

CORAL GABLES

THE CITY BEAUTIFUL

Property Advisory Board

Meeting Minutes

Wednesday | September 8, 2021 | 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	
	'21	'21	'21	'21	'21	'21	'21	'21	'21	'21	'21	'21	
Nancy Pastor Chair	P	Z	P	Z	P	P	P	P	P				Mayor Vince Lago
Jack Lowell Vice-Chair	P	Z	P	E	P	P	P	P	E				Commissioner Kirk R. Menendez
VACANT	-	-	-	-	-	-	-	-	-				Commission as a Whole
Edmund Mazzei	P	Z	P	Z	P	P	E	P	P				City Manager Peter Iglesias
Frank Maderal	-	-	-	-	-	P	P	P	P				Vice Mayor Michael Mena
Michelle Dunaj	-	-	-	-	-	Z	P	P	P				Commissioner Rhonda Anderson
Manuel Niebla	-	-	-	-	-	P	E	P	P				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
 Belkys Perez, Assistant Director, Economic Development Department
 Zeida Sardiñas, Asset Manager, Economic Development Department
 Yenis Gomez, Administrative Assistant, Economic Development Department

Property Advisory Board Chair Ms. Nancy Pastor brought the meeting to order at 8:35 a.m.

1. Excuse Jack Lowell's absence

Mr. Maderal made a motion to excuse Mr. Lowell's absence and Mr. Niebla seconded the motion, which passed unanimously. There was no discussion regarding the minutes.

2. Review and approval of July 14, 2021, Property Advisory Board Meeting Minutes.

Mr. Niebla made a motion to approve the summary with discussed corrections and Mr. Maderal seconded the motion, which passed unanimously.

*The July 14, 2021, Property Advisory Board Meeting Minutes had previously been approved as "Draft" by the City Commission on August 23, 2021, without the discussed corrections to add "Ms. Sardinias gave the following report" to the start of the second sentence in the paragraph of *2003 Granada – Granada Golf Course Restaurant (Burger Bob's)*.

3. Review and approval of August 11, 2021, Property Advisory Board Meeting Minutes. Mr. Maderal made a motion to approve the meeting minutes and Mr. Mazzei seconded the motion, which passed unanimously. There was no discussion regarding the minutes.

4. Asset Management Report

a) Presentation by City's Outside Counsel- Cellular Tower Leases

Mr. Gary Resnick, Esq. provided the Board a presentation on the status of the four leases for the fire station cell tower property. The site contains fire station number three, and there's some space in the building that's leased out to some of the tenants. It also contains a generator and fuel storage that's used by some of the tenants. And then of course, it contains the 140-foot cell tower. The primary purpose of the cell tower was for the City's emergency communications. The primary purpose is not to lease it out for rent, but of course it's a cell tower. It's one of the few tall cell towers in this area not just in the city but in the county and so it has a significant value to wireless carriers because without the ability to place their antennas on this tower, they would not have wireless coverage in these areas of the county.

The first tenant on the tower was BellSouth Mobility, which is now AT&T it entered into a lease in 1993. The original lease was for 10-years and included three five-year options. That's the way that these leases work. There's always a set term and then there's options to extend on the part of the tenant. The base ran at that time was \$10,000 per month and increases annually by the CPI and that least included AT&T use of some of the building space. It has its electronic equipment housed in the fire station in a utility room, as well as AT&T's use of the generator. There's been five amendments to that lease since 1993. In all cases, if a tenant wants to change its equipment on the tower, it needs the city's approval. That's probably the most important term in any of these leases because without that term these companies could change out their equipment and all they would need is a building permit. By requiring the city's approval, the City's able to renegotiate some of the terms of the lease and that's been done. In 2000, we reached an agreement on the terms for the lease renewal, but it was retroactive to 2018 when its lease was expiring. The lease was extended for an additional 10 years, and four five-year options. AT&T could have another potential 30 years on the lease, which would terminate in 2048. The rent was increased substantially to \$60,000 a year.

The lease for Verizon was first adopted in 2008. It had a base rent of \$40,000 in increases annually by CPI. The term was 10-years and had three five-year renewals for a maximum term of 25 years and that expires in 2033. Verizon does have access to the shared generator, and it actually does have a shared generator clause in its lease. There was one amendment that took effect in 2012. Again, it was to modify and add equipment to the tower and there was an increase in the rent of \$6,000 a year.

The lease for Sprint was effective in 1998 for 10-years with three five-year options to extend. The base rate rent for Sprint was \$24,000 a year and it increases 4% a year. There have been some modifications to the equipment. The first amendment was in 2013 to raise the rent \$6,300 per year. T-Mobile acquired Sprint years ago. There's been no change yet in the position of the tenants on the towers. Sprint operated by T-Mobile still operates as a separate network.

T-Mobile also has a lease of the tower that became effective in 2005 for a 10-year lease with three five-year options. The base rent was \$40,000 a year. T-Mobile paid for five years up front

\$200,000 at the commencement of the lease. It increased after the first ten five years to \$50,000 per year for the next five years. Then, after the 10th year, it increases 4% per year. until 2030. In 2013, there was one amendment to add equipment to the tower. The rent was increased \$525 a month or \$6,000 per year. T-Mobile doesn't have any rights to use the generator on the property.

b) Action Item- Board Recommendation

i. Coral Gables Congregational Church Lease

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 Property Advisory 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 Economic Development Board on September 1, 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 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 use of the platted right-of-way Premises as a surface parking lot is compatible to the City's comprehensive plan and 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. Recommend the City take into account the impact of the addition of lighting to the surrounding neighborhoods at night to ensure that both lighting and fixtures installed keep in mind the historical characteristics of the neighborhood.

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.

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 the Landlord to lease the Premises to the Tenant. The city will improve the platted right-of-way property by adding lighting, bearing a one-time cost for resealing, and restriping the surface parking lot, and the Tenant will be responsible for resealing and restriping thereafter.

Subject to the Board's recommendation regarding the addition of lighting, adjacent properties in the neighborhood will continue to be impacted in a positive way. 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 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 building is on the National Registry of Historic places. The Tenant is a non-for-profit religious organization that has been in a Landlord-Tenant relationship with the city for over 32 years. There are no other surface area parking solutions available in the area to accommodate Tenant's visitors and/or employees. While the rental rate does not meet market value, 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 also improve the platted right-of-way property by adding lighting, bearing a one-time cost for resealing, and restriping the surface parking lot, and the Tenant will be responsible for resealing and restriping thereafter. The public purpose/benefit to the surrounding neighborhood is also a factor as stated above in the continued leasing of the Premises to the Tenant.

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

A motion was made by Ms. Dunaj 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. Maderal. The motion was voted upon and adopted unanimously with the recommendation that any lighting be cognizant of the surrounding neighborhood.

c) Rent Report

Ms. Sardiñas provided the Board with a copy of the Rent Report.

Board members discussed receiving information regarding unsolicited bids and providing input.

Mr. Maderal made a motion to requested to add to the Asset Management Report as a standing item any unsolicited bids received by the City on any property and Mr. Mazzei seconded the motion, which passed (Yays: Maderal, Mazzei, Pastor / Nays: Dunaj, Niebla).

5. Other Business

a) Board Member Item- Coral Gables Cinema

Mr. Mazzei expressed his concern about allowing the Arts Cinema to move into the Patio & Things space.

The board requested that the Coral Gables Cinema provide the following information for their review:

- Financial Statements that include Revenues and Expenses August 2020- August 2021.
- Cinema patron attendance August 2020- August 2021.

- An update regarding present expansion plans, and how they have changed since the project was first presented to the PAB/Commission.
- An update regarding fundraising/donations attained for the expansion project.

The Board would like to review the above information at the meeting on October 13, 2021.

b) Mr. Niebla inquired about the current status of the following:

1. 350 Greco Avenue

Ms. Sardiñas updated the Board that it is still in the advertising stage which the City advertised it for two weeks and that process closes on September 16, 2021. If the City doesn't receive any additional offers, then it will be placed on the September 28th City Commission agenda for second reading. At which point, it will go to the original bidder.

2. Burger Bob

Ms. Sardiñas updated the Board that the City advertised it from June 23rd to August 23rd. Two proposals were received which were from the Barreto Group and Rita Tennyson's catering company. The two proposals will go to the City Manager to evaluate. He will decide whether or not he wants to recommend either one to move forward. At which point, if he makes a recommendation, we will go back to the proposer to negotiate the terms. Once those terms are negotiated, it would go to all the boards and back to the City Commission.

Mr. Maderal inquired if the two proposals are public.

Ms. Sardiñas informed the Board the proposals are still under the Code of Silence until for 30-days from when it closes which expire on September 23rd. At which point, they will become public if a recommendation is not made by the City Manager.

3. Coral Gables Country Club

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.

6. Closing Remarks

There being no further discussion, the meeting was adjourned at 10:24 a.m.

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