager), and negotiations between Tenant and Landlord attorneys, on June 23rd, 2021, the City and Coral Grand, LLC reached a Settlement Agreement that allowed for an amicable conclusion to the landlord/tenant relationship on April 30, 2022. The Settlement Agreement is also attached for your review.

In view of the Tenant's ineligibility to renew, on April 19th, 2021, at the direction of the City Manager and the Economic Development Department, the City's Procurement Division published a Request for Proposal (RFP) for the tenancy and operation of the CGCC through which any interested proposer would agree to at a minimum:

- Make an initial facility improvement investment of no less than \$4,500,000.
- Agree to a base rent of \$360,000 per year, escalating at 3% for each leasing year thereafter.
- Propose percentage rent participation based on gross revenues.

The City would consider an initial 15-year lease term with two additional 5-year options to renew, and proposals would be accepted through May 24th, 2021.

A lack of proposals from interested parties prompted Procurement to extend the RFP deadline twice until June 21st. On July 2nd, Procurement determined that the only proposal received (from the Barreto Group) was nonresponsive as it did not meet the minimum qualification requirement in the RFP. On August 5th, at the Barreto Group's request, the City provided their representatives a site visit to the CGCC for them to evaluate whether the Group wanted to make another proposal to the City. As of today, the City has not received a proposal from the Barreto Group regarding the CGCC.

At the City Manager's direction, the Community Recreation Department has also assessed the effort it would require for that department to take over the management and operation of the CGCC should the City not find a suitable operator for the facility by April 30, 2022. It is important to note that a final decision regarding the CGCC has not been made and the City Manager is considering all options.

- The Board requested that Ms. Sardiñas provide them with the email that was sent to the City Commissioners at the City Manager's request regarding the Coral Gables Country Club.

There being no further discussion, the meeting was adjourned at 9:52 a.m.

Respectfully submitted,

Yenesis Gomez, Administrative Assistant, Economic Development Department.