

**City of Coral Gables City Commission Meeting
Agenda Item D-2
December 11, 2012
City Commission Chambers
405 Biltmore Way, Coral Gables, FL**

City Commission

Mayor Jim Cason

Vice Mayor William H. Kerdyk, Jr.

Commissioner Maria Anderson

Commissioner Rafael “Ralph” Cabrera, Jr.

Commissioner Frank Quesada

City Staff

City Manager, Patrick Salerno

City Attorney, Craig E. Leen

City Clerk, Walter J. Foeman

Deputy City Clerk, Billy Urquia

Public Speaker(s)

Nick Di Donato, President and CEO of Liberty Entertainment Group

D-2 [Start: 9:33:36 a.m.]

Appearance by Nick Di Donato regarding status of Country Club operations.

Mayor Cason: Next we have Nick Di Donato, President and CEO of Liberty Entertainment Group, which is the operator of the Coral Gables Country Club; he is going to give us an update on the Country Club. Nick welcome.

Mr. Di Donato: Mayor, Commissioners, thank you very much for having me here, it's been a while and I look forward to coming here every year for the next 30 to 40 years for the Country Club. Thank you for having me and I'd like to first of all introduce Pat and Diane Di Donato, Pat's my partner, he came down from Canada to be here with us today and also Anthony Di Donato who is the Director of operations for the Country Club and who is doing a tremendous job for us here in Coral Gables and a tremendous job for all of us inclusive, including the City itself. We have a presentation I'm hoping to get on. The Coral Gables Country Club has been a tremendous success in the past couple of years. Liberty Entertainment Group has successfully

created a combination of an award-winning event facility, but more importantly a facility which is embraced by the local community and the neighbors. We are committed to invest \$1.5 million into the project when we made our initial RFP; we've invested over \$3 million dollars to create a spectacular facility. It's a venue which was accessible for the privilege few before has now become a venue which is accessible to the whole Coral Gables community and outside that; and beyond that the Coral Gables Country Club is generating awareness outside of the Coral Gables community and throughout Dade County and southern Florida, so it brings recognition to the Coral Gables. What we have done is created four luxurious award-winning ballrooms; the Fountain Room, which has a capacity of 80 people; the Merrick Room has a capacity of 160, sorry 90; the Atrium Room has a capacity of 160; and the Coral Grand, those four ballrooms are a component of our event facility space. We have the Granada Gardens, which is an outdoor area we've created to host weddings, so every Saturday we'll have a wonderful couple being married at the Coral Gables Country Club and we'll provide a lot of memories to many people for their life. We provide restaurant-style food service in a large scale ballroom, and take pride in doing so and we do it all within our own facility. We have full events planning services provided by six of our fulltime event managers. We employ over 150 people full and part-time, which has brought employment in very difficult times to the City of Coral Gables and most of the people are City of Coral Gables residents; and we are receiving tremendous reviews from all our guests. When we came here and made a proposal for the Country Club, many people believed we wouldn't be successful, but we had a very specific and strategic plan in terms of how to become successful in a facility like this. We focused on firstly our social events, knowing that people get married; hard times or slow times, or economic challenges if a young couple is in love they are going to get married, we want to provide that facility. So that was the core emphasis of our business and knowing that the corporate community would follow as times moved on we focused on that – and I'm sorry, my apologies to wherever they are, I have no clicker, technical difficulties, I have no clicker. I'll have to say next every time. Next please and next – these are difficult to see, but for every single event we have in our facility I send out a personal letter to our guest asking them for their responses, it's a good way for me being in Canada not on the facility all the time to understand how we are doing, how our guests are receiving the Country Club; and from our social events, which are from baptisms to quinces to weddings, we've had outstanding results, people are now able to enjoy the Country Club, which they've never been able to be in, it's a place which is there for the community, and one think that I think is really important and this will occur in 15-20 to 30 years let's say, is when the people are married there have a sense of history and perhaps kids getting married there today, their children will be married at the Country Club tomorrow in 20 years. So that's what we are providing to the social environment in Coral Gables. Another key to our success, but the key to success in our Coral Gables community is our work with the charitable organizations. We focus on those charitable organizations and contribute to them, so what we do is sponsor, and I'll go through the numbers that we've done over the year, but when we have an organization that's in need and needs to

bring people to the table and have a fundraiser, we work with them, we work with them in terms of making it as easy as possible to facilitate their event and work with them in terms of coordinating it and work with them and even creating some events as we've done with Miami Children's Hospital, where we did the "Women, Wine and Shoe" event, where we were very instrumental in bring that together in creating a concept and bringing the community together and they raised half a million dollars last year for their first event, which was at the Coral Gables County Club, which was sponsored by Coral Gables Country Club and we partnered with them. So those are the kinds of things we do with the charitable organizations. We are not just a banquet facility that says here's a price, pay it, have your event. We engage them, we work with them, we help them create events and we will continue to do that, and on a yearly basis our focus is to say we want to help two or three organizations create an event which helps their organization raise money; and for each of those, although it's very difficult to see and those charts are five across and everyone of those gives us five, so our team is doing a tremendous job, and we have repeat business with people. The third area we work with, and we knew would be a bit more challenging as time went on, would be the corporate events, but we are doing incredibly well. What we found was unexpected to us when we first had our plan was that the ease of access for the County Club and the parking facilities and so on, lends itself very well for corporate meetings, and daytime events for their....bringing people from Dade County and engaging them in the space, but having the parking lot, the facility there, ease of access in and out, cost effective, one-stop service has worked out very well, and we are growing every day in that area. So we've been very success in the corporate sector, including their Christmas parties has become very busy for the season, so all those three sectors that we've focused on have done extremely well for us. Next – One thing we did create though and I said this at the very beginning when I made my first presentation, we were creating the Liberty Café, and I said very clearly we don't make a lot of money at the Liberty Café. When you look at the environment, the number of people, the quality of service, and the price points we are offering, our service and product, it's not about making money, the Liberty Café is about engaging the local community, it's about embracing that local community. We have become the community the social center where family and friends meet, the café has been embraced, and every Tuesday you see all the kids coming from school for the half price gelato. What we wanted to be was not a "white elephant", which sits in the middle of a residential community, which does not engage the people and the neighbors around, we wanted to be something that can be utilized and services that are a need of the community, and I think the café has done that to a great extent. We know our neighbors, we hear when they have issues and they can tell us directly, because our doors are open. We hear when they give us praises, and generally we find many, many praises and people are really appreciative of what we are doing and how we are doing it for them and the community. You know we have become part of the fabric of that community, and that's important, for us it's very important. I've said that right from the beginning, if we are not part of the community and part of the fabric of the community, we will not be successful. Another thing we've done is we've

enhanced the gym. We took over a worn out facility, it needed some work, it was our last phase in terms of renovations. We invested another \$150,000 into all new equipment in the gym, new flooring, hard true tennis court resurfacing. We provide regular classes from Zumba, Boxing, Pilates, swim classes for the kids and boot camp for the moms. So again, it's reaching out to the community. Our total membership is now over 500 people. And what we've become and what we wanted to be again, as a fitness center is convenient, accessible and affordable. Not all about making money even in the gym, it's about embracing our community, making sure we are part of the fabric of that community and with the 500 members that's exactly who we are. We are not reaching out to Miami Beach, and we are not reaching out to further south, we are reaching out to the people in our community. When we advertise our gym it's in the Coral Gables Magazine and it's in a full page. The idea here is let's make this facility accessible to the people who need to use it, it's a City facility, we want it to be used by the people of the City of Coral Gables; and we have a common and important contributor to the health and well being of those citizens and that's an important factor as well. So the gym is extremely successful at this point, over 500 members, we are currently just bought some spin cycles, so we will spend another \$50,000 in the next few months to add some more curriculum and programs to the gym. Next please – So currently, I think the Liberty Entertainment Group has fulfilled all of its commitments to the City from our original proposal, we've completed all construction and renovations as we identified we would and had made incremental improvements and spent double the money. One thing we've done is over the year we've contributed about \$175,000 to local communities, local charitable organizations, my apologies, and that is by reaching out to them and providing them services which they would not be able to attain through regular means and through regular hotels and so on. So reaching out to those charitable organizations we've been able to contribute \$175,000 in sponsorship. We've embraced the community with all our programming in terms of what we are doing in our café and what we are doing in our gym to make sure it's successful. We host the City's annual Christmas party which we look forward to in the next year. We have been a triple A (AAA) tenant. Pat, I'm hoping you will concur with that, and since we've initiated our lease we are up to date with our rent, our property taxes, our utilities, so we have no debt, we have no outstanding liabilities or third party loans, and we currently have over half a million dollars in our reserve fund for capital improvements and operating cost. So this is really a true success story as an entity in hard economic times, and we will be here for a very long time as a result in terms of where we are. I will share some – before I go on to there, we do have a couple of outstanding issues I just want to bring forward, I don't want to belabor them, but it's a couple of things we still need to work out. Our roof was supposed to be in perfect order when we took over, it's still leaking, has been leaking for a couple of years and it's an ongoing concern for us, so we still need to review that. We have an ongoing lawsuit because a roofer who did the roof for the City of Coral Gables did not do a good job and I think they are in litigation with the City and hopefully we can get that resolved. We still have a pool issue in that the pool should be to current standards and unfortunately we are still dumping residue water from the gutters into the water

system which is something we don't like to do, but we are resolving it. Again, minor issues like the pool has a leak and we do have a couple of issues with our air conditioning, which we are trying to resolve, but things are moving along well, we will get through those issues I just need to...

Commissioner Cabrera: How are those issues being handled Mr. Di Donato?

Mr. Di Donato: Well, we are working – some things will take longer, obviously the litigation is one we are waiting for, so we are pleased with how the City is handling them, I'm only bringing them to the attention here because I'm making a report on where we are and where we stand. I appreciate all Pat's efforts and what he's done and he has done a tremendous job in working with us and the City itself, but as I said there are some outstanding items, I just require to put them here, but it's nothing that I think is very serious, nothing that won't be resolved in the next little while. Next – Just to give you a quick synopsis of where we are and these are financials and our P&L, so from January to September this year we did \$2.8 million in sales, the bottom line before depreciation we had a \$250,000 profit, and that includes contributing over \$150,000 to your charities. So in terms of the number itself, our number is a little lower than we would like in terms of the bottom line, but part of that is because we do contribute to the charities and it's an important commitment for us to uphold because we made that commitment to this City Council, City Commissioners when we made our proposal and we will continue to do that.

Commissioner Cabrera: With a few days left in the year, is this trending upwards?

Mr. Di Donato: This is as of September and this is our busiest season, so we missed our busiest season, so yes it's trending upward.

Commissioner Cabrera: So it could be better than – I mean I'm hoping it will be better for you.

Mr. Di Donato: Oh, it's going to be very well. We are very pleased with the numbers Commissioner Cabrera. Again, this is still our first year, and the reality is and the nature of this business you grow based on your reputation and based on the services you have, our marketing – our strongest form of marketing is people talking about us and people who are attending our facility and so if I had a wedding today, hopefully there will be some young couple that's there at that wedding who will come back and have a wedding in the future, and we've seen our business in terms of the event facility space it grows very quickly based on service and how you are handling that and what you are providing people. Our team is doing a tremendous job, I'm very pleased with that they have done, and again, this is during harder economic times, so our corporate component of the business will grow dramatically in the next year once we get over the "fiscal cliff" and all the other issues we have, but you know regardless of what happens we have a very strong and steady base of business and I know we will grow. For next year as you will see we are projecting \$4 million in sales as our target. That's the target I've given our team, we

brought in a couple of extra sales people, so our team is growing. We do have a reputation and we expect to get to this number in the next year; and so we will do very well, as I said in my opening statement, I hope to be here every year for the next few years until the term of our lease, but you know one comment, I came from all this as a summary is, the Coral Gables Country Club is reflecting the aspirations of the City Beautiful and will do so for years to come and we are part of the City Beautiful.

Mayor Cason: Thank you Nick – very, very comprehensive and you’ve got great food, great service, been to a lot of events, I know people are very, very pleased with what you’ve done there, the money you have put in, it’s a wonderful facility.

Mr. Di Donato: Thank you.

Mayor Cason: Thank you.

Vice Mayor Kerdyk: You know, I think three of us were up here during some very hard times on the Country Club and I can tell you, you took a facility that was full of problems, it’s really nice to see somebody that not only lives up to their commitments, but exceeds their commitments, and thank you very much Nick for putting that facility back to where we want it in the City of Coral Gables in serving all the people of our fine City. Thank you.

Mr. Di Donato: Thank you.

Commissioner Anderson: Thank you.

Commissioner Cabrera: You have exceeded all the expectations that Vice Mayor Kerdyk outlined, it was a very troubling time in 2001, like he said, only three of us can tell you about it because we lived through it, but let me just take another opportunity to thank you for the fine work you do for the Rotary Club of Coral Gables. I’m a Rotarian and I don’t attend much, but when I do, great food, phenomenal service, and a great setting; and let me not let you leave today without plugging your phenomenal restaurant on Miracle Mile, because Mr. Di Donato has really truly made a commitment to this community, not only to the Country Club, but he has actually taken it a step further, and he has opened, was it last year Nick?---

Mr. Di Donato: It’s over a year now.

Commissioner Cabrera: Over a year, opened a restaurant, an Italian restaurant in downtown Coral Gables, the zero block of Miracle Mile known, I used to call it Cibo, but you corrected me very quickly its Cibo (sounds like Chibo)...

Mr. Di Donato: Cibo which is food in Italian.

Commissioner Cabrera:...food in Italian, bellissimo.

Mr. Di Donato: Gratci.

Mayor Cason: And you've enhanced the image of spandex too (laughter).

Commissioner Anderson: That's a great restaurant, really awesome.

Commissioner Cabrera: Great restaurant, well done and Happy Holidays to you and your team.

Mr. Di Donato: Thank you – and again, on that restaurant, was part of our commitment to build a restaurant in Coral Gables, we found a more appropriate location to put it in where it would work, so the restaurant is doing tremendously well, we appreciate the support of the community, and we appreciate the support of the Commissioners. Thank you very much, thank the three of you who are here through the tough times, I'm glad we didn't hang up our gloves and leave when we almost did.

Commissioner Cabrera: You are the only one that stuck with us; you are the only bidder for that Country Club. People don't remember this, it's funny how we forget history, but you were the only one that stepped it up and came in here with a bid without anyone else wanting to do this, and so I really applaud your efforts.

Mr. Di Donato: Thank you very much.

Commissioner Cabrera: Well done.

Mr. Di Donato: Appreciate it, thank you Commissioner, appreciate it.

[End: 9:52:21 a.m.]