



City of Coral Gables
CITY COMMISSION MEETING
September 26, 2017

ITEM TITLE:

A Resolution authorizing the City Manager to enter into a nonbinding letter of interest with the Coral Gables Cinemateque, Inc in support of their efforts to seek outside funding in order to expand into the City-owned property located at 240 Aragon Avenue, Coral Gables, Florida at the expiration of the existing tenant's (Patio & Things) lease by September 1, 2020. (*Proposed lease agreement to be presented to applicable Boards and City Commission once recommended terms are agreed upon*).

DEPARTMENT HEAD RECOMMENDATION:

Approval

BRIEF HISTORY:

Per Ordinance No. 2010-24, the City and Coral Gables Cinemateque, Inc, a Florida not for profit ("Tenant") entered into a Lease on September 28, 2010, as amended by that First Amendment dated November 4, 2016 and that Second Amendment dated April 1, 2016 (collectively the "Lease") with regard to City property located at 260 Aragon Ave, Coral Gables, FL also known as the Museum Garage.

The Tenant currently has one theater cinema with 144 seats (the "Main theater") and would like to add two additional theaters totaling up to 80 seats to increase the number of visitors. A movie is usually shown for several weeks, once patrons watch the film they usually don't return until a new film is showing. By adding up to 2 additional theaters, the Tenant can rotate films to allow the Main theater to show more on a more frequent rotation. The City currently leases the adjacent unit next door to Patio & Things, whose address is 240 Aragon Ave. This tenant's lease expires on August 31, 2020 with no remaining option periods. The Cinema would like to expand into this adjacent space to create two additional theaters. The Tenant currently pays a below market rent and the Patio & Things pays market rent; hence, financial terms for this transaction would result in less revenue to the City. Staff believes the less revenue would be offset by the greater economic development impact that would be generated by increase visitors to the cinema which will in turn support the surrounding restaurants and retail establishments, including greater use of the Museum Parking garage. In order to expand, the Tenant needs to raise capital to fund the buildout of the space; hence, they are requesting a nonbinding commitment from the City. They have submitted a Letter of Interest ("LOI) outlining various terms:

- 10 Year term to start in 2020 with two 5-Year renewal options;
- Lease rate to be agreed upon once when lease is being negotiated;
- Tenant to provide build out;
- Landlord to provide rent abatement based on tenant improvement cost;
- Use – show quality films, film festivals, book readings, cultural performances, and allow the sale of beer and wine;
- Landlord right to audit.

Staff is recommending the City execute a nonbinding LOI to allow the Cinema to raise funds; if deal terms cannot not be reached neither party will be held liable. In recognition of Patio & Things being a model tenant, Staff will work with them to provide an alternative location that meets their business needs, should the City decide to allow the Tenant to expand into their space.

The proposed lease terms were presented to the Property Advisory Board (PAB) on August 9, 2017 and the Economic Development Board (EDB) on August 24, 2017, all of which have unanimously recommended the City Commission's approval and a desire to review the business plan before a lease is executed.

LEGISLATIVE ACTION:

Date.	Resolution/Ordinance No.	Comments
March 15, 2016	Resolution 2016-60	Approval of Second Amendment
October 27, 2015	Resolution 2015-260	Approval of Lease Amendment
September 28, 2010	Ordinance 2010-24	Approval of Lease

ADVISORY BOARD/COMMITTEE RECOMMENDATION(S):

Date.	Board/Committee	Comments
August 9, 2017	Property Advisory Board	Recommended Approval
August 24, 2017	Economic Development Board	Recommended Approval

FINANCIAL INFORMATION: (If Applicable)

No.	Amount	Source of Funds
N/A		

ATTACHMENT(S):

1. **Draft Resolution**
2. **Proposed Letter of Interest**
3. **Excerpt Minutes from Property Advisory Board meeting of August 9, 2017**
4. **Excerpt Minutes from Economic Development meeting of August 24, 2017**