

City of Coral Gables City Commission Meeting
Agenda Item F-5
January 23, 2024
City Commission Chambers
405 Biltmore Way, Coral Gables, FL

City Commission

Mayor Vince Lago
Vice Mayor Rhonda Anderson
Commissioner Melissa Castro
Commissioner Ariel Fernandez
Commissioner Kirk Menendez

City Staff

City Attorney, Cristina Suárez
City Manager, Peter Iglesias
City Clerk, Billy Urquia
Asset Manager, Zeida Sardinas

Public Speaker(s)

Harald Neuweg
Tom Wells
Federico Sixto
Francisco Abreu
Jorge Arnel
Maria Cruz
Dirk Saker
William Riera

Agenda Item F-5 [3:50 p.m.]
Discussion regarding Fritz and Franz.
(Sponsored by Commissioner Fernandez)

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Agenda Item F-5 - Discussion regarding Fritz and Franz.

Mayor Lago: Mr. Clerk, you ready?

City Clerk Urquia: Yes, Mr. Mayor.

Mayor Lago: Alright, moving on to Item F-5, discussion regarding Fritz & Franz. Commissioner Fernandez, your item.

Commissioner Fernandez: Thank you, Mr. Mayor. I put this item on the agenda because, like most of you, I think we've all received a lot of communications from the community regarding this establishment and regarding the contract negotiations. There's a lot of information going on outside about how we got to this place and what is taking place. And I wanted to have an opportunity to have a discussion here on the dais as colleagues about what is taking place, what has gotten us here, what the path forward is and what we see as the future vision for this location going forward as a city. So, I discussed it during agenda review, and I had asked for the Assistant City Manager to have somebody present to kind of go over the timeline of where the negotiation has taken place, or I guess, the contract since we began. So, Ms. Sardinas.

Asset Manager Sardinas: Good afternoon, Mayor, Commissioners, Zeida Sardinas, Asset Manager. So, over the past few months, our office has provided the City Commission with comprehensive history of the tenant's lease with the City. We have answered resident inquiries and placed information on the City's website where we explain that Fritz & Franz has been a City tenant since 1999 and that during that time, they have repeatedly failed to meet their financial obligations and maintenance responsibilities as required by their lease with the City. Over the years, the City has had to undertake repeated legal actions and has also had to write off over \$240,000 in unpaid rent for Fritz & Franz, who at one point went as long as seven years without paying percentage rent. In addition, the City has also had to provide Fritz & Franz with payment plans at different times for an additional \$93,000 to pay back unpaid rent. In 2019, the City had to undertake legal action when Fritz & Franz sued the City for garbage fees as retaliation for the City's requiring the tenant to pay what it continues to call exaggerated special events fees. In the past two years, professional inspections conducted at the premises have repeatedly revealed maintenance deficiencies and safety hazards which Fritz & Franz has refused to address as required by the lease. Also, during the last two years, Fritz & Franz placed its business for sale for \$2.4 million, stating that the owner was retiring, but never bothered to notify the City. Fritz & Franz claimed that it had made improvements to the property, but the City conducted a search and since Fritz & Franz took over the space in 1999, no permit records exist that there has ever -- that it has ever conducted any improvements to the premises. Despite the City's request on August 3, 2023, for Fritz & Franz to provide a proposal that included tenant improvements for this 25-year-old restaurant with documented maintenance deficiencies, Fritz & Franz did not comply. Therefore, on September 27, the City sent Fritz & Franz a notice of non-renewal explaining that the City would follow the Procurement Code for leasing City-owned property by conducting a solicitation process for the premises. The City also has advised Fritz & Franz several times that it is welcome

to participate in this RFP process. After receiving the notice on October 4, Fritz & Franz responded via email, but the email failed to provide a satisfactory plan to address tenant improvements or the maintenance deficiencies. In the email, Fritz & Franz also requested rent payments that are significantly below the current market rate, rent rate for the City. Last week, after meeting with each of you, Fritz & Franz sent another document to the City offering to conduct certain tenant improvements where it also made additional demands. Without getting too specific regarding this document, the City wants to note the following: The document does not include a professional estimate. Therefore, the City cannot verify that the scope of work described adequately addresses the existing maintenance deficiencies, nor that the cost of the tenant improvements offered is correct. To cite one example, the document states that Fritz & Franz is offering to spend a total of \$180,000 for tenant improvements for the entire premises. Fritz & Franz states that it will service all air conditioning units to achieve proper cooling and airflow. As has been documented several times in City emails to Fritz & Franz and in professional inspections conducted over the past two years, these AC units are past the end of their life cycle and need to be replaced. In addition, receipts provided by other tenants who are currently conducting tenant improvements at comparable City-owned restaurant spaces, we found that replacing AC units alone can cost up to \$200,000. Therefore, the City cannot assess without a proper inspection and professional estimate how conducting tenant improvements and addressing the existing maintenance efficiencies for the entire 60 Merrick Way premises can only amount to a total of \$180,000. Fritz & Franz also state in this document that it wants to pay the same rent payment as a new restaurant opening soon in the same building. It's important to note that the negotiation for that restaurant space took place almost two years ago during COVID, and that at the time, the tenant contractually agreed to conduct \$1.3 million in tenant improvements. To date, those tenant improvements will surpass \$3.4 million. That is why the tenant's triple net lease is at \$40 a square foot, because they are also spending \$825 per square foot on tenant improvements. In addition, the tenant at the City-owned Miracle Theatre Restaurant contractually agreed to make \$1,450,000 in tenant improvements. To date, those tenant improvements will surpass \$1.8 million. That is why the tenant triple net lease is at \$53.50 per square foot, because they are also spending over \$600 per square foot on tenant improvements. To determine market rent, the City has required -- as required by the Procurement Code, contracted two certified appraisers who will be providing market rent appraisals for the premises. The appraisals will be used to determine base rent pricing for the RFP process. Lastly, in the submitted document, Fritz & Franz asks that going forward the City refer to the plaza as Bierhaus Plaza, that it be allowed to hold an 11-day Oktoberfest as well as unlimited soccer watch parties without adhering to the City's noise ordinance, and that the City does not charge them for what they say are exaggerated fees for the use of the plaza and the police officers' presence that is required to ensure event safety. Considering these ongoing issues, the inconsistencies in the documents that Fritz & Franz provided, and in order to adhere with the City's Procurement Code for the leasing of City-owned property and what is in the best interest, as well as to assure the best interest of the City and our residents, the City has already drafted a competitive RFP document that is currently being finalized by procurement and which should be published within the next two weeks. Once again, Fritz & Franz can submit a proposal as part of that RFP process, which will be evaluated by the City along with any others that are received as part of the process.

Commissioner Fernandez: Alright. Timeline-wise, I know that these contracts have a period during which the current leaseholder has the ability to negotiate -- renegotiate a new lease. That September 27th date, was that past that date?

City Attorney Suárez: So, the way this particular lease works is that the City -- it was triggered first by the City. So, the City by issuing the notice of non-renewal basically, you know, cut short that option for them to exercise the renewal option.

Commissioner Fernandez: So, we cut that option short as a city?

City Attorney Suárez: Correct, by sending the notice of non-renewal pursuant to the terms of the lease.

Commissioner Fernandez: Okay.

City Attorney Suárez: So, the lease basically said we had up to six months prior to the expiration of the lease to let them know whether we were interested in the renewal or not. And so that's what we did. We let them know that we were basically advising that we were going to not renew the lease.

Commissioner Fernandez: So, that's where my concerns always come in when we're cutting these things short.

City Attorney Suárez: So, it's...

Commissioner Fernandez: Technically, we had until November.

City Attorney Suárez: So, if I may, I probably used the wrong words. We weren't cutting it short. We were exercising the process in the lease to provide them notice that we were not going to renew. So, it wasn't that we were cutting short. We had a deadline and we had to exercise that and provide that notice before that deadline.

Commissioner Fernandez: Which wasn't until November?

City Attorney Suárez: Yes.

Commissioner Fernandez: Because the lease -- the end date of the lease is, correct me if I'm wrong, May 31st of this year?

Asset Manager Sardinas: Commissioner, I think it's important to note. On August 3rd, we requested a proposal, no proposal came. As a matter of fact, we were told a proposal didn't have

to come because we just needed to renew the lease. So, at that point, we sent a notice that we were not going to renew and that we were going to open the process up to procurement, that they were welcome to participate in that, but that we were opening up to procurement. The deadline of November was a deadline up to when the City could say that they wanted to open the process up to procurement.

Commissioner Fernandez: Right, but we did not...

Asset Manager Sardinias: But if we wait...

Commissioner Fernandez: We never gave a deadline. When we sent that initial letter, send us a proposal, was there a deadline for a proposal to come back?

Asset Manager Sardinias: No, sir. I did not give a deadline.

Commissioner Fernandez: So...

City Attorney Suárez: And it wasn't required that you even reach out...

Asset Manager Sardinias: Required.

City Attorney Suárez: To them for a proposal.

Commissioner Fernandez: I understand. I understand. But we sent out a letter asking for them to submit a proposal and we don't even know if they were working on a proposal or not. On September 27th, we said, never mind, we're closing the process, we're going to go to RFP.

Asset Manager Sardinias: Well, when you're told that you don't have to do that and that there is not going to be any investment, because that's the conversation that we had, that there isn't going to be investment and that you're not going to do that, and when the business has been put up for sale.

Vice Mayor Anderson: What was the date that you learned that they were not going to respond to the August 3rd request?

Asset Manager Sardinias: The letter went out September 27th.

Vice Mayor Anderson: No, no, you sent them an email, a phone call, or whatever on...

Asset Manager Sardinias: August 3rd.

Vice Mayor Anderson: August 3rd requesting. And then you received a response from them?

Asset Manager Sardinas: No, that was the conversation that I had at the time.

Vice Mayor Anderson: The conversation...

Asset Manager Sardinas: Yes.

Vice Mayor Anderson: At the same time on August 3rd.

Asset Manager Sardinas: Yes.

Vice Mayor Anderson: That they didn't intend to do any tenant improvements.

Asset Manager Sardinas: I was told that there was no -- that they were not going to do tenant improvements with respect to the other tenant improvements that were being done in the building. In other words, I'm not going to spend a million dollars to -- you need to renew my lease.

Vice Mayor Anderson: Okay, so no replacement of the air conditioning system?

Asset Manager Sardinas: No, there's extensive emails on that where they say that it is our responsibility to do that when it is not.

Vice Mayor Anderson: Okay, so...

Mayor Lago: Zeida, if I may ask you just a quick question. I don't want to interrupt you but you...

Vice Mayor Anderson: No, no, no. I mean, it's fine.

Mayor Lago: No, go ahead.

Vice Mayor Anderson: I mean, because I've dealt with commercial leases a number of times and it's almost as if the tenant owns the building because you do have to do the roof repairs, you have to replace the -- and maintain and replace when it's at end of life, the HVAC units, the air conditioning systems, everything inside of the building. So, none of this shocks or surprises me whatsoever because I've dealt with a number of clients that I represent on leasing issues over the 37 years.

Asset Manager Sardinas: As pursuant to your direction, we inspect now every year.

Vice Mayor Anderson: Right.

Ms. Sardinas: And when those inspections have come through, I send out emails. This is what the inspector found. Here's the inspection. You need to do these things.

Mayor Lago: So, Zeida, I'm the one that wrote that legislation about the inspection. So -- and you've done a great job, by the way. Your team has done an incredible job. Is this a triple net lease?

Asset Manager Sardinas: They all are, sir, yes.

Mayor Lago: So, as a person who owns commercial property and who handles triple net lease, just like the Vice Mayor does, and I know that Commissioner Menendez, who had experience in the City of Miami dealing with similar, dealing with tenants, he knows that on a triple net lease, it's very simple. The tenant is responsible for everything. Not only the taxes, not only the insurance, making sure the building is in good standing, that it has to be upkept, it is their responsibility. They pay for everything. So, what happened, where was the break in the communication where there wasn't a maintenance of the air conditioning, where whatever issues were occurring, where did we have that moment where we said, okay, we have a problem here and there's excess maintenance? Now, when you tell me that someone's going to come in and gut a commercial property, excuse me, to build a new concept for a restaurant, I get it. You know, it's going to cost a lot of money. But if we have back rent here, like we had, I think it was about \$300,000 in back rent for Ortanique, we removed Ortanique. How much was it? Please correct me.

Asset Manager Sardinas: \$185,000.

Mayor Lago: \$185,000. Thank you. I want to be correct with the numbers. We had issues with back rent. We had issues also with the country club. If you owe back rent to the tune of over \$240,000, I think you said, I wrote down.

Asset Manager Sardinas: That was -- yes. That was...

Mayor Lago: And another percentage rent also was owed? Or that was part of the 2540?

Asset Manager Sardinas: That was part of the percentage rent. The City took that to court.

Mayor Lago: So, you're talking \$240,000 that was owed, and you had all this maintenance, deferred maintenance that was never addressed, that they're responsible for. When their lease ends, there's a mutual understanding and agreement, there's a clause in the lease, in the contract that states the owner of the property has every right to say, we have all these issues that we need to address, we're not going to renew your lease, correct?

Asset Manager Sardinias: Yes, I mean, there is -- that is why the clause exists, where you can say that you...

Mayor Lago: That's where -- and that's where...

Asset Manager Sardinias: Will not renew.

Mayor Lago: That's where we stand today.

Asset Manager Sardinias: Yes.

Mayor Lago: There's back due rent, there's a property that has hundreds of thousands of dollars of deferred maintenance that needs to be addressed, and we are fiduciaries on behalf of the City. We had the same issue with Ortanique, we had the same issue with the country club, and now we face it again. And we had the issue in a different scale, but we corrected it, with the Biltmore, where we were able to correct that also, but everything's fine. My question is, how do we avoid - - obviously, with inspections and -- where do we go from here? What options do we have? If you renew the lease and they have to pay the back rent, and they have to address the issue.

Asset Manager Sardinias: Mayor, they don't owe...

Mayor Lago: I want to put everything on the table. I want every...

Asset Manager Sardinias: No, they don't owe rent, back rent now, Mayor. This is the rent that the City has...

City Manager Iglesias: Written off.

Asset Manager Sardinias: Written off...

Mayor Lago: It's still...

Asset Manager Sardinias: Over the years.

Mayor Lago: Any way you want to write it, it's still money that's owed. Just because you write it off doesn't mean anything. Okay, so my point is that moving forward, this Commission, City Manager has to make a decision on whether we renew the lease and what is it the terms that the gentleman who currently holds the lease wants? What does he want? He wants an extension?

Asset Manager Sardinias: Yes, that's what he requested. Or the last proposal that -- or document that we received, because it's not a full proposal, that went to, I believe, all of you. He delivered it when he met with you. He is requesting that we give him the same rent amount that is being

paid by the other tenant who's done, like I said, up to now \$3.4 million in expenses, but agreed to do 1.3, which was what the deal was based on.

Mayor Lago: We also saw a massive upswing in construction costs, as we saw with Burger Bob's being a prime example.

Asset Manager Sardinas: And he's asking for that level of rent. He's asking for a 10-year lease. He's asking for all of these other things about being able to have unlimited events and not abide by a noise ordinance and not be charged for the plaza and have an 11-day Oktoberfest and to have the plaza be recognized as Bierhaus Plaza.

Mayor Lago: And also extending the lease, correct?

Asset Manager Sardinas: Correct.

Mayor Lago: That's my understanding. He wants to extend the lease even further...

Asset Manager Sardinas: Yes.

Mayor Lago: Outside of the terms, of the renewal terms, correct?

City Attorney Suárez: So, the lease...

Ms. Sardinas: The renewal terms...

City Attorney Suárez: The renewal terms provide for two, five years.

Mayor Lago: I know, five years. But my understanding is that there's been a request also to extend it even further. Is that correct or am I wrong on that?

Asset Manager Sardinas: No, I...

City Attorney Suárez: I think he's asking for a 10-year term instead of a five-year term.

Asset Manager Sardinas: Ten-year term instead of a five-year term.

Mayor Lago: That's not -- we would have to waive that right, correct? So, I think the Commission has a very -- has a very simple decision to make. Either we accept this, or we move forward in a direction like we've done in the past with other City-owned properties. It's not an easy situation because we have a lot of respect for the work that this man has done in this community, just like Ortanique, just like in the country club, but at the end of the day, we are fiduciaries on behalf of this community, and we have to be very careful with the taxpayer's dollar.

Commissioner Fernandez: We are, but I think there's also process. And if there were all these concerns about the tenant, there shouldn't have been a letter extending an option to submit their proposal on August the 3rd. We should have sent the letter saying we have no intention to renew instead of saying, hey, we intend to renew and then less than two months later, we are sending another letter saying we do not intend to renew, you can submit an RFP.

City Attorney Suárez: So, to be clear, I do not believe it said we intend to renew. I believe it just...

Commissioner Fernandez: No, no, correct, giving them the option to submit their proposal, not through an RFP process.

Mayor Lago: Zeida, will you clarify that please?

Asset Manager Sardinas: I'm sorry?

Mayor Lago: Will you clarify the Commissioner's (INAUDIBLE)?

Ms. Sardinas: Sure. I had a conversation with the tenant at the Manager's direction to say, please, (INAUDIBLE), you have all of these deficiencies, you have these things going on, please put together a proposal and send it to the City to see what your -- what renewal terms you want. I was told, like I said before, I don't have to do that, you just need to renew my lease. And we waited for almost 60 days, and we formulated a letter and sent the letter saying that we were not going to renew the lease, that we were going to open the space for an RFP and that they were welcome to participate.

Commissioner Fernandez: Right, but going back to August 2nd, if we had as a city concerns about the current lease, why are we even engaging in saying submit an offer on extending or getting an extension of the lease instead of saying at that point, we don't intend to renew the lease, we're going to move on and try to find somebody else. You can submit an RFP. I think that would have made this entire process a lot cleaner. Now it looks like we submitted it, we backtracked and now we're trying to fill in the gap to say these are the reasons why we decided to backtrack.

City Manager Iglesias: Commissioner, that is not the case. We -- he's been there for 25 years. We gave him an option to submit something if he wished to do so. He did not do so. We would have looked at this. We lost \$187,000 in order to make \$240,000 on this particular project -- on this particular lease. We were -- if this would have been a completely different project, we would have handled it completely different because we are a fiduciary for the City. And I'm not here for -- and I will not approve something where we lose \$240,000 again or we lose \$187,000 again. And as far as I'm concerned, this is not going to happen. If the Commission wishes for that to happen, the Commission can go ahead and do it. But we were -- we were acting appropriately at the time

in order -- if we would have said, you're out of here, people would have said why did you not give them even a chance to even respond? So, no matter what we do, we would have done that. Now, this is \$240,000 of City revenue. This is \$93,000 of payment plans. This is a person that has said he wanted to sell the business. There's been no permits issued since 1999. So, were there problems? Yes. Now, could that lease have been done? If there was a complete turnaround in this tenant, then -- but we have tenants that are putting millions of dollars into their properties and maintaining those properties. And that's what we have to expect of our tenants, just like the private sector expects of the tenants. Nothing more, nothing less.

Mayor Lago: I just think that -- I think that, Commissioner, it sends a wrong message. It's similar to what happened with Le Parc when we were having conversations about the rent that they were going to pay, and we all came to the consensus of the Commission saying, listen, we can't do that. It sends a wrong message. We got to allow for a rent that is, you know, in tune with what is a market rent. Here we have a situation where you have two properties that for years had issues with payments. We have new tenants there. They're spending millions of dollars in TI, which is again increasing the value of City assets which belong to the residents. And now we're moving in an opposite direction in regards to this tenant. I think that the staff did what exactly they were intended to do. And that was very simple. They notified the tenants and said, listen, these are issues that we're having with payment. These are issues that we're having with deferred maintenance. We need to address these. I am not going to address it. I am not going to address it. Okay, then we move forward in a different direction. I don't think there's anything else besides that here. And Zeida, I mean, unless you want to add something else to -- we're just trying to get a decision on where we go forward.

Commissioner Fernandez: But to your point, I don't disagree with you. I think that there was a process. My issue is the process. It's not the terms, I'm not here to negotiate terms. I'm not even -- I honestly have not reviewed the terms that were presented because that's not something that I - that's not even the reason I put this on this agenda. The reason I put this on the agenda is the process that I believe we failed on this process again. And to be honest, it has looked bad on the City every single time that we've had an issue with a tenant the last few years. I mean, Le Parc was mishandled, the country club was mishandled, Burger Bob's was mishandled, and now we're here mishandling Fritz & Franz. I mean, we didn't learn from the first three and we're at number four. And I'll be honest with you, Le Parc, I was presented with this great opportunity, the new vendor that's in there, the food is horrible. The experience is horrible. This is what happens when we allow, you know, the Manager to take over a project and say, I know what's best, which he is now telling us he's not going to do anything other than what he wants to do. He just said that. And it's not the first time, Mr. Mayor.

(COMMENTS MADE OFF THE RECORD)

Commissioner Fernandez: Let me finish. Because the...

Mayor Lago: (INAUDIBLE).

Commissioner Fernandez: The Manager said to me during my last agenda review with him, he only answers to three members of this Commission. In other words, he doesn't answer to Commissioner Castro or to myself. Mr. Manager, there was an election in April, and we were elected, and yes, we are your bosses. This entire body is the one that gives you instructions on what to do. So, I don't know why you think that you are 100 percent in charge here. You answer to the Commission who answers to the residents. The people that sit in those chairs.

Applause.

Commissioner Fernandez: No need for that. We answer to the residents. We all answer to the residents. And it looks really bad on us that we said on August 3rd, hey, come here, give us your proposal, and then on September 27th, we said, you know what, we're not even going to take a proposal.

Vice Mayor Anderson: So, Mr...

City Manager Iglesias: May I respond? May I respond, Mayor?

Mayor Lago: Well, I'd like...

City Manager Iglesias: May I respond?

Mayor Lago: I like to...

City Manager Iglesias: May I respond?

Mayor Lago: Go ahead.

City Manager Iglesias: Commissioner, I would say that I have never worked with a more disrespectful person than yourself. That was the third time you threw me out of a meeting for no issue because you accused me of siding with the Mayor. That's exactly why I told you that. I do not work -- I work for this Commission. And I work for -- and you are, this Commission is my board of directors, and if you all tell me to do something, I will do it. But you initiating me and threatening me to do things, it's not going to work. That will not work. And I'm telling you on the record right now.

Commissioner Fernandez: So, if it doesn't work...

City Manager Iglesias: The third time that you -- excuse me, sir.

Commissioner Fernandez: There's the door.

City Manager Iglesias: Excuse me, sir. I don't need to take the door because you can't throw me out of here.

Commissioner Fernandez: Quite frankly, Mr. Manager, I do not trust...

City Manager Iglesias: Okay, this is the most disrespectful...

Mayor Lago: Take a step -- take a step back.

Commissioner Fernandez: I do not trust you. I do not trust the work that you have been doing here...

Mayor Lago: Commissioner.

Commissioner Fernandez: For the City and neither do the residents.

Mayor Lago: Commissioner, Commissioner, you've been here nine months. You've been here nine months. You said you were going to walk in here and revolutionize the system. You haven't passed one law yet. You haven't passed one ordinance yet.

Vice Mayor Anderson: Alright.

Mayor Lago: Hold on. I'm not done yet. I'm not done. I'm not done. The Manager is an honest man. He's a member of this community. You may disagree with him, but at the end of the day, show some respect to the man, okay? He's done nothing wrong, and he's an honorable man. When you attack a man like that, and you do the things that you do, it shows weakness in your character. And you know what? Listen, at the end of the day, the facts are the facts. You've been here nine months. You haven't passed one law, one ordinance. You have the support of the Commission here to do as you please. Not one ordinance have you passed. The only ordinances you passed are the one that you piggybacked on Commissioner Menendez and myself, when you came in at the last minute.

Commissioner Castro: Is that really necessary?

Mayor Lago: Yes, it is.

Commissioner Castro: No. Is that really necessary?

Mayor Lago: Yes, it is. It is.

Commissioner Castro: I don't think it is.

Mayor Lago: It is. You want to know why?

Commissioner Castro: So, stop dis...

Mayor Lago: It's very simple.

Commissioner Castro: Stop it.

Mayor Lago: It's very simple, very simple. At the end of the day, you have very limited experience when it comes to contracts and business and real estate. What Zeida did and the Manager did is exactly in line with what is done and is protocol. Commissioner Menendez, you ran a lot of real estate, and you know what I'm talking about. There's nothing wrong that went on here. They gave this gentleman an opportunity. Now if you tell me -- if you tell me, perfectly fine, we want to give this gentleman another opportunity. We want to turn the page. That's a different story. That's a different story. But what happened at Ortanique was cleaned up by this Commission. What happened at the country club was cleaned up by this Commission. And honestly, with all due respect, what was happening at Burger Bob's was not the best look for the City. And now we're going to have a situation which is going to be much better for the City. And we're going to revamp it, it's going to be something beautiful. But when you hit staff and you hit the Manager, it doesn't go anywhere, it doesn't benefit anybody. Very simply, Zeida, you said clearly, you offered this gentleman, you -- tell me exactly what happened and the steps that you followed, so we put this on the record. I want to understand exactly what happened. Because if we're wrong, we'll address it. And we'll give this gentleman another shot. But I want to understand what we did, what we did here, from the moment that we contacted him. And I want to see if Commissioner Fernandez is correct. I don't want to go -- what anybody told me, I want to go in my own decision. I read the contract. I read all the documents, unlike certain people. I read everything. I wanted to review it. I wanted to understand what's going on. But I wasn't in the room, or I wasn't in the keyboard when you wrote that email to this gentleman. What happened, tell me.

Asset Manager Sardinas: Sir, I did not write an email.

Mayor Lago: Okay, correct me.

Asset Manager Sardinas: I made a phone call.

Mayor Lago: Excuse me.

Asset Manager Sardinas: I made a phone call.

Mayor Lago: I apologize.

Asset Manager Sardinas: With all the professionalism and the kindness in the world, which is what I practice when I'm (INAUDIBLE).

Mayor Lago: No, Zeida. Zeida, you don't have to -- you're always -- you're a lady, you're always...

Ms. Sardinas: Okay, I asked that a proposal be provided to the City, again, to show what it was, that -- what renewal terms, what he was going to do.

Mayor Lago: Stop right there. Let's stop right there. I'm sorry to interrupt you. Let's stop there. Let's go to his contract. What does his contract say when we're -- and I'm --this is what we -- this is what you do in a business setting when you're dealing with contracts. What did his contract say when you're getting to the point to renew, to say, yes, we're going to give you another five years, yes, we're going to give you ten years. What was the protocol? That's all I care about.

City Attorney Suárez: So, Mayor, the contract for the renewal option states, landlord shall have - - landlord, "City," shall have the right not more than 12 months or less than six months prior to the end of the initial lease term or first renewal period as applicable to notify the tenant in writing that the tenant will not renew the lease. So, we did that. And I want to make it clear that it does not require really any reason. They do not need to be under default or anything like that.

Mayor Lago: So, that's my point. Okay, so that's my point. So, we went above and beyond. We contacted this gentleman on a phone call and said, hey, look, we're either going to go left or right. We're going to renew you or we're going to let you go. What are you offering us? What are you offering us in regards to TI, additional work, how can we work together? We have rent that hasn't been paid, what are we going to do? Is that what you did on the phone call?

Ms. Sardinas: Yes.

Mayor Lago: Okay, and then from there, what happened? And then you followed the protocol or the contract that said, we're going to terminate you, correct?

City Attorney Suárez: Or not renew.

Mayor Lago: Not renew.

Asset Manager Sardinas: Not renewing.

Mayor Lago: So, that's what you did. How much time did you give him?

Ms. Sardinas: Almost 60 days. The phone call was August the 3rd, and the letter was sent on the 27th?

City Attorney Suárez: September 27th.

Asset Manager Sardinas: September 27th.

Mayor Lago: Okay, let me ask you a question. In between that moment, in between those 60 days, did anybody reach out to him? Did anybody exchange contacts? Did anybody visit the site? Did anybody say, hey, listen, we haven't heard from you. What are you doing? How are things going? Is everything okay? Are you going to provide us with anything? What happened?

Asset Manager Sardinas: Well, I...

Mayor Lago: I know it's not our responsibility, but I want to know. I want to know everything.

Asset Manager Sardinas: That phone call, during that phone call, I was told that I'm not going to do these things. I'm going to think -- I'm not going to -- I want my lease renewed, but I'm not going to do these things. So, I waited.

Mayor Lago: Which by the way, it's not any different than, with all due respect, you told me the same thing. You told me I'm not competing for my own place. You know you told me that. And you told me I'm not competing for my own place. I said, what if we have no choice? And we got to go to competition here. Are you willing to compete? I'm not willing and I understand that, and I understand that but what -- after that moment, then you sent him the non-renewal, correct?

Asset Manager Sardinas: Yes, and at the end of September, yes.

Mayor Lago: Okay. So, Madam City Attorney how we followed all the procedures in regards to the contract.

City Attorney Suárez: Yes, sir.

Mayor Lago: Is there anything questionable that you feel --?

City Attorney Suárez: No, I believe the notice of non-renewal is valid.

Mayor Lago: Okay. So, basically, where we stand here is very simple. This Commission has to make a decision. Either we move in the direction, because as per our City Attorney, we follow all the procedures that are required by the contract. Either we renew this gentleman's lease with some sort of negotiation, or we go to market, and we allow him to compete for the lease. We can argue about this, we can discuss this till the cows come home, but it's very clear that we follow the

contract and we're within our terms. And if anybody, if I had a tenant that owed me \$240,000 in back rent that hadn't made maintenance to a city asset which belongs to the residents, I wouldn't be very happy, and it wouldn't be in good standing with me. That's very, very simple.

Commissioner Castro: Well, I'll make this a lot easier, okay? So, I'll move to stop the RFP process and to give this gentleman a chance to negotiate with the City, obviously, at a market value rent and with the condition that he's not going to sell the business while we give him an extension.

Vice Mayor Anderson: One moment. I've heard from a lot of residents far beyond what's in this room. You know, we have a fiduciary obligation to all the residents, all 50,000 of them, to get the highest and best value for the property. That doesn't mean a high-end restaurant, it doesn't mean a low-end restaurant, but we have a fiduciary duty. To allow a tenant not to maintain the facility and replace the fixtures in there when they're at the end of life, and just roll over and renew something when we've had -- given the opportunity, and there's plenty of people out there that feel that this needs to go to a public process, because we're going to be damned if we do, or damned if we don't. And the best way to do it is to have a competitive process. It may be because we love Fritz & Franz, and I do love Fritz & Franz, that because of the resident's preferences, that he comes in with an offer that's reasonable. But sometimes it takes a while to get somebody to come to the well and realize, I have to invest in this property if I want to keep it. I cannot continue to run a 20 or an HVAC unit at its end of its life. The same refrigeration units that are ready to fail. This is an asset of the City's, and we have an obligation to the residents to make sure that we preserve it, that we maintain it, that we don't ever allow the same things that happen at the country club to happen here. What happened 20 years ago when that lease was written shall never be repeated again under our watch, and I don't want that to happen under our watch. We represent the residents, and we have to do that. Just like, you know, my clients who are tenants of mine are approached by the landlord, I go through that -- down through that tick list and I make sure that we take care and address every point that they have and respond to their requests and explain why, you know, it went through inspection or it was replaced and here's the permit that I pulled. I haven't seen that done here. And unless and until it's done, we can't bypass the process. There's an RFP that's going to be drafted. We can make sure that it's fair. We can look at the language. I would ask that the staff share the language among us so that it's not tilted in one direction or another, so it is a fair proposal that an organization like Fritz & Franz has a fair shot at, but I'd like to see it move forward because I don't want to see all Italian restaurants. I don't want to see all high-end restaurants. That's why I put this thing back on the agenda back in December, to voice that opinion. But we need to move forward. And we have to in a fair way. Because any time you tip the scale in favor of one party or another, you're going to be damned if you do and you're going to be damned if you don't because you're going to have problems with the other folks out there in our community that feel that a public process needs to be followed.

Commissioner Fernandez: I agree with you and maybe it's a compromise option. My concern again goes back to the August 3rd conversation followed up by the September 27th. How long is the RFP process?

Asset Manager Sardinas: 60 days by Code...

Commissioner Fernandez: And then...

Asset Manager Sardinas: To advertise (INAUDIBLE).

Commissioner Fernandez: In order to make a decision...

City Attorney Suárez: That's the advertising period.

Commissioner Fernandez: Right, right. And then the decision...

Asset Manager Sardinas: You have 30 days for Procurement to go through it...

Commissioner Fernandez: Okay.

Asset Manager Sardinas: And make -- evaluate what -- responsiveness.

Commissioner Fernandez: Okay.

Asset Manager Sardinas: And I felt -- I would feel more comfortable if Celeste was here, but you evaluate for responsiveness, and at that point, it goes to the Manager, it gets scored, there is a decision rendered, and you begin the process of negotiation. After you've reached negotiation with that person, it goes to the boards, the boards weigh in, and then it comes to you.

Commissioner Fernandez: Okay, here's my proposal. There's still about two weeks before that starts. The RFP won't be ready for another two weeks.

Ms. Sardinas: No, it's ready now. We are putting the final touches on it.

Commissioner Fernandez: Okay. My suggestion would be for you to sit down with Mr. Neuweg and discuss all the things that need to get done and try to negotiate something before the next meeting that's market value, like Commissioner Castro said, and that would basically put us where we were on August 3rd. If no agreement can be reached by the next Commission meeting, we move forward with the RFP.

Mayor Lago: How would you like to address the back rent?

Commissioner Fernandez: The back rent was actually cured by prior Commissions. Am I correct? That has -- there were motions and...

City Attorney Suárez: It's no longer outstanding.

Commissioner Fernandez: Correct.

Asset Manager Sardinas: No, it's not because it was...

(MULTIPLE PARTIES SPEAKING IN UNISON)

Commissioner Menendez: I have a question regarding that. Sorry. When I ask the questions that I ask, it's not a reflection on you. I hold you in high regard and you know that. So, at one point in time, there was back rent, monies owed, and there were repairs that were needed, required, but there was a disagreement between landlord and tenant as to who's responsible. Is that more or less what I heard?

Asset Manager Sardinas: Yes, that...

Commissioner Menendez: At some point in time.

Ms. Sardinas: That -- those maintenance things have been recent, yes.

Commissioner Menendez: During -- so, I have two questions. So, this is a continuation of the first. So, in that part, what action did the City take through the City Attorney's office or through our legal right to force the issue, to force the repairs, to force the monies? What actions did we take?

Asset Manager Sardinas: Well, I sent, like I said, the inspection reports. I said what the inspector said needs to happen. I explained what needs to happen. And then I responded to, in certain ways, that this is not my responsibility. I'm not going to do this, et cetera. I continue to do that, and I go back and forth on email.

Commissioner Menendez: Then -- because on pretty much every other type of issue, not in your realm, but the City's realm, if somebody, code enforcement, they don't clean their roof or they don't do this, at some point the City takes actual action, legal action against the resident, the property owner. And it's just -- I'm still trying to figure out why, during all this time, the City didn't take legal action, send a formal letter from the City Attorney's Office to take -- why was it allowed to continue on, and unlike everything else we do, we didn't put our foot down, and I'm not saying you, but the City in general, to provide, if you don't do this, we're filing a suit, we're suing you for breach of contract? I still don't understand why that never happened.

Asset Manager Sardinas: Commissioner, for the most part, all of the other tenants comply.

Commissioner Castro: Was there enforcement?

City Attorney Suárez: Staff was trying to...

Commissioner Castro: What was the enforcement?

Asset Manager Sardinias: I conduct the -- they -- I -- again, I sent the report. I sent the request to do what the report recommends that it be done. I explained what is not -- what is deficient and I - - and then they send pictures when they finish and receipts that they have...

Mayor Lago: And copies of permits.

Asset Manager Sardinias: And they have -- that they have done the repairs.

Commissioner Castro: So, what was the consequence of them not complying?

Commissioner Menendez: Were there consequences?

Commissioner Castro: Where is (INAUDIBLE)...?

Asset Manager Sardinias: Other than emails going back and forth with me, no, we did not go through the City Attorney's Office and send a letter.

Mayor Lago: While we need to find a mechanism to correct that, it's still wrong. No matter any way you want to skin the cat, it's wrong. And there's no way to look at it. Any attorney will tell you, the City's wrong, the City's wrong for not holding up our end of the bargain with the residents and guess what? He's wrong because even though we don't enforce because, let's say, it falls through the cracks, or we don't have a mechanism in place, you know, there's going to come a day, like today, where that lease is going to be renewed. And sometimes, you have a commission that likes you, sometimes you have a city manager, sometimes you have staff, sometimes you have this, but at the end day, we have to uphold the law. And we can go back to August 3rd, August 6th, and talk about how we handled it with a phone call. It's black and white in the contract. The City has the power and the correct way to conduct itself. If we were -- and I'm going to say this last thing, if we were here, if we were here, and I asked you, you always tell me the truth, I want to hear from you. If the renewal came up and they were in perfect standing and they had paid all their rent, right, and they had no deferred maintenance, I'm not talking about they built the Taj Mahal, they just maintained the air conditioning, they could show you, hey, I call an individual to come out here every three months to maintain the air conditioning, to maintain the pipes, I do this, whatever that may be that's deficient. If he would have shown that to you, I'm pretty sure we would have been having a completely different story today. We would have been in a position where the renewal would never have made it here and the Manager would have renewed it and said we give you another five years and a subsequent five years. But we're here because there's a lot of loose ends that weren't addressed. It's not the fault of the Commission or the Manager or

an employee. At the end of the day, I know nobody wants to admit this, it's his fault. It's the economy's fault. It's things happening to people's families. It's the truth. I know it's very difficult to admit, but if I don't pay rent in my building, they're going to kick me out of my building.

Unidentified Speaker: They are.

Mayor Lago: So, the point is, it's a tough pill to swallow, but we've got to make a decision. Do we either move forward now, like the Commissioner said, for the next two weeks and negotiate with this gentleman and try to find common ground, or do we move and open up the RFP so everybody can compete? Commissioner Menendez, if you want to say something.

Commissioner Menendez: Now I have a third question. The second one's for you and the third one's for the City Attorney. So, there was a point in time, even though it was brief, that the communication from the landlord, the City to the tenant, was, let's sit down and see where we go with this, right?

Asset Manager Sardinas: Yes.

Commissioner Menendez: Despite all the defects in the past, we were open to, at least for a brief window, to sit down with them. I guess it's a rhetorical question. Now for the City Attorney, the process, the suggestion or the motion of Commissioner Fernandez to, for the next two weeks, I guess, or between now and the next Commission meeting, sit down to see if a deal can be cut that obviously reflects the will of the Commission and hopefully corrects a lot of the things that need to be corrected. Is that within our legal parameter? Are we going outside the process? Are we going -- are we creating law, or do we have as a body the authority to do that?

City Attorney Suárez: So, the Commission can -- has a lot of, you know, authority over what it wants to do in this situation, of course. You know, it would be -- I'd have to kind of analyze how it would fit in with the terms of the lease, of the current lease. And we can perhaps, you know, we can find a path forward if that's what the Commission wants. And we can certainly address it. I think we would need some direction as to very general parameters. Is the City interested in trying to reach a negotiation for the five-year renewal term that's in the lease, or is it a different term, or is it just open-ended? But I think that we would have to see how it fits into the lease, the current lease, and if we're kind of following the current lease and exercising those renewal options or if we're just going beyond that. We would have to look at that.

Mayor Lago: You wanted to say something, Mr. Manager?

City Manager Iglesias: Mayor, I just want to clarify. Nothing fell through the cracks. We were trying to settle it amicably and then the renewal period came up because these are things that we were working with that. So, we always try to settle things amicably before getting into the legal realm. And then the renewal period came up, our Asset Manager talked to Mr. Neuweg, and this

is how it developed now. The fact that this lease was coming to an end dictated a lot of other issues as to where we go from a legal perspective. But nothing fell through the cracks. It was just a matter of us working amicably. I just want to clarify that.

Mayor Lago: Again, you never know what happens. You never know what happens. Listen, things fall through the cracks in my company every day. You -- it happens. Again, it's not done intentionally, but sometimes it happens.

City Manager Iglesias: We always try to work amicably instead of...

Mayor Lago: My question is, Zeida, my last question is, what message does this send if we move in the direction where we negotiate and we approve with all this back rent that was already washed away and the deferred maintenance? If we accept a deal that when you look at it per square foot, it's significantly reduced not only in the lease but also in the TI, then what's currently market in the City of Coral Gables, what message does that send in regards to this property?

Asset Manager Sardinas: Well, Mayor, I -- it sends that message of exactly what you just stated, that we are willing to accept a deal below market value, that we are willing to accept a deal that is not comparable to what the market demands and is available to the City, that we are doing something that in a fiduciary fashion is below what we should be doing.

Commissioner Castro: But that's not what I moved.

Asset Manager Sardinas: My professional opinion.

Commissioner Castro: That's not what I moved, I said at market value, to let them have the first chance to be able to negotiate with us without having competitors.

Mayor Lago: But I think the problem that there is, and if I may, the problem there is that you have two tenants right now that are currently in the City renovating properties that one of them is spending \$800 a foot and the other one is spending \$600 and he is not going to spend, due to the size and the magnitude of this project, is not going to spend, let's say, split the baby down the middle, \$700 a foot in renovating Fritz & Franz. It's not going to happen, let's be honest with this. So, we're going to have to accept no TI, significantly reduced TI, just a loan, the HVAC system is going to be \$200,000. What other things need to be renovated there? And we haven't even talked about anything aesthetics. So, you're talking about a lot of money that has to be invested into that property if we're going to hold him to the same level that we've held these two restaurants.

Commissioner Fernandez: And again, my -- the only -- what I'm trying to do is go back to where we were on August 3rd where we were willing to negotiate and taking advantage of the time when we are still working on preparing an RFP to try to figure out a solution going forward that is a fair market value and where whatever needs to be fixed should be fixed because we can't also let this

place fall apart. We need to make sure that Fritz & Franz is there, if there is a contract extension, you know, it's in a condition where people want to come watch FIFA and the World Cup. So, your question, Madam City Attorney, was regarding five years or ten years. I would say I leave that up to staff to figure out in my motion. If it's five years that makes sense, if it's ten years that makes sense based on the terms, I think, you know, I'll leave that up to you.

Mayor Lago: Let me give another -- let me give you a little more information, okay. This is standard in real estate. Okay, no one's going to invest \$3 million with a five-year lease. Those are facts. They're not going to. People out there telling you that know about real estate, they're not going to. So, he's immediately going to come off the blocks and say I'm not going to do it for 10 years. I need an extension of 25 years. Look at the contracts that we've signed that are investing \$3 million and \$2 million, correct? This gentleman that's up there is an attorney. He's shaking his head. He knows that that's right. So, what's going to end up happening is we're going to negotiate for two weeks. He's going to say, okay, I need a 25-year lease. That's what I would do if I was his attorney. I would tell him, no, you're going to invest \$2 million? Perfect. I need a 25-year lease at a minimum, or you know, another 15 years on top of the 10 that I have right now available to me. So, we have to also go into this negotiation, which I'm all in favor of. If you want to do this for two weeks, I'm all in favor of it. But we have to go in there knowing that you're asking staff to do something that is virtually impossible because he's going to immediately rebuttal and say, I need 25 years, I need 20 years. And I mean, are we now going to be in the business of just extending City-owned property by decades? I don't think we should do that. That's not the way it works in the private sector and in the public sector, it's a bad look in my opinion.

Commissioner Fernandez: And that's why I don't want to tie staff's hands with a specific term because if the offer for what's going to be fixed is way below what needs to be done, it's obviously going to end up being a shorter term. But I don't want to tie staff's hands on whatever they deem to be appropriate.

Mayor Lago: I just think it's a much longer process that requires construction documents, it requires conceptual plans, what does he want to do there? You just can't say outside of very simple things, like in a matter of two weeks, he can get a mechanical subcontractor to go out there and say, okay, to fix this is \$200,000. To fix this -- those are simple things. But when you're talking about the interiors, it's going to require an architect and then that architect's vision gets priced out by a contractor. That takes six months at a minimum. It doesn't work that way. So, I just don't want to set staff up and set him up to fail and say, oh, I'm going to -- it's not realistic. But I'm more than willing -- I'm more than willing to be a team player and go for another two weeks. I think it's appropriate. I don't have an issue with it. I just don't want to -- I don't want to put ourselves in a situation where we have everybody here again and then it's not done the right way. We're kicking the can down the curb to make a final decision, which we know what the decision is. Either we approve him, or we move on to a process that is, in my opinion, a lot cleaner, and it just opens it up to everybody partaking, which I told him, you should partake in it. You should partake.

Commissioner Castro: What are the tenant improvements that we were asking for, and is there an evaluation right now to what we were asking for him to improve?

Asset Manager Sardinas: Well, Commissioner, the tenant improvements are based on what the proposal is, and it's an overall deal.

Mayor Lago: That's why you ask for -- that's why we asked for the RFQ.

Asset Manager Sardinas: When you review and when you do an RFQ, and I'll take, for example, the one we did for the Miracle Mile property, you advertise it, and then people bring you vision, they tell you this is what I want to do, this is the type of restaurant, this is what I'm willing to invest, this is what I'm willing to pay, this is the term I want, et cetera, et cetera, et cetera. And then you compare those.

Commissioner Castro: Yeah, but you -- right.

Asset Manager Sardinas: But that takes time. That's why you -- that takes time to come up with. That's why you provide the 60 days of advertisement.

Commissioner Castro: Okay, but I'm not asking, competing with other people, how much more are they going to do? My question here is, when there was inspections, what are the things that were necessary to do and what is the value of those items?

Asset Manager Sardinas: Commissioner, you have a 25-year-old restaurant that has 25-year-old equipment all around from at least what was pointed out, or equipment that's over -- it's over its life -- the end of its life cycle. And that's been documented in that report, that commercial inspection that we did. And then there is -- there is a -- so, there's -- it's -- there are things that need to be done, but again, it's something that the tenant has to come up with.

Mayor Lago: Zeida, if I may. If I...

Asset Manager Sardinas: With vision, with, you know, with a plan, with a, you know...

Mayor Lago: There's two ways to do this. You either get an architect and your architect does the plans and you give it to 10 contractors and the contractors price it out and they say, these are the prices for the vision. Or you open it up to 10 different entities that say, these are my vision, Italian, French, pizza, beerhouse, whatever that may be. Whatever it may be, who knows? I'm just giving you examples. And then they put together sketches and they say, I'm willing to spend \$2 million, I'm willing to pay this much in rent, I'm willing to do this and you analyze all the -- all the products, all the opportunities that are offered and a group of individuals make -- make a decision based on what they think. It may not even be the highest rent. It may just be a concept that has viability,

so there's different ways to skin the cat. You want to open up to the public or you want to have further conversation? What would you like to do? You had something else you want to say, Commissioner?

Commissioner Menendez: No, I'm finished.

Mayor Lago: I don't want -- I don't want to step on your toes.

Commissioner Castro: If we move forward, who would be negotiating this contract? The City Manager?

Mayor Lago: Yeah.

Commissioner Menendez: Who's involved as a team?

City Manager Iglesias: I have the Asset Manager first, and then I get involved to finalize the deal.

Commissioner Castro: Okay.

City Attorney Suárez: Is there --? Just to be clear, I know there was -- I think there were two separate motions. I don't know if there's been a second.

City Clerk Urquia: I have a motion from Commissioner Castro. I do not have a second.

Commissioner Castro: And actually, my motion is very similar to his, so I'll go ahead, and I'll second his.

City Clerk Urquia: Can you please repeat your motion, sir?

Commissioner Fernandez: The motion was to take the two weeks between now and the next Commission meeting to have staff sit down with the tenant to try to figure out if there is a way to figure out a contract over the next two weeks that works. If not, at that point, we proceed with the RFP.

City Clerk Urquia: Thank you, Commissioner.

Commissioner Menendez: When's the next (INAUDIBLE)?

City Attorney Suárez: Commissioner, could I ask for a point of clarification...

Commissioner Fernandez: Sure.

City Attorney Suárez: Just to protect the legal position of the City?

Commissioner Fernandez: Yep.

City Attorney Suárez: Just to make it clear that the notice of non-renewal stands because we did issue that timely and I just want to make sure that pursuant to the terms of the lease that we're consistent with that.

Commissioner Fernandez: Correct.

City Attorney Suárez: And this would just be a separate, you know, attempt to negotiate.

Commissioner Fernandez: (INAUDIBLE).

Commissioner Menendez: The next meeting's in three weeks.

Mayor Lago: Before we -- before we vote on it, I think we should hear from the residents, correct?

City Clerk Urquia: Yes. Commissioner Menendez, our next Commission meeting is February 13th.

Commissioner Menendez: So, that's three weeks today.

City Clerk Urquia: Three weeks.

Commissioner Fernandez: Three weeks.

City Clerk Urquia: Okay, first speaker is Harald Neuweg.

Mayor Lago: Good afternoon, sir. Thank you for your patience.

Harald Neuweg: Good afternoon, Mr. Mayor, Vice Mayor, Commissioners, City Attorney, City Manager. My name is Harald Neuweg, chef/owner of Fritz & Franz Bierhaus at 60 Merrick Way, right here in Coral Gables. Here's my son James, my wife Marlene, my immediate family. First, a big thank you for putting this matter of discussion on today. Please notice or maybe you have noticed in the morning the support here today. A brief statement for the record. My son and I are committed to keep the business operating in the same manners as we did in the last 20 years. We have paid rent on time to the City for all these years. We have not been meeting with realtors, pretending the business or the property is for sale in the last year. Thank you for letting me speak today on behalf of the entire Fritz & Franz Bierhaus family. Yes, family. This is what we have become over 20 years at Fritz & Franz Bierhaus. Not just employees, but also our faithful customers, and a lot of them are now close friends. Exactly 44 years ago yesterday, I came to the

United States with \$50 in my pocket. I came to America, land of the opportunities. Luckily for me, I had a job lined up as a chef at La Paloma on Biscayne Boulevard. And in 1981, I started to work as a sous chef at Vinton's at the La Palma Hotel right here in Coral Gables where Les Bouchons is right now. I know at that time, Coral Gables is the place to be. And when I ever be able to open a restaurant, I will do it here in Coral Gables. And so, I did with Mozart Stube in 1993. As a chef, I'm standing now before you, not as an investor with a suit and tie or a bank account up to zillions of dollars, but as a guy, you will see when you go to Fritz & Franz Bierhaus on the stove behind the open kitchen. Remember, open kitchen. Or I will talk to customers in my chef jacket, and I'm very proud of this. How many restaurants in the Gables or in Miami are there where owners -- actually you're going to meet the owner, or the owner is in the kitchen? I don't think there's too many left of them. What brings us here today are questions. We like to get answers, not only me, but my entire family. What is the specific reason why the City has chosen not to negotiate our lease? And I do have experience for the last 20 years, the way the process is supposed to be handled. The City would call me, do you want to renew the lease? Which we do have two five-year options in the lease, correct? We have two five-year options left in the lease. So, from my understanding, it was no concern whatsoever because I am going to renew the five-year lease and the process would have been, yes, I renew, and we will sit down and negotiate a new lease. We would not be standing here today if this process would have been done the correct way from the City of Coral Gables. Question number two, as you have never told me how much money you want from me per square foot, and I always told you the last five or the last three months that I will pay the same rent as Sra. Martinez with Michelle Bernstein is paying in a new restaurant right around the corner in the same building. What could be the market value difference, right? But you have never told me what you want from me. If you would have said \$100 a square foot, I could have said thank you very much, I cannot do it, it was a pleasure doing business with you, I'm out of there. But you never did. Why do you want to destroy a 20-year-old family restaurant? Why not look for the dialogue within us and work things out? Because what I have heard here today, and you saw me, I cannot sit down anymore and listen to that. Talking about the inspection, there is no code violation, there is no health violation, and there is nothing where the City can say, if you don't fix it, we're going to put a code violation on it. No, there is nothing. It's minor. It's cracks in the floor, which in this city out there, there are many. In front of the Mayor's office, there's a crack in the floor. That is in their inspection report. Fix the crack in the floor. Okay, if you fix yours, I fix mine. And last, this is my (INAUDIBLE). Why did the City Asset Manager of Coral Gables schedule a contact, a market rent appraisal on the day when she knows we will all be in the City of Coral Gables fighting for our restaurant? Why was that meeting scheduled for today at 10:30 in the morning? Why? It looks to me and to everybody else who attended this too, it's vindictive. It's trying to keep me away from the City Hall, which they almost got me by 2 o'clock showing up but not at 1:30. So, inspection report. Everybody can look at the inspection report, okay? There's a plate missing underneath the refrigerator to be fixed by electrician. The fire inspector came in last year and he had a list what we had to do, and we did it. We hired a company, electrical company, they fixed everything in the new circuit breaker. I don't know if they pulled the permit or not, but maybe they didn't, but they did. If they didn't pull a permit, then it's on them, not on me, because we paid the bill, okay? So, the fire inspector, and

you can look up the report, there's nothing wrong where the fire inspector would have said, okay, you need to fix this. There's absolutely nothing wrong at this time. Air conditioning, okay? The inspector says the air conditioning doesn't pull 60 degrees. It's supposed to pull 60. We believe, since in 2015, the City of Coral Gables, without us paying one penny, changed the air conditioning units, all three of them, because they did a market evaluation and said, look, this is City property. We need to fix it. It's the air conditioning. It's the City problem, not the tenants' problem. We did service it. We paid some compressors, and we fixed it when it's not working properly. Most of the time, it's not working properly because our air conditioning units are supported by the tower on top of the seventh floor of the parking garage. And I do have a video which shows that these towers most of the times don't work. Water is overflowing. One tower is out. So, that affects the air conditioning units, three of them in our -- in Fritz & Franz Bierhaus. So -- but you know, we do service them. We fix them. We don't send the City a bill for \$3,500 and tell them, look, we changed the compressor on one of the units, we did. Anything in the report can be fixed very simple. The reason I did not fix anything yet is -- and you want to know what started this whole process here? I hired Richard Barbera, an attorney, because he was on the advisory board of the City of Coral Gables. And Richard Barbera told me, Harald, let's do this the friendly way. Let's not fight the City. Let's try to work this out. Let's talk to the Commissioners and let's see what we can get achieved. I said, you know, I leave it up to you and I will say nothing. A day later, Richard calls me back and said I had a conversation with Zeida Sardinas, the Asset Manager. And basically, he said what you said, Fritz & Franz Bierhaus is not Coral Gables worthy and I want this place gutted, okay. When I heard that, that's what started this process, why we are here today, why there's so much media attention, why there's so many people coming in Fritz & Franz to ask how can I help? What can I do? You want me to call the Commissioners? And then people write to the Commissioners and to Zeida, and she writes back. They're not paying the rent. They're showing the property to realtors. And we haven't heard one person who said to me, I'm the realtor, you showed the place to, not one. And his financial isn't strong enough, he doesn't pay the rent, he shows the realtor. And he's using public property, which he's not paying for. I know what she's talking about, the ramp they used the last 20 years, with the basically approval from the City that we can store our equipment from the events, which we removed a year ago. Everything is gone. Nothing is there. And it was never a safety hazard, and it was never an issue. But that started this whole process. Let's all be honest and know why we are here today. So, the past, Mr. Manager, I don't know why you're bringing up the past from 2004 or 1999 or 2005. Why? We had disagreement with the City when there were two buildings built, one in Aragon and one in Merrick Way. The City closed off the streets. Nobody could get to our place, and we lost a lot of business. So, we had disagreements with the City. We stopped paying rent, which you come up with \$200,000, whatever. We settled with the City. And if the City wouldn't have settled with us, they could have evicted us. So, I don't know why you're bringing up all this, trying to find dirt on us now. It was settled. And there was no reason for you to bring this up now, because if we have been so wrong, the City could have evicted us. They cannot evict us now because of what happened in 2004. Would you agree? Mr. Manager, would you agree?

City Manager Iglesias: I will let you respond.

Mr. Neuweg: Now, the other thing that I heard, and it's out of my mind, okay, so we have this World Cup in 2018, and the City Commission decided, okay, you can have a permit for the month from beginning to the end of the World Cup. Okay, we set up, we don't break down. Three days later, we're going to get a citation from the City. You have to break down. Your permit is only good for a three- or four-day event. And we told them, look, at the City Commission meeting, this is what happened. I think my three minutes are a little bit past if I make this very short now. So, at the end of the World Cup, we got a fee from Fred, from the Parking Department, for around \$11,000, and we got the citation fee around \$14,000, okay. So, now I'm going to explain how this works. We went to the City and said, look, you can have the citation, or you can have the fee for the plaza, but I don't think you should get both, right? So, Kathy Swanson was the city manager at the time, and she said, okay, Fred was there, he said, okay, we want the citation, the \$14,000. Okay, I said, look, the City of Coral Gables used my dumpster for putting the garbage in from the parking garage for 14 years. So, I figured that we might be just fine if the City of Coral Gables pays a third of the waste management fee, which came to around \$11,000 again, right? So, I said, let's make this deal. I take the 14, you pay the 11, and the difference, you write me a check for \$3,782. And you know what? I did get that check. And that's a proven thing that I was right in that manner and that we settled with the City because the check for \$3,782 was written to Fritz & Franz Bierhaus. And it was agreed at that time, okay, let's never talk about this because it doesn't look good when the City uses the dumpster from a tenant. Okay, with that said, I think I'd like to move forward. The inspection report is not difficult to fix. The market price, I always agree on, let's do it, as long as it's competitive with the other two restaurants in the same space. And Mr. Mayor, you mentioned because this is one of the prime locations and -- yes, was it a prime location when I took it over in 1999? When the Mayor told me -- the City Manager told me, I don't care how you do it, I need people on this side of the city. There was Jack Eads. And he said, I don't care how you do it, I want people on this side of the city. And this is when we started the events, the Oktoberfest, the World Cup, the Euro. And we did bring people to this side of the city. We do fill the parking lot on a regular time when we have our events. And when you took away the events, which Asset Manager again said, the City didn't take away the events. Yes, you did by telling me I can only do 72 decimals on the sound. If I cannot do sound, I don't need a band outside. If I don't have a band, I don't need Oktoberfest. So, yes, you did take away from me the events. So, I do agree, I will meet with somebody from the City which I can respect again without telling all this not true items. And I would like to work something out for the future, and we will fix what's in the inspection report because that's not a big deal, but we cannot change the character of Fritz & Franz Bierhaus. You will not see a white tablecloth crystal chandelier restaurant. I can't do that. The people won't come for a beer and a burger. They like what they see. Yes, when I put this in the proposal, I seem to say that also last week. Here's my proposal. And what I understood when she called me in Austria and they're telling all the exact wording, she said, how much money are you going to invest because Michelle Bernstein is investing up to \$2 million? Do you know I was shocked to hear that? Because is she talking about me investing a million dollars for what? My restaurant is up and running. Again, no code violation, no health violation. We're doing business. People are happy with the service. People are happy with the food. And I always

say, if you're not good in Coral Gables, the people don't support you, and you're dead. You're not here in Coral Gables with a restaurant. So, yes, I will work with it. Everybody will be very happy who came here today for eight hours. Thank you very much, everyone.

Applause.

Mr. Neuweg: I hope I shed a little bit of light on this whole...

Mayor Lago: Thank you.

Mr. Neuweg: Thunderstorm here, and thank you very much for listening to me. I went way over three minutes, and I just want to let them know I'm happy to be in the City of Coral Gables, and I'm looking forward to the events. And this is good for the City, right? Thank you very much.

Commissioner Menendez: Thank you.

Applause.

Vice Mayor Anderson: Thank you for your patience in waiting today. I do have a question for the Manager. We have a market rate appraisal ordered?

Ms. Sardinas: Not yet.

Vice Mayor Anderson: Not yet?

City Manager Iglesias: It's required for the RFP process.

Unidentified Speaker: Yeah.

Vice Mayor Anderson: Do we have something to provide the Commission some guidance on what the base rent should be? What do we have?

Mayor Lago: You have a CMA? You have a CMA?

City Manager Iglesias: The reason that we are doing the appraisals is it's a requirement through the RFP process, so those have been initiated already.

Vice Mayor Anderson: Okay, so in the event we want to entertain doing an agreement with this gentleman before the RFP is advertised, what do we have for the Commission to reflect upon as to what the base rent should be given certain circumstances such as certain tenant improvements that we know need to be done, such as the air conditioning unit being addressed?

City Manager Iglesias: We would look at those appraisals and we would determine what the base rent is without the tenant improvements of millions of dollars.

Vice Mayor Anderson: Okay. So, is that something you can share with the entire Commission?

City Manager Iglesias: As soon as the appraisals are in, we'll be happy to share that.

Vice Mayor Anderson: Alright.

Mayor Lago: Thank you. Can we -- Mr. Clerk?

City Clerk Urquia: Yes, sir. Tom Wells.

Mayor Lago: Mr. Wells, good afternoon. Thank you for your patience.

City Attorney Suárez: Mayor, while he comes up, can I just take one second to clarify another legal point? Just...

Mayor Lago: Of course.

City Attorney Suárez: Mr. Neuweg said that he has two renewal options. I just want to clarify. It's two renewal options if the City basically has elected to allow the tenant to renew. It's that nuance. I just want to clarify that.

Mayor Lago: Thank you.

Tom Wells: Hi, my name is Tom Wells. I am a frequent consumer of Fritz & Franz with meals, soccer games. I've been to soccer bars because I grew up playing soccer in college and coached in New York City, Chicago, and Orlando. This place is exceptional. It's different. It's unique. I would appreciate for a resident that we preserve that. A couple of things. You know, we saw today on page 85 of the report about how 97 percent of our -- of the participants are very satisfied with the dining experience in North Gables. Only 3 percent aren't satisfied. Why do we want to change that? We're hitting a sweet spot here. Let's preserve that sweet spot. Also, right now the World Cup is coming in 2026. FIFA is home in Coral Gables. Why do we want to close a soccer bar two years before the World Cup's coming? Miami is a host site. Another thing, Michelle Bernstein, so she got a 15-year lease. The first two years are rent-free. At the \$51 that's on the City Manager's website, the current amount of rent, that is \$420,000 of lost rent. So, we throw out other numbers. Now I got, they spent \$1.3 million, okay, required to spend 1.3. They spent more, but they're required to spend 1.3. But there was a rent-free period. So, if we have a TI with Fritz & Franz, he's not only going to request a 25-year lease like Michelle Bernstein got, he's also going to request a rent-free period as well. I don't want a dark space. You know, Michelle

Bernstein has been dark and vacant for two years. The improvements are supposed to be completed by February 2024 or we can send a notice to default. I don't want that.

Mayor Lago: By the way, it's not 1.3. How much? I just want to be -- make sure we got the right numbers. What is the total?

City Manager Iglesias: It's about 3.4.

Mayor Lago: \$3.4 million on TI.

Mr. Wells: Okay, and what did the lease -- what did the lease agreement require?

Mayor Lago: I'm sorry?

Mr. Wells: What did the lease agreement require? 1.3, I have it here. So, I can find that.

City Manager Iglesias: (INAUDIBLE) clear. The lease agreement requires 1.3. They're currently at about -- it will end about 3.4.

Mr. Wells: Right, so I...

City Manager Iglesias: (INAUDIBLE).

Mr. Wells: So, before (INAUDIBLE), I'm just reading off the lease agreement, reading off their legal obligation. They did more, great, good for them, but that was not a requirement. So, we have Fritz & Franz that has a tenant improvement requirement. They're going to request a dark space. Hold on one second and then you can talk right after I finish. I promise that. Last thing is, this is special. This place is special. I've been here with family. I've been here with friends. I watched World Cup games. Don't change this. I'm okay paying a fair rent. That's fine. But let's not lose this opportunity. Thank you.

Applause.

Mayor Lago: Mr. Clerk.

City Clerk Urquia: Federico Sixto.

Federico Sixto: I'll try to make it one minute.

Mayor Lago: You have all the time in the world.

Mr. Sixto: That's boring. I don't want to do that.

Mayor Lago: You want to know how lenient this Commission is? Try to clap like this at the County -- at the County.

Mr. Sixto: I didn't clap once.

Mayor Lago: Or speak for 15 minutes and they'll throw you out. But guess what?

Mr. Sixto: I didn't clap once.

Mayor Lago: Come on, we love the fact that you did.

Mr. Sixto: He's my friend for 27 years.

Mayor Lago: Listen, I watch World Cup. We all watch World Cup. We all...

Mr. Sixto: And more than that, it's not the World Cup. I started going to his restaurant...

Mayor Lago: You're right.

Mr. Sixto: When it was Mozart Stube. I don't know how many tables were there. How many tables? I didn't go there because I'm German. No, I'm not German. I'm not Austrian. Actually, he's Austrian. He's not German. It's not a German restaurant.

Mayor Lago: I know.

Mr. Sixto: It's an Austrian restaurant which is part of the Spanish Empire. When they had that flag, the Florida flag is the Spanish flag. They still use it in the army, in the military, in Spain. The Austrian -- when Austria and Spain got together, they ruled the world, literally. It was the largest, huge empire and part of it was Florida. But you want an expert to get back to business, he's a restaurateur. He's not a lawyer. He's not trying to, you know, who's got the deal? You know, playing around with the law, yeah. Restaurateurs fail. Most of them fail. You want an expert on staying in business 25 years? He's right here. Miss -- that lady that's going to be moving in, she's opened up five, six, seven restaurants. She might leave after the two free years. She had Señor Martinez, that didn't last. She had six, maybe even seven restaurants that all went down. It wasn't her money. She always used other people's money. This was his money. How many restaurants have opened and closed here in the last 25 years? Who's the oldest restaurant in Coral Gables? Who?

Mayor Lago: Christy's.

Mr. Sixto: Is there one?

Mayor Lago: Christy's.

Unidentified Speaker: Christie's.

Mr. Sixto: Yeah, that's what I -- yeah. So, no, who's number two?

Mayor Lago: Fritz & Franz.

Commissioner Menendez: I think it's Bugatti.

Mr. Sixto: Now, how many times do I go to Christy's? It's been a long time.

Mayor Lago: It's good though, it's good though.

Mr. Sixto: Look, I'm semi-retired.

Mayor Lago: Wait a minute. Listen, we're talking about Christy's. We can't throw them under the bus. Christy's just did a nice renovation. The...

Mr. Sixto: No, I'm talking about the food.

Mayor Lago: The employees bought the restaurant, and the food is good. I was there the other day and it's good.

Mr. Sixto: That's great.

Mayor Lago: It's good food. I'm telling you. Swing by Christy's and then go to have a Wiener schnitzel and a beer at Fritz & Franz.

Mr. Sixto: I'm on a diet now. I don't go out as often as I used to. I used to go out every night. I'm semi-retired. Due to inflation, I keep it to a minimum. I even live in North Miami now. I used to live in Coral Gables, but I still drive here because there's nothing like it. And you're going to have Messi playing in, what, a month? We're going to have soccer, and you guys were all talking about you're into soccer and how soccer's great, blah, blah, blah. It is great. Now we're going to have the number one player in the world playing in Miami. We have a shrine for the -- for soccer. You want your kids to be excited about soccer, so they go play? Well, you got to keep the excitement up. It's good. It's good. It's not just a beerhouse.

Vice Mayor Anderson: Well, beer and soccer go together, so.

Mr. Sixto: You know, I don't go -- I don't drink that much beer. Well, I don't count. But listen, I, you know, how many -- okay, other than Christie's and him, who else is?

Commissioner Menendez: Bugatti's.

Mayor Lago: Bugatti's.

Mr. Sixto: How long has he been open?

Mayor Lago: Pascal's.

Commissioner Menendez: 30 -- 30 years.

Mayor Lago: Yeah, Bugatti's, Pascal's.

Unidentified Speaker: Burger Bob's.

Mayor Lago: Burger -- it's coming back.

Mr. Sixto: It's coming back.

Commissioner Menendez: Thanks. Thanks, Tom.

Mayor Lago: It's coming back.

Commissioner Menendez: Thank you, Tom.

Mr. Sixto: Alright.

Mayor Lago: Tom is, you know...

Mr. Sixto: I know.

Commissioner Menendez: He's on top of it.

Mayor Lago: Tom is on top of it.

Commissioner Fernandez: He's a foodie, obviously.

Mayor Lago: So, listen, I know what you're saying, my friend. I know what you're saying. We're going to -- we're going to -- we're going to...

Mr. Sixto: How you...

Mayor Lago: I think we have the votes here today to give this a shot.

Mr. Sixto: How many restaurants go out of business in their first year...

Mayor Lago: I got it.

Mr. Sixto: Second year?

Vice Mayor Anderson: No, no, there's one location...

Mr. Sixto: Ortanique was open for a long time, then they had the street was knocked down and then they had the COVID and then he just got fed up and left. I don't know the details, but he had a great business there.

Mayor Lago: Yeah.

Mr. Sixto: He started the same time as Harald.

Vice Mayor Anderson: Yeah.

Mr. Sixto: But that COVID knocked out a lot of people. He survived. During COVID, he was...

Vice Mayor Anderson: Hustling, yeah.

Mr. Sixto: Hustling? No, he was giving out free meals to the poor. God damn, what do you mean hustling? Who said that?

Vice Mayor Anderson: I did.

Mr. Sixto: He wasn't hustling. He was not hustling.

Vice Mayor Anderson: (INAUDIBLE).

Mr. Sixto: He was not hustling. He was making free meals and handing them out.

Vice Mayor Anderson: To me, hustling is working.

Commissioner Menendez: He was making it work.

Mr. Sixto: Sorry, I just heard it from over there.

City Commission Meeting

January 23, 2024

Agenda Item F-5 - Discussion regarding Fritz and Franz.

Vice Mayor Anderson: No, no, those people don't listen (INAUDIBLE).

Mr. Sixto: Don't take (INAUDIBLE). I'm just kidding. He wasn't hustling though, so don't take offense. I think I'm done.

Commissioner Menendez: By the way...

Mayor Lago: You did a great job.

Commissioner Menendez: By the way, we have public comment every meeting. You're welcome to talk.

Mayor Lago: For an hour. For an hour.

Vice Mayor Anderson: And it was tea I was drinking, not beer.

Mayor Lago: Thank you. Mr. Clerk.

Mr. Sixto: He's the expert.

City Clerk Urquia: Ray Newlands.

Applause.

Mayor Lago: Ray?

City Clerk Urquia: Ray Newland, is it?

Mayor Lago: Ray?

Commissioner Menendez: Is there a Ray?

Mayor Lago: Well, we'll come back.

City Clerk Urquia: Francisco Abreu.

Mayor Lago: Mr. Abreu, thank you for being here, for your patience. No, it's been a long day.

Francisco Abreu: Good afternoon. I've been going to the Bierhaus for the past 12 years. And during the pandemic, I got furloughed from my job. And I helped Mr. Neuweg get food for the most needed. After that, he gave me the opportunity to get a job with him, and it felt like home.

Besides that, I've seen what the Bierhaus is all about inside and out. Probably can say the soccer festivities and party, no, besides that, we are a city that is a very international city. And the opportunity that we have here to have a place like the Bierhaus is so unique because we don't want everything to look like Brickell, all fancy. We love the Bierhaus for what it is. And for the love for the sports and for the love of the (INAUDIBLE), so please I ask you to consider to keep the Bierhaus as it's always been for the past 20 years. Thank you.

Mayor Lago: Thank you.

Commissioner Fernandez: Thank you.

Applause.

City Clerk Urquia: Jorge Arnel.

Mayor Lago: Good afternoon, sir.

Jorge Arnel: Good afternoon, Your Honor.

Mayor Lago: My honor? Don't call me that.

Vice Mayor Anderson: Well, you're used to going in court. I can see...

Mr. Arnel: The last time I stood up in a place like this...

Mayor Lago: Don't call me that.

Mr. Arnel: I was a police officer 32 years, so I kind of stuck with it.

Mayor Lago: First time in 11 years somebody calls me that. Don't call me that, please.

Vice Mayor Anderson: It's either an old, retired lawyer, usually, you know, it's just, wow, kneejerk reaction.

Commissioner Menendez: Every hour we go by, it's less of an honor.

Mr. Arnel: Well, I'll make it brief.

Mayor Lago: Don't worry, take your time.

Mr. Arnel: But I will say this, that anyone who's had an opportunity to travel -- and I've been very fortunate to be able to do that -- and one of the places I visited once was Salzburg, Austria,

his home country. And I was amazed there was a restaurant there called St. Peter's that above the door said, Since 803. And I thought, well, that guy's never had a leasing problem. And there's something beautiful, I think, that we have lost in this country, which is the familiarity of tradition, of being able to go to some place that you went in your youth, and you had great memories there and you enjoyed yourself. And when the years have gone by, you can still go by that place and recapture that feeling. I think we should put emphasis and to be able to hand down something traditional, something beautiful, because this man is probably one of the hardest working men I've ever known. In over the 35 years that I've known him, I've never seen that man do nothing but work. And on the basis of that, there should be some reward for that. And we should be able to hand down at least something to the young people that when the years go by as they've gone for me, I can always go by that location and say, well, I'm glad to be here one more time. So, if at all there's a means to give this man an ounce of consideration, I can't think of anyone who deserves it more. Thank you.

Mayor Lago: Thank you, sir.

Commissioner Menendez: Thank you.

Applause.

City Clerk Urquia: Mr. Mayor, on Zoom, it's Maria Cruz.

Vice Mayor Anderson: Oh, I thought we lost her. Well, this crowd, you can't tell.

Mayor Lago: Ms. Cruz, good afternoon.

City Clerk Urquia: She is not on muting.

Mayor Lago: So, you want...

Maria Cruz: Unmuting, okay.

Vice Mayor Anderson: There you are.

Ms. Cruz: Okay.

Commissioner Castro: We hear you.

Ms. Cruz: Okay, I'm here.

Commissioner Menendez: Wow.

Ms. Cruz: Good afternoon.

Commissioner Menendez: (INAUDIBLE) poltergeist.

Ms. Cruz: Good afternoon, Mrs. Maria Cruz. I wanted to say something from the beginning, but this has been a good experience today on how we can do the right thing. And the only thing I need to do at this point is apologize to all of you (INAUDIBLE).

Mayor Lago: Mr. Clerk.

Commissioner Menendez: It was getting good.

Mayor Lago: Mr. Clerk.

City Clerk Urquia: Let me go ahead and turn off her video and see if that improves the...

Ms. Cruz: (INAUDIBLE) waiting and waiting and waited to make you wait to say why wait, but that's what we have and that's what we have (INAUDIBLE).

Mayor Lago: Want to give her the opportunity to repeat herself?

City Clerk Urquia: Ms. Cruz, you did not come out clearly. If you would like to...

Ms. Cruz: What was that?

City Clerk Urquia: You were breaking up as you were speaking, if you would like to repeat what you said.

Ms. Cruz: Yes, I would like to repeat. Can you hear me now?

Mayor Lago: Yes, ma'am.

Ms. Cruz: Hello?

City Clerk Urquia: Yes, ma'am.

Commissioner Castro: Yes, we could hear you.

Ms. Cruz: Alright. I said -- what was that?

Commissioner Menendez: Go ahead.

Mayor Lago: Go ahead.

Ms. Cruz: I don't know what's going on. I'm talking.

Commissioner Menendez: Go ahead, Maria.

Vice Mayor Anderson: We're trying to be quiet so we can hear you.

Ms. Cruz: Okay. I said that I wanted to speak from the beginning, but I'm glad that you all came to the right decision. And all I have left to say is I apologize to the people that were obligated to wait and wait and wait while the Mayor went around and around and this is not the way it's supposed to be, so don't be afraid to come again. We do have an agenda, and we should follow it. I apologize on the behalf of all of us that are used to being treated like that even though it's not right. Thank you. Have a nice evening.

Mayor Lago: Imagine that. I give her the opportunity to repeat herself and she hits me. You know, you can't win. Imagine that this was the -- what item? This was item...

Commissioner Fernandez: 5.

Mayor Lago: We had seven time certain today, seven time certain, and this is probably the last item if you go by the -- and I still get hit. Everything's my fault. No matter what, it's always my fault.

Vice Mayor Anderson: That's the joy of being mayor.

Mayor Lago: It's all good.

Commissioner Fernandez: Exactly.

Mayor Lago: It's all good, it's all good. Everything is my fault. There's always -- there's always a reason to blame the mayor.

City Clerk Urquia: Mr. Mayor, last speaker is Dirk Saker.

Mayor Lago: Sir, thank you for being here with us. Thank you for your patience.

Dirk Saker: Good morning -- good afternoon.

Mayor Lago: Good evening.

Commissioner Menendez: Good evening, good evening, good evening.

City Commission Meeting

January 23, 2024

Agenda Item F-5 - Discussion regarding Fritz and Franz.

Mr. Saker: Gentlemen, ladies, real quick, one minute. I know Harald forever. I know his son when he was little. I bought him actually the first computer. And I saw my first World Cup at Mozart Stube in 1998. So, I just want to say that me, as a German, being as long as I'm here in Coral Gables, really like this man, like the family, like everybody, what he has done. He's a hard worker. And not only did I celebrate my 40th birthday, I think we took a bus, because nobody wanted to drive afterwards to get to his place. And today we watched the Heat there. Today we watched Miami soccer, which I can't believe that I say that, for me being German, watching US soccer, football. So, he has established himself really as the go-to place to watch events. Do you remember Oktoberfest, when it was on the public place, or actually at Mozart Stube, you'd have the whole street, right? So, Blues Fest, again, a workhorse, a community leader for me, a restaurateur, which is a hard business. And just to explain the openings and closings of restaurants, on Miracle Mile, there are some pockets where restaurants just don't work. His place, very difficult in this corner to make it work for over 20 years. And I think he deserves a chance. And I'll be there in the next 10 minutes. Thank you very much.

Mayor Lago: Thank you very much.

Applause.

City Clerk Urquia: William Riera.

Mayor Lago: Good afternoon, sir.

William Riera: Good afternoon. Good afternoon, Commission and Mayor. Coral Gables, I've been here since the '80s, raised here. I also have a company for 25 years. You know, I love the restaurant. It makes you feel like, you know, you're -- what I like about Coral Gables is there's different restaurants. You feel like the whole -- you get a little bit of the whole world. I don't think I get that anywhere else. You know, I understand everything that's going on, being a business owner, and I'm sure you guys have, in the business world, have run into the, you know, these 25 years, which hasn't been easy, dealing with the recessions and the 9-11, then the recession of 2007, and then 2020 COVID. So, 25 years has been difficult, and I speak from experience. So, seeing a restaurant and going through all those struggles, it's understandable. And once again, I say it because we're businesspeople and we've run into this. Luckily, we've been helped by the government with -- the government's helped us out to be -- they've pulled us -- they've bailed us out a tons of time. But I just want to say, great guy. He's the reason why I go to the other side of Coral Gables, alright. And thank you very much. I've noticed you guys are cleaning up a lot of the cracks. So, there's something the Mayor said, which was super important. You're talking about a lot of years, seeing what, you know, what the lawyers talked. There's a lot of things that have been missing and things are out of place, and I like what you guys are doing. So, it's, you know -- I guess, fixing what's been broken. Thank you very much.

Commissioner Menendez: Thank you.

Commissioner Castro: Thank you.

Mayor Lago: Thank you.

Applause.

City Clerk Urquia: That's it, Mr. Mayor.

Mayor Lago: Thank you. So, listen, if I may, we have some final items here. We have a motion on the floor and a second. There's a Commission meeting in three weeks. The request is for Zeida, through the Manager, to meet with the gentleman and his team to see if they can find some sort of agreement. If there is no agreement that can be found using market rate, market rate rent, and ensuring that issues of deferred maintenance are addressed and that there are some sprucing up, and you know, and some work that needs to be done, just because you don't want to change the Bierhaus doesn't mean you can't change the bathrooms. Just because you can't -- I mean, bottom line, there's things that can be done to make the place a lot more approachable and up to the current standards. Just because you don't want to change the Bierhaus doesn't mean you can't change maybe some of the windows or some of the issues that are -- I'm just -- whatever that may be. The place doesn't need to be overhauled or gutted, that's not up to me, that's up to staff and the Manager. But we need to have a conversation over the next few weeks because there is one big concern, and this is something that I brought up to the Manager, and this is my biggest issue. When I interviewed FIFA, when they were considering coming to Coral Gables, I had two interviews with them, with Belkys, and the Manager. And they were choosing between us and the City of Miami. When we had that Zoom call, you know, you're talking about World Cup 20 -- you know, in 2026. That is a major coup for South Florida. So, I want to make sure that Coral Gables is a focal point. And after having two meetings with them, wooing them, explaining to them why we're the best, transportation, police, downtown, efficiencies, rolling the red carpet off for their permits with our staff and the team and everybody making sure they've decided and chosen Coral Gables. That's a big feat for us. And I want to make sure that we become the hub that everybody wants to come to our city to not only enjoy FIFA, because I know FIFA's going to do great things over the next two years here, especially for the World Cup, but I want to make sure that we have every outlet possible for as many people as to come and enjoy our downtown. So, I'm always willing to listen. I'm always willing to listen. But I want to make sure that people understand that we have a fiduciary responsibility on behalf of the taxpayer, okay? There is a requirement and that we must do the best that we can to protect the city. That's the bottom line. So, moving forward, we have a motion, we have a second. Is there anything else that anybody would like to say before we close this out and move on to the final items?

Commissioner Fernandez: To clear it up because after I made the motion, we realized there's three weeks before the next Commission meeting. So, it's prior to the next Commission meeting.

Mayor Lago: Three weeks.

City Attorney Suárez: Prior to the next Commission meeting.

Vice Mayor Anderson: Right, right.

Mayor Lago: Three weeks.

Vice Mayor Anderson: So, one of the other factors, and it was said before back in December, that is considered is, you know, the value of, you know, a continuing business. And any time that you have a continuing business, there is a value to that because you don't have a downtime. And also, you have the clientele that's there. We're aware of that. And we'd like, you know, to maintain that. But since we do have the fiduciary duty, we do have to look at what market rates are and make sure that things that need maintained are maintained. And I trust that you'll do that. But also, keep in mind we do have to adhere to our code.

Mr. Neuweg: I'm totally aware of it that we have to...

Vice Mayor Anderson: (INAUDIBLE) ordinances included.

Mr. Neuweg: At market value, but when you compare, let's say compare Señor Martinez and Fritz & Franz Bierhaus, okay? We have invested time and money over 25 years and she is investing right now maybe the 1.5 or \$2 million to look forward to it. We can look backwards what we already have done.

Mayor Lago: But...

Mr. Neuweg: We agree with the market evaluation tomorrow.

Mayor Lago: I agree. I agree with that, but please, I have to also answer you on that, okay? I know that you signed a contract 25 years ago. Nobody was here 25 years ago. I -- I -- it's a great thing. You've done beautiful things in the community. We're going to try to work with you. But I also have to under -- you have to understand that we have to protect City assets. If this was the private sector and you were leasing, for example, a property that one of us owned, we could rent it for whatever we wanted. We could give you TI. We could say no rent for a year. You pay me a really reduced rent and we'll give you less TI or more TI. We can negotiate that. But with the City, we have to accept the best deal. So, what I'm saying is take this next three weeks, be diligent. However, work with Zeida, work with the Manager, work hard. I don't want to hear later -- I don't want to hear later that, oh, we didn't talk for the first week. You know, we, one reason or another, we couldn't get -- sit down to the table. We have to be diligent, and we have to analyze and understand what the prices are, real estate, what is the TI, what are we looking at, what is the

investment that's going to be made. And I promise you, if we do select you and we extend your lease, I'm not willing to extend it 15 years, 20 years. It's going to be five years.

Mr. Neuweg: Totally understand.

Mayor Lago: And I know that maybe you -- I find it very hard for you to spend a million dollars on that property knowing you only have a five-year lease. It's just common sense. Anybody will tell you. You're not going to do it, but you got to start taking steps to fix the place.

Mr. Neuweg: Well, I think...

Mayor Lago: The bathrooms...

Mr. Neuweg: It says in the proposal that we're willing to spend some serious amount of money over the next three years.

Mayor Lago: But the proof is in the pudding, okay. I need to see action.

Mr. Neuweg: Yeah.

Mayor Lago: I need to see action. Because at the end of the day, even though there was a past Commission that, you know, wiped away \$240,000 in rent, that's still something that to me personally, as a landlord, it just bothers me. It bothers me. And I want to make sure that we put our best foot forward. Our best foot forward. And I'll tell you why it's important. When you look at TIs, like \$3 million for a Sra. Martinez or 2 -- or \$1.8 million for Miracle Mile, if they ever renege and they walk away, they already upgraded that entire facility and we're in a very good position because that asset has only increased in value because the investment that was made. I'm not asking you to make that investment. I know you can't make that investment. It's not feasible, especially with the terms that you have. You usually make an investment of that magnitude when you have a 25- or a 30-year term, you know, we can negotiate. But you really got to sit down in the next three weeks, you know, everybody's got to let cooler heads prevail, let their guards down a little bit. And like you told me, I'm not going to negotiate. This is my place. At the end of the day, it's the residents of Coral Gables' place.

Mr. Neuweg: I appreciate that we can at least now sit down...

Mayor Lago: You can.

Mr. Neuweg: And start negotiating.

Mayor Lago: I mean, we did -- how many times did you meet with me in my office? Multiple times. But at the end of the day, I also have to let staff, and staff is correct, we've got to try to find the best deal for this community, okay? So, we have a motion, we have a second.

Commissioner Menendez: So, to echo the Mayor's words, Zeida, today's Tuesday, try to get at least that initial meeting before the end of this week.

Mr. Neuweg: (INAUDIBLE) happen as soon as possible.

Commissioner Menendez: With this week combined and you got the weekend, it's a slippery slope. I mean, it's just, things happen. So, I agree with the Mayor. Meet -- start meeting this week.

Mr. Neuweg: Yes, yes.

Vice Mayor Anderson: Right, right. And City Manager, as soon as you can have that market rate appraisal or comparables or something for them and us...

Mr. Neuweg: Well, we do have...

Vice Mayor Anderson: That would be helpful.

Mr. Neuweg: The inspection for the appraisers tomorrow...

Mayor Lago: Okay.

Mr. Neuweg: At the restaurant at 10:30 in the morning, which was...

Vice Mayor Anderson: Alright.

Mr. Neuweg: Scheduled for today. It's going to be rescheduled for tomorrow morning. I think that's a good start. Tomorrow, we find out what is the value.

Mayor Lago: Well, we won't find out tomorrow. Trust me, it's going to take some time.

Vice Mayor Anderson: It takes some time.

Mr. Neuweg: They're going to start the process.

Mayor Lago: Alright. So, we have a motion and a second.

Commissioner Fernandez: Yes.
Commissioner Menendez: Yes.
Vice Mayor Anderson: Yes.
Commissioner Castro: Yes.
Mayor Lago: Yes.
(Vote: 5-0)