



City of Coral Gables
CITY COMMISSION MEETING
May 12, 2015

ITEM TITLE:

A resolution authorizing entering into a settlement and release agreement with Azul and Company, Inc., Maria J. De Caires and Oscar Murphy with regard to City owned property at 4520 Ponce De Leon Blvd, Coral Gables, Fl.; and authorizing an amendment to the Fiscal Year 2014-2015 Annual Budget to reduce the rent revenue/ contingencies budgets; and to transfer funds from Special Revenue Fund Balance and appropriate such funds to put toward the cost of the settlement. *(This is the former DMV building. It is consistent with the FPL settlement agreement and will allow passport operations to relocate with ample off-street parking for customers.)*

DEPARTMENT HEAD RECOMMENDATION:

Approval

BRIEF HISTORY:

Azul and Company, Inc. (the "Tenant"), is a tenant at 4520 Ponce De Leon Blvd pursuant to a lease dated September 5, 2012 (the "Lease"), as authorized by Resolution 2012-122, which Lease expires March 4, 2018. The business operates as a furniture store, general contractor and interior design company personally guaranteed by Maria J. De Caires and Oscar Murphy (the "Guarantors"). The City entered into a Settlement Agreement with Florida Power & Light Company (FPL) dated May 12, 2014, that contemplated the possibility of the City terminating its agreement with the Tenant. The Tenant has indicated that it would like to be released from the Lease, as they claim that the uncertainty of their location has affected their business, and the City would like to take possession of the property for City use.

The Tenant, Guarantors and City have negotiated a settlement and release agreement that provides:

1. Tenant shall vacate as of July 31, 2015, leaving the premises in good condition, and with all leasehold improvements remaining (except signage and personal property), which includes upgrades to the windows, flooring, ceiling, bathrooms, kitchenette, fixtures and other general improvements;
2. Tenant shall not be required to pay Base Rent or its share of taxes and insurance for the months of June and July 2015, which the Parties agree is a value of \$16,518.36;
3. City shall reimburse Tenant's unamortized leasehold improvements as of July 31, 2015, in the amount of \$90,278.98;
4. City shall return of Tenant's security deposit in the amount of \$17,430.66;
5. City shall reimburse of Tenant's moving expenses up to \$20,000.00;
6. Rent, taxes and insurance shall be abated for June and July 2015;

7. Tenant will provide City an interior design layout for the premises based on the City's planned use for City offices, including adding two bathrooms;
8. Tenant shall obtain furniture and fixtures requested by the City for the premises at Tenant's cost from a quality furniture and fixture wholesale and/or distribution entity; and
9. The City shall pay Tenant the sum of \$33,202.66 upon satisfactory completion of items 6 and 7.

The City plans to use the property for City business, which will include passport operations.

The total benefit to the tenant is \$160,000 plus reimbursement of the \$17,430.66 security deposit.

An amendment to the Fiscal Year 2014-2015 Annual Budget is required to reduce the annual rent revenue/contingencies budgets by \$16,482; and to transfer \$80,000 from the Special Revenue Fund Balance (Passport operations reserve) and appropriate such amount to put toward the cost of the settlement.

LEGISLATIVE ACTION:

Date.	Resolution/Ordinance No.	Comments
N/A		

ADVISORY BOARD/COMMITTEE RECOMMENDATION(S):

Date.	Board/Committee	Comments
N/A		

FINANCIAL INFORMATION: (If Applicable)

No.	Amount	Source of Funds
001-220-1920	\$ 17,430.66	Return of Security Deposit
001-519-7000-4920	\$143,482.00	Special Revenue Fund/General Fund
001-362-106	\$ 16,518.00	General Fund (Rent Reduction)

APPROVED BY:

Department Director	City Attorney	City Manager
		

ATTACHMENT(S):

1. Proposed Resolution with Settlement and Release Agreement