

**CITY OF CORAL GABLES**  
**Economic Development Board Meeting Minutes**  
**Wednesday, July 8, 2015, 8:00 a.m.**  
**1 Alhambra Plaza, Suite 617, Coral Gables, Florida 33134**

MEMBERS	J	F	M	A	M	J	J	A	S	O	N	D	COMMISSIONERS
	'15	'15	'15	'15	'15	'15	'15	'14	'14	'14	'14	'14	
Scott Sime Chair	P	E	P	X	X	X	P	P	P	P	P	P	Mayor Jim Cason
Olga Ramudo													Commissioner Jeannett Slesnick
Stuart McGregor							E						Commissioner Pat Keon
June Morris	P	P	E	X	X	X	P	P	P	E	P	E	Commissioner Vince Lago
Alexander Binelo	E	P	P	X	X	X	A	P	P	E	E	P	Commissioner Frank Quesada

A = Absent  
E = Excused Absence  
P = Present  
X = No Meeting

**STAFF AND GUESTS:**

Leonard Roberts, Acting Director, Economic and Cultural Development Department

**Meeting Motion Summary:**

Mr. Sime brought the meeting to order at 8:08 a.m. but there was no quorum.

**1. Review of proposed lease with Starbucks Corporation, with regard to City owned property at 292 Miracle Mile**

Mr. Roberts informed the Board that Starbucks was interested in relocating from 200 Miracle Mile to the City owned space at 292 Miracle Mile at the other end of the block. He said the prospective tenant recommended the same ten-year term they currently have for the private owned space, then pay market rate. The company also would like to have the right to terminate after five years to give them time to make sure the space works for them. Mr. Roberts said some members of the public had expressed a concern that the rent is too low and could set a precedent. He said he was interested in making sure that businesses survived and noted that 100 Montaditos had closed down after being unable to balance rent payments against demand. Mr. Roberts noted that asking prices on the mile were at approximately \$60 a square foot, with owners reimbursing the cost of renovations. The current tenant, Supercuts, is paying \$38, he said. He added that Supercuts had expressed an interest in staying at the location, but said that Starbucks would enliven the street with more pedestrian traffic and bring customers to the west end of the 200

block of the Mile. He also noted that it would be closer to the public parking structures. (Garages 1 and 4)

Starbucks – New Lease  
PROPOSED DEAL TERMS

Background:

The proposed tenant has been operating the Starbucks branch at 200 Miracle Mile and would like to relocate to the City-owned building at 292 Miracle Mile.

Tenant: Starbucks Corporation

Premises: Approximately 2,250 square feet located at 292 Miracle Mile, Coral Gables, FL. 33134. Space is being leased in its “as is” condition, and the tenant plans on spending \$1,000,000 in tenant improvements.

Use: Coffee Shop.

Termination Right: Tenant has the right to terminate with 120 days written notice after the 60<sup>th</sup> full calendar month of the term for a fee of \$70,000.

Term: 10 years commencing on the earlier of issuance of a certificate of occupancy or 120 months after possession date, which is projected to be when Supercuts moves out. The terms are as follows:

<b>LEASE YEAR</b>	<b>BASE RENT PER YEAR</b>	<b>PROPOSED BASE RENT PER SF</b>	<b>SUPERCUTS RATE</b>
Years 1 – 5	\$99,000	\$44.00	\$37.77
Years 6 – 10	\$108,900	\$48.40	

Renewal Terms: Tenant will have 4 consecutive 5-year renewal terms as follows:

<b>LEASE YEAR</b>	<b>BASE RENT PER YEAR</b>	<b>PROPOSED BASE RENT PER SF</b>
Years 11 - 15	\$136,125	\$60.50
Years 16 - 20	\$149,737	\$66.55
Years 21 - 25	\$164,722	\$73.21
Years 26 - 30	\$181,192	\$80.53

Abatement: Base Rent for the first six months after the Rent Commencement Date will be abated, but the tenant will pay its share of insurance, real estate taxes and other operating costs during that time. The abatement will be repaid if tenant defaults.

Costs: This will be on our standard lease form, so Tenant will be responsible for its share of common area costs including insurance, real estate taxes, and the BID assessment.

Security: None

Exclusive Use: Tenant's exclusive use of selling coffee and coffee related drinks as its main business for the adjacent City's owned properties (limited to new tenants).

Broker Fee: 4% fee of the total base rent (\$41,580), to be paid by the Shopping Center Group.

Mr. Sime said the proposed rate should be raised by 3% per year and suggested that the lease be restricted to 20 years, instead of 30, and that the renewal term increase by the same proportional rate. He also suggested that the termination fee be raised from the proposed \$70,000 to one year's rent (\$108,900) plus unamortized abatement and leasing commission during the second five years. He said the City would benefit from Starbucks remaining in the Downtown market and would bring residual business to that end of the block. Ms. Morris noted that some Starbucks in upscale communities were creating unique buildouts, instead of going with the typical cookie-cutter style, and suggested that the tenant be asked to do so with the Coral Gables space. The Board agreed that the proposed use is in keeping with City goals and objectives, that the new tenant will provide a significant revenue stream for the City and that the tenant's ownership structure is appropriate.

## 2. **Other City Business**

Mr. Roberts informed the Board that the Economic Development Department had launched a new site that mapped the location of new developments and provided updates on the projects' status.

There being no further business, the meeting was adjourned at 8:35 a.m.

The next Economic Development Board meeting will be held on August 5, 2015.

Respectfully submitted,

Jorge Casuso, Economic Development Analyst - Economic and Cultural Development Department