

City of Coral Gables City Commission Meeting
Agenda Item H-1
December 16, 2008
City Commission Chambers
405 Biltmore Way, Coral Gables, FL

City Commission

Mayor Donald D. Slesnick, II
Vice Mayor William H. Kerdyk, Jr.
Commissioner Maria Anderson
Commissioner Rafael “Ralph” Cabrera, Jr.
Commissioner Wayne “Chip” Withers

City Staff

Interim City Manager, Maria Alberro Jimenez
City Attorney, Elizabeth Hernandez
City Clerk, Walter J. Foeman
City Clerk Staff, Billy Urquia
Director of Development, Cathy Swanson
Director of Finance, Don Nelson

Public Speaker(s)

Gonzalez Sanabria Coral Gables Resident
John Hanson, Attorney Representing Granada LLC
George Volsky, Coral Gables Resident

H-1 [Start:11:42:52 a.m.]

Consideration of draft Letter of Intent between the City of Coral Gables and Liberty Events, LLC for the Country Club of Coral Gables, 997 North Greenway Drive, and further requesting the City Administration to draft a long-term lease agreement for future City Commission consideration incorporating the terms outlined in the non-binding Letter of Intent and subject to final review by the City Attorney.

Ms. Swanson: If anyone in the public that’s here wants to follow our agreements we have copies over to my left; if anyone in the audience that’s viewing television...

Mayor Slesnick: One thing Cathy, before you start, I wanted to comment; I think the time has come to say this, I’ve said it before, but the fact of the matter is that, you know, since we are talking about the Country Club now, while in fact we were all embarrassed that we didn’t know for about a year’s time, and it was brought to our attention that the Country Club management group wasn’t paying the lease agreement; the fact is that people ought to understand that the Country Club hadn’t paid rent for probably fifteen (15) years before we started the new management agreement. So let’s put it all on the table that the Country Club for a long time has not, so therefore its not some sort of approbation that we didn’t get paid back, it was just something that we should have known.

Ms. Swanson: Thank you. The copies for the public that's here in the audience, and for those of you that might be watching on television, and you have access to the web site, its very exciting to know that you can go to coralgables.com; you can go to City Commission Agendas; you can go to today's date, December 16; you can go to H-1, and you can click the corresponding number, 08-0803, and you can follow along with it. Again, the coralgables.com; go to City Commission Agendas; go to the December 16th item; go to H-1, 08-0803. What we have before you today is a Letter of Intent. It is a non-binding agreement between this City and Liberty Event to move forward with the drafting of a lease agreement for the Coral Gables Country Club, located at 997 North Greenway. Nick DiDonato is not here today; he's been very instrumental in drafting this agreement. He is being honored by the City of Toronto for his firm donating eighty thousand dollars (\$80,000) to underwrite free cab rides in the City of Toronto on New Year's. He will be here during the lease agreement time, but he sends his regrets that he is not able to attend, but he also wants to show the City Commission that he indeed is a good citizen, and he looks forward to being a good citizen here in Coral Gables. Before I'll go over the Letter of Intent, I -- wanted to talk briefly on the schedule. If the City Commission approves with whatever revisions you want us to incorporate, if you approve a Letter of Intent today, we will go back, we will begin drafting the lease agreement; this is the template moving forward with the lease agreement, and then we would take it through the Procurement Code process, meaning the Budget Advisory Board, the Economic Development Board, the Property Advisory Board, and seven departments including Historic Preservation, because this is a historic preservation site, would have an opportunity to comment on it, and we would forward those comments with our report and the lease agreement. That would allow us to come to the City Commission with a lease agreement on January 27th; because it is a ten year or longer lease agreement. We need to provide this approval via ordinance, so we would have two readings; the second reading would be in February. So today is a Letter of Intent; we will take it through the Procurement process; we will bring it back to you on January 27th with the second reading in the second meeting in February, and then the lease is executed. I bring this up because there is expectation as to when will the Country Club open. In this Letter of Intent, the City is given a hundred and eighty days (180) to complete the landlord improvements after that lease agreement. That 80 (sic: 180 days) days would take you around June or July of this year. During that process, the tenant also needs to go forward with building improvements and building permits. We believe that the possession date then would occur September, end of September 2009. I say we believe, because when it comes to the lease agreement, we will bring back real dates; we are trying to work with what building improvements need to be done; what site improvements need to be done; what do they need to do; what do we need to do; we need to follow our Procurement process in accomplishing that. So we are looking at if this is approved in September, end of September; September 30, 2009 possession date. There are provisions in the Letter of Intent that will allow us to extend that if the Commission were to approve it. The cover sheet really provides the background; you all went through a competitive selection process; we followed the Procurement Code as to what needs to be done; we did go out and solicit proposals; we received two; one was not in compliance, it was disqualified; the other one went through an evaluation process. The Evaluation Committee, seven members very valuable, really put in some excellent suggestions; we presented those to you; you had wanted us to incorporate them. One of the excellent suggestions is oversight; discussion that the City Commission didn't know in the past what had happened, you certainly will know now, and I'll go over what those oversight provisions are. The lease term that they originally proposed

was a ten year term, plus a one ten year renewal. Liberty Events had come back and asked for a change; they have asked for the lease term to be one ten year and two ten year renewals for a total potentially for thirty (30) years. Included in the provisions for an option, they have to be in full compliance; they can't have any default; you all have to be satisfied with the performance that they are doing at the Country Club. So I don't want you to think that it's locked in automatic, there are some performance provisions that have to be met. On the base front when they first presented, they called for twenty thousand dollars (\$20,000) per month beginning in the first rental year; and we have taken that and we have done a three percent annual increase, we believe that's appropriate; as you'll recall, there is also a percentage base rent; we are looking at the base rent, the guaranteed base rent; we have bump-ups; we've included that in our schedule, both as an exhibit and in your cover sheet. So year one (1) would begin at \$20,000 a month or \$240,000 a year, plus property taxes, plus other obligations; and it would increase three percent (3%) per year, so year ten (10) would be \$313,000 a year; year twenty (20) \$469,000 - \$470,000 a year; year thirty (30) \$631,000 per year. So those 3 percents, it becomes very meaningful increases over the time, but we believe that we structured it in a way that works well for the tenant. That's working well for the tenant, has been absolutely critical in this discussion, because you all have said, and the Evaluation Committee has said, we need to have something that is really going to work for the City, but also work for the tenant; and we can't overburden them with something they won't be able to bring to fruition. Multiple pages of definitions as to what constitutes what, so everybody clearly understands; the concept of rent commencement – a rent commencement date, when will they have to start paying rent?- rent commencement is equal to possession day, when they get the property. We will have begun improving; they will have done improving; then possession day, we believe will occur September 30th; that should be our rent start, but in no instance would it be later than December 31. Now, for it to be December 31, you all would have to allow it; this Letter of Intent today is written as a possession date of the end of September, and we are going to work toward that; we are going to make sure that our Building and Zoning Department cooperates, all the stars are aligned so that we can get the City obligations done first, and then the tenant can come on site. I do want to speak a little bit about the City obligations; worth it, but its expensive. We need to do a roof, Public Works have has looked at it, since the majority of it is a flat roof, they have a bid proposal in for sixty thousand dollars (\$60,000), that's a repair, it's a serious repair, that should last some time; an HVAC, a new air condition, \$110,000; and termites, we have well fed termites in that building, it will be \$40,000; we need to take care of that, you can't open a building and then have a tent over it. Some new issues have come forward, and we are monitoring those. One is a contamination with the tanks on site.

Commissioner Withers: The what?

Ms. Swanson: There is we believe contamination of soil, due to underground fuel tanks that were there for some time.

Commissioner Withers: OK, thanks.

Ms. Swanson: City knew about it, unfortunately I didn't know about it, I would have included it in the RFP, but we immediately contacted the tenant to advise them that it is the City's obligation, its not there's, they understand that. We are going to have a full report at the end of

this month as to what is happening with those tanks, and your City Manager has also asked to be updated on any other environmental issues that maybe out there.

Commissioner Cabrera: Did any of you know anything about these tanks?

Vice Mayor Kerdyk: I just learned recently.

Commissioner Anderson: Actually there was a memory of it at some point from the original Country Club, but I think I knew about it. I'm pretty sure that it was brought up at some point during the last...when the Property Advisory Board was overseeing the original construction phase of it, I believe, I could be wrong, I thought that had been mentioned.

Ms. Swanson: Its my understanding that other departments were aware it, they were moving forward on it, addressing the issue, I learned about it later, but we caught it quickly, we'll keep the Manager informed and she is going to keep the City Commission informed; but that's a cost factor there and we have to put that on the table. Another cost that is out there that Liberty has asked the City to assume the cost of upgrading the pool. There is new legislation out regarding the drains, the way that new pools that are open to the public, whether they are hotels or City pools, need to change in response to that regulation; that regulation has been slow in being formalized, it is now known; Public Works is working with a pool consultant as to what that cost would be. Before we bring you back the lease agreement, we are going to know what that cost is, what the time is, so you will be able to comment and decide at that time. But I just want you to know in addition to the HVAC, in addition to the roof, in addition to the termites, we also have those two issues, we'll know more about them before we bring you the lease agreement.

Commissioner Cabrera: Let's stay with that for one second. I think the legislation was approved December 12th, or its in effect December 12th; do you know if we are able to continue to use the pool even though this legislation is now in place?- or do we need to make the improvements and/or repairs prior to allowing the pool to go back into use?

Ms. Swanson: I'm not exactly sure on that question. I believe...Alberto?

Commissioner Cabrera: Let me tell you why I'm asking...you don't have to give me an answer today, but the reason I'm asking the question, has to do with the fact that even though the Club is not being utilized today, there may be an opportunity to continue operations with the swimming instruction company that we worked with through Granada LLC in the past, because they've expressed a desire to continue on for the upcoming swimming season; and so if in fact, and I was going to bring this up much later, but if in fact the pool can continue to be used and it can be put back to its original conditions, then I would certainly ask the City to consider not allowing the whole swimming season to go unused; could be more than one season, could be two seasons for that matter, and I'll go back to that in a minute, that's my only concern at this juncture, so if somebody could find out.

Interim City Manager Jimenez: We'll find out Commissioner, and we'll advise you and the others.

Commissioner Cabrera: I think I know the answer, and the answer is not what I want to hear, which is, unfortunately you are not “grandfathered”, and you must make the corrections immediately.

Interim City Manager Jimenez: I think you are correct; the question is what period do you have to make those corrections?

Commissioner Cabrera: Yes, what grace period do you have?

Interim City Manager Jimenez: And we’ll definitely get back to you on that.

Commissioner Cabrera: OK. Thank you ma’am

Ms. Swanson: And on that matter of having an outside contractor on sight, if the Commission would like us to approach Liberty during the interim before they open and enter into this agreement.

Commissioner Cabrera: See, I would be more interested in approaching the previous contractor rather than to go through Liberty on this, because the contract with Liberty is not going to be in force, you follow what I’m saying? We have a Letter of Intent, but we will not have a signed agreement and so I don’t want to see us by-pass the opportunity to continue with another swimming season, that’s how I’m looking at it. I know, I’m saying...

Ms. Swanson: We’ll follow the direction of the Commission.

Commissioner Cabrera: I understand. I’m saying this for the benefit of my colleagues so that we don’t lose out, because here’s what happened in reality; when the Club closed and we had some representative from Granada LLC working there, we kept the pool open, and the pool contractor worked directly with the City Manager’s office, so if that opportunity still exists, and I think it does, if (a) we can get a grace period to make the corrections to the pool, put the pool back in working condition, then we would have the opportunity to have a swimming season with that current contractor, who by the way, that contractor did a lot of work to maintain the pool and to ensure that the pool was in good working condition, including chemicals, and work on the pumps, and things of that nature, so you have a contractor there, and she has made no qualms about it, she has reached out to us multiple times, and asked that she be given the opportunity to talk to Liberty, and she is good, that’s exactly correct Mr. Kerdyk, she’s very good, and I’d hate to lose that opportunity. Thank you ma’am.

Ms. Swanson: So, I’ve given you some of the tough part of the story, but the reality is when you read our local paper and it acted as if the sky was falling, the reality is the stars are aligning; we are closer and closer unto a deal that is going to work not only for the City; and we have our financial advisors, we have our hospitality advisors, we have our legal counsel making sure that the language is good, the operations are solid; but its also something that’s going to work for the tenant and that sustainability issue was extremely important. They will put in approximately one point five million dollars (\$1.5M) of their money to make additional improvements beyond what we talked about. Now, that’s to bring up the banquet facility and the other functions independent

of a full service restaurant, that's an additional probably million dollars that would be their expense. Included in the lease agreement though and the Letter of Intent we said, you are going to open and you may open the banquet first, you may open the restaurant first, you may open them both; we will have that clearly defined in the lease agreement, but if they open both at the same time you are talking about two point five million dollars (\$2.5M) of their money in getting the facility up and running. Included...we did say though that restaurant is important, that food service is important so at no point can you have an endless period of time in deciding when that would be open, so we put down thirty-six (36) months from possession day for them opening that full service restaurant, in the event that they go banquet first. The money in this project is in the banquet, so they are clearly incentivized to do that, but we think the idea of the full service restaurant as an amenity to the project is also important. We have built in a guarantee - \$2.5 million - \$1.5 million, that's a lot of money; we have them with either a letter of credit or some other type of acceptable personal guarantee to ensure us that those improvements are going to happen. Uses and quality – we clearly state what is allowed, what is not allowed; they did ask for a provision that says, if something comes up where a new use is considered they'd like the right to come to the landlord; we've been very clear in this that the landlord is the City Commission; landlord is not the City Manager; that they have the right to come to you and request that use. Do they know that use now – no, but this a thirty year potential agreement, so its important to have a little bit of flexibility, provided it meets the zoning and other requirements.

Vice Mayor Kerdyk: Cathy, can I digress for just a second, a personal guarantee, you just touched on it; the personal guarantee would be for a specific amount, or guarantee the lease, or they are guaranteeing the improvements, what is that going to be?

Ms. Swanson: Excellent question – it's for the specific dollar amount of the improvements that will be listed in an exhibit in the lease agreement; so they guarantee that those improvements at a specific dollar will be completed.

Vice Mayor Kerdyk: How about the personal guarantee for the lease itself?

Ms. Swanson: We have not required a personal guarantee for the lease itself, because we are getting upwards of two point five million dollars (\$2.5M) in improvements into the space.

Vice Mayor Kerdyk: I think its good and I'm not sure how I feel on it, but I do know one thing for sure is that the last time we had this same discussion we did not require Alan Potemkin to be a personal guarantee on that lease, and certainly they put money into the property too and the next thing you know we are fighting on whether or not there is a backing there, and I have some issues with whether there should be a personal guarantee, guaranteeing the lease or not, something that we need to talk about further, but an issue that I would like to explore at least.

Commissioner Withers: Have they bonded any money for operations or is it all for physical?

Ms. Swanson: All for physical.

Commissioner Withers: Can I touch back real quick on the use? I noticed that it said that its going to be open from 7:00 a.m. to 1:00 a.m., seven days a week, basically that's what...I'm

sorry, it says its only going to be closed other than for improvements or between the hours of 1:00 a.m. and 7:00 a.m.

Ms. Swanson: That was language that we used from the prior deal, but obviously...

Commissioner Withers: Here's my question for the City Attorney, does that conflict with the current Zoning Code as far as hours of operations if it's on that property right now?

Ms. Swanson: I can answer that. There was a special zoning overlay that was placed for this property, and those are the hours that are listed in that zoning overlay for this site.

Commissioner Withers: So the way this is written is, it gives them the ability to stay open past 1:00 a.m., it just means that they are not going to be closed, you know what I'm saying...?

Ms. Swanson: If that's how you are viewing it, we are going to correct it, because our intent...

Commissioner Withers: Let's read it together; it says, the hours of operation...

Ms. Swanson: I believe you are looking at page 9, section 8 "Days of Operation", "premises shall never be completely closed for business except between the hours of 1:00 a.m. and 7:00 a.m., or for planned renovations or situations...."

Commissioner Withers: They way I read that is that's its not going to be closed more than that, but it could be open more than that.

Ms. Swanson: OK, well...

Commissioner Withers: Maybe I'm not sure, Don is the attorney...

Ms. Swanson: I'm glad that you raised that, we'll clarify it.

Commissioner Withers: Did I read it right? You may want to re-write that I guess to comply with...

Ms. Swanson: This is not a 24-hour operation. So thank you for raising that.

Mayor Slesnick: You could in fact reference the zoning overlay.

Commissioner Anderson: Not a bad idea.

Ms. Swanson: We'll do that.

Commissioner Withers: Thanks Cathy.

Commissioner Cabrera: You know that back entrance is perfectly suited for Farms Stores.

(Laughter)

Commissioner Withers: Or an all night video store, one of the two.

Ms. Swanson: Well that is not a permitted use; they will have to come to you for permission if you all decide to do that, and the management of the golf facility. This lease or this Letter of Intent is for the tenant and for the building, the Country Club building, it is not for golf facilities; we allow them the opportunity of coming back in five years to show their credentials, their experience, their desires. But we have looked even at taking over the tennis facilities that triggers a property tax, we would not even want to calculate the property tax that would come to the City turning that over to the tenant in the lease arrangement; the property taxes for the tennis courts, I believe, are about all-inclusive City combined about twelve thousand to fourteen thousand dollars (\$12,000-\$14,000) a year. Tenant's management team, they are identified in...

Mayor Slesnick: I'm sorry, go back; what was the point you were making about the taxes?

Ms. Swanson: The golf facilities, right now City-owned...City rented.

Mayor Slesnick: Let's go back; in other words you are telling me that they would be paying that many taxes on the tennis courts?

Ms. Swanson: Yes.

Mayor Slesnick: Even though we are the landlords?

Ms. Swanson: We are the landlord in the Country Club as well; when it's included in the lease agreement the for-profit entity it triggers a taxable experience.

Mayor Slesnick: I have to tell you that our main goal, I don't think we can drop the ball here, our main goal is to utilize the premises in a productive manner, and to make the Country Club a productive part of our inventory for the citizens of Coral Gables; and you know, we just have to hopefully work with these people, and right now the other historic City-owned property that has a hard time making it because of the economics and so forth is the Biltmore, they pay their lease, but they are exempted from paying property taxes; and I would be delighted to try and find a way or think of a way in which the Country Club...I want to make sure they pay their lease and that they succeed and if it means that they didn't have to pay property taxes, I don't know...

Ms. Swanson: If I can just show you one thing...

Mayor Slesnick: We can't do that; we can only do that among ourselves with our portion of the tax, which is...

Commissioner Cabrera: You know that the taxes they pay are well below what they should be paying, I mean, extraordinarily low, extraordinarily low, I looked it up on...

Ms. Swanson: It's the assessed value for the property; it's under a million dollars; the City helped in getting that reduced, but I would like to explain...

Mayor Slesnick: But what I'm saying is that right now they will be paying seventy percent of their taxes to the School Board and to Metro Dade-County, and that's what...I don't know, I mean...

Ms. Swanson: I'm sure they will welcome the opportunity of property tax relief, but what we have done, and they have expressed this concern; we set a base level of what we believe the property taxes will be based on what they are now, and we have said, or at least its our recommendation, and we built that in the Letter of Intent, that if property taxes increase dramatically over the time, then its our recommendation that we take it off of their percentage rent. So if they begin owing us money, and the percentage rent is a little tricky, percentage rent doesn't kick in until over four million dollars of revenue is realized on the property, and then it's a six percent gross. Vice Mayor Kerdyk always tells us we go for the gross, if nothing else. But we've said if property taxes become a burden, we allow them to subtract that or credit their property taxes against that, but clearly what you are proposing there is some type of additional or separate relief...

Mayor Slesnick: I wasn't proposing, I was just...

Ms. Swanson:...putting it on the table.

Mayor Slesnick:...verbally expressing my feelings.

Ms. Swanson: Understand. When we talked with the principal in it, his concern was, what happens if property taxes go through the roof?- and this was the way that we suggested solving it; we didn't hurt the guarantee base rent, but we did go into the possible percentage, and he thought that was an excellent suggestion. So we did try and work with them on that, and that's how it's drafted in this letter. Membership Program: Important part of the process; they have to submit to you through us a membership program that would be attached to the lease agreement. That management --- membership program will give discounts to prior life time members, discounts to Coral Gables residents, and discounts to civic organizations; those are recommendations that came from the Evaluation Committee and you all accepted those recommendations, so we are working with them exactly on that membership program, and that's going to be an exhibit in the lease agreement. The obligations for moving forward; rent is an important revenue, but they also need to upkeep the property. We have tried to do this in a way that doesn't overly burden them, but it also doesn't begin to obligate the City if that maintenance isn't done, so they have to provide annual reporting for compliance; the HVAC is taken care of, that everything is taken care of. I'd like to jump over to an exhibit that I believe would be important to the City Commission. I'll go back through some other tabbed highlights, if you allow me the time, but Exhibit "J" is the oversight requirements, both you and the Evaluation Committee felt that was important that the Commission be kept apprised of what's going on in the property; and we worked with the tenant so that it was not overly burdensome, but it accomplishes your needs. The tenant will meet with the City Commission at least twice a year to discuss the County Club operations; the tenant has some reporting responsibilities in addition to

that twice a year, and that is, its going to be our intention to hire our hospitality consultant that we have, to be the one that reviews these documents for us, so that we know what's happening with their bookings, what's happening with their payroll, what's happening with the operations itself, so that they cannot be in their way, but that they can continue to monitor so that you all are informed, and that we have somebody looking at it that is really knowledgeable on hospitality. We have...so when you see the landlord's designee, while you can certainly ask the Manager's office to do, it would be our recommendation that the Manager then asks for the consultant to do that review. We talk about monthly financial reports, monthly reports on all future bookings, copies of litigation; these were issues that would allow us to recommend to you and inform you of the monitoring of the site, but then you also have the right and responsibility to revise that from time to time. If you are comfortable moving forward and you say, you know, we've got enough of this reporting going on, we'd like to have a full report that includes this, and we'll look at it on an annual basis, that's certainly your prerogative, but right now we have them coming to you twice a year, and them coming to us every eight weeks with how they are doing. You may back off of that later on, after the operation is perhaps year three or year five, but those are what our recommendations are and that is what the tenant has agreed to. Assignment: This is a thirty (30) year lease, potentially; lots of changes can happen within 30 years, you have to approve it. If there's more than a twenty-five percent (25%) change in ownership, if there is more than a change of twenty-five percent (25%) Board of Directors in make up, you have to approve it, so that you know who you are dealing with now because of the qualifications of Liberty, that's what made you take this – allow us to negotiate this deal, so any changes to that, you all get to review. We talked a little bit about the “as is” – “where is”, and we are going to revise that a little bit in terms of potential contamination that is the City's responsibility for contamination that exist there now; may not be anything; may absolutely be inconsequential, but we are researching it, we'll get the report at the end of this month, but moving forward, if there is new contamination, if there is contamination they cause, they are responsible for it. Little requests, its up to you; for signage assistance, not in the outside of the building, they like the building very much, but they don't want their customers getting lost in the residential area, and so if there are way-finding signage that could be attractive and improved, they would like the City Commission to consider it; haven't proposed it yet, but they did want to put that on the table; you have done that with the Biltmore Hotel, and they are asking for not as many but a similar type of consideration; and Commissioner you asked about the guarantee payment and performance; we describe it in an Exhibit “E” on page 35, and page 36, and page 37. The Letter of Intent is non binding, but we believe that it is something that we know that the tenant is accepting of these provisions; your staff is recommending them, but we are here to see how does the Commission feel about them?- what kinds of additional considerations would you like to see added?- we'll incorporate those and then when we come back with the lease agreement, you'll have the City's Special Counsel, you'll have the Financial Consultant, you'll have Mr. DiDonato, I just didn't want to bring our consultants in at this point while we discuss the Letter of Intent in its draft form.

Commissioner Cabrera: Quick question. Originally, when you talked about some of the “as is” that need to be corrected; what is the status of the kitchen appliances?- because there was a lease between Granada LLC and the leasing company...?

Ms. Swanson: Sun Bank.

Commissioner Cabrera: Sun Bank – what’s the status of that?

Ms. Swanson: That is a lease between Granada and Sun Bank and it would be only up to...only if Liberty wants to assume those and approach Sun Bank, its totally up to them, we’re not looking at that equipment, being some of that equipment is permanent to the property, but most of it is leased, and its going to be between them. We have really tried to stay out of the Granada obligation.

Commissioner Cabrera: I know. OK. That equipment is in the facility today? Who’s paying for it?

Ms. Swanson: Nobody.

Commissioner Cabrera: OK, so what’s the status of the lease?- does Sun Bank have a lien against someone for...

Ms. Swanson: The City Attorney might want to give you an update on the Granada...

Commissioner Cabrera: Because we are not paying for it.

Ms. Swanson: No, we’re not, no. I don’t...

Commissioner Cabrera: I didn’t mean to spring this one on you. I just thought of it.

Ms. Swanson: It’s a good question. We’ve been very careful to protect the future tenant against any of the obligations.

City Attorney Hernandez: Well, at present we are in litigation on the matter, so I would prefer that the Commission...

Commissioner Cabrera: OK, alright; somebody brief me at some point in time. Can I direct my comments to the four of you, because I really appreciate the work of staff? I’ve got problems with the rent commencement date of 12/31/09 being the latter part, I mean, I know it can start as early as September, but I’ve got a problem with this facility starting in 2010; conceptually I would like to see the facility begin sooner than 2010, so conceptually while I’m going to support this Letter of Intent, I just think its too long to wait all the way till 2010, because I believe that things are going to go wrong as they usually do, and its no-one’s fault; its not the City’s fault; its not the new contractor’s fault; and I don’t see us...if we don’t create a sense of urgency on this issue, then maybe what we do is...

Mayor Slesnick: Ralph, Ralph, I don’t disagree; I’d like to see it open tomorrow, but I just hope as we go through this the demands we place on them are not going to drive them away.

Commissioner Cabrera: I understand, but its interesting, because we talked about this; I talked about this with staff; the demands – the major demands are really our issues; the roof, the

HVAC, the swimming pool, the contaminated tanks, those are all major issues that are really our problems, not the contractor's problems. I see the contractor coming in and making, for the lack of a better definition, "cosmetic" changes, you know, maybe taking out some walls, reconfiguring some space...

Mayor Slesnick: Replacing the rugs.

Commissioner Cabrera: Sir?

Mayor Slesnick: OK, replacing carpeting, new furniture, draperies, you know, cosmetic changes that can be done, I mean, I watch it on Home and Garden Television all the time, I mean, I can see how they move so quickly over there; all kidding aside, this is not the kind of thing that would require the time element that we are giving it. So if we are going this because of us, then somebody tell me, I'll accept it and say this is a City issue, and that's why we have to do this, but I am just personally completely uncomfortable with the rent commencement date and the beginning of all of this. The other thing that I am uncomfortable with, and I'll tell you straight up, and I'm not going to change my mind, and nobody can lobby me; on page 11, the option to provide management of the golf facilities. I can't remember anytime that this City Commission has give staff any kind of direction to consider the option to manage the golf facilities, including the snack shop, and the pro shop and the course. So I am not interested in going in that direction, and if that option is in there...

Mayor Slesnick:...told them that.

Commissioner Cabrera: We did? I must have been asleep at the switch because I would have had a coronary. I don't want some private contractor, I don't care how good they are in Canada, to run our golf course, I mean our public golf course. The last public golf course that's really is a public golf course in my opinion, and so I am opposed to it; so if we did this as a collegial body, I just don't remember, I must have taken a nap that day.

Vice Mayor Kerdyk: I think we allowed them....we mentioned it; I remember mentioning the golf course. I have to say that I share your same sentiment, but I do remember this Board saying something about the golf course allowing that to go out for the RFP, but I do have a stomach ache about the golf course ever being turned over.

Ms. Swanson: We don't want you to have a coronary and we don't want you having a stomach ache.

Vice Mayor Kerdyk: That's OK; I'd rather have a stomach ache.

Ms. Swanson: This is not something that you all as a Commission want; this is the perfect time to remove it.

Commissioner Cabrera: Well, I'm not saying that I don't want it, I mean, I am saying that; I'm saying I don't want it, but I don't want to put it in the Letter of Intent or the agreement, because maybe some future Commission may want to exercise that option; I just don't want it as part of

this agreement; I don't want to give either the public or this government the impression that we are looking for these options from someone who is untested, I don't want to go in that direction, because I know what happens; the next thing that happens is this goes into one of the local newspapers, and then we get thirty e-mails telling us how they don't want Burger Bob's to go away, and they don't want the golf course to become a private enterprise, and the reason that happens is that people don't attend these meetings, they don't watch them on TV, and they just assume or create their opinions based upon whatever they read, inspite of the truth or whatever the article wants to outline; there is an old saying, "don't let the truth get in the way of a newspaper article"; and so this happens time, and time, and time again. So that's the reason why I'm voicing this position now that in my opinion I don't want to give them that option.

Vice Mayor Kerdyk: Cathy, Cathy, following up on the Commission's question or comments; does their economic model reflect the golf course in it?

Ms. Swanson: No.

Vice Mayor Kerdyk: Alright.

Commissioner Cabrera: So why put it in there?

Vice Mayor Kerdyk: Well, that's what I was getting at. I have stomachaches on that so you can probably, it'll be better to take that out...as long as you don't think that's a deal-killer, I don't want...I prefer that they don't have that in there.

Ms. Swanson: Is there another comment that I should be hearing from the Commission on that, if so we'll remove it, it's up to you all.

Mayor Slesnick: I don't what the problem is of having it in there for Commissions to talk about it in the future; it doesn't commit us to do anything; it doesn't commit us not doing anything, but to have it in there, if there is in fact economic models that develop that would make it valuable to the City and valuable to the operator, and of course my main concern is valuable to the City and to the citizens. At some point in time it may become valuable to the City and the citizens to consider that, and I think that's all we are talking about. At the present moment, I would agree with Ralph, that we are not in a position of doing that at this present moment, but I don't know why you just take it out of being considered in the future, that's all.

Commissioner Cabrera: Why put it in?

Ms. Swanson: Well, this is more than....this gives them the right to pursue an option, and I think what you might be saying is that the City might be open to discussing...

Commissioner Anderson: Not to be granted this time.

Commissioner Cabrera: I think that if you all, if we all, want to three months from now make this an option, or four months from now, fine; but at this juncture I am not in a position to even want to discuss...I'm worried about this facility, for the lack of a better word. I hear all the things that

are wrong with it, and yes you are right, the stars are lining up and I appreciate the positive nature of your commentary, but I know we have to fix a lot of things, and we also have this membership out there who, I think, many of them would like to return to the facility, and if we wait until 2010 then its going to be difficult to get those customers back, and at the same time I have to be candid with all of you, as I read the Letter of Intent to me it looks like, it smells like a Country Club agreement; we are going right back to the old business model, and I didn't want to get into that whole subject matter, but I heard a number of you in past Commission meetings say, hey you know what, that previous model did not seem to work, so why don't we look at a different model to move from; but if I look at this template, I'm looking at a Country Club agreement here; everything has to do with membership; everything has to do with the operations of a member-run facility, and so that's another commentary.

Ms. Swanson: I'm sorry if I gave that impression; the real business striver in this is the money that will be earned separate from the membership and it will be the special events, banquet facilities, for the six hundred seat dining grand ballroom. So when we looked...and that's shown here in the numbers that they presented; membership is really a very, maybe symbolic role, but very minor economic role.

Commissioner Cabrera: I'm not criticizing the work you did; maybe that was the direction you all wanted to take, I'm just giving you feedback, and I can give you examples of where I look at it and I say, Gee, we are still calling this...for example, since we are discussing it, page 9 discusses the rights to the name; well, we get into calling it the Coral Gables Country Club, or the....

Ms. Swanson: That's an excellent point, because they want to reserve the right as you'll see on the next page, to come back to us and possibly change the name.

Commissioner Cabrera: And I'm OK with that; I'm OK with that.

Ms. Swanson: They wanted to have that...

Mayor Slesnick: But wait, it's a historic building with a historic name, I mean...

Commissioner Cabrera: So what?

Mayor Slesnick: So what?- might as well change the name of the Biltmore.

Commissioner Cabrera: We could.

Mayor Slesnick: Well...

Commissioner Cabrera: Yeah, who knows, after ten years, it might become the Don Slesnick Hotel, I mean, I don't know, it could be done in your honor. But I'm serious, so what, it was a facility for "X" number of years, it operated as a private club...

Mayor Slesnick: Venetian Pool, wait a minute, Venetian Pool...

Commissioner Cabrera: Why isn't it the Venetian Casino?

Mayor Slesnick: OK, it's been the Venetian Pool forever; the Biltmore Hotel is the historic name.

Commissioner Cabrera: The Merrick House wasn't the Merrick House forever; we decided to call it that after Mr. Philbrick sold it to us.

Mayor Slesnick: Well it was that or the Philbrick mansion.

Ms. Swanson: If they do pursue a name change even if it's something, as the Country Club of Coral Gables they have to come back to you.

Mayor Slesnick: It's still called Coral Gables.

Commissioner Cabrera: The point that I'm trying...and Don, I know how strongly you believe on the fact that the facility has so much tradition, and it does, it truly does, but the point that I was trying to make, and forgive me if I'm a little bit animated on this; I read through this document, and it just to me looks like a country club agreement template, and that's why I voiced these concerns, you know, at the end of the day if all of you decide that that's the direction we're going to go, then I may or may not vote along with you, but once we make that decision I'll support it. I just feel that I needed to give you this kind of feedback today.

Mayor Slesnick: OK, and I appreciate that and I'm not actually disagreeing, I'm just saying that I don't think...that's how you read it, I'm not sure that's where this is headed because one is an open restaurant...

Commissioner Cabrera: I see it; I see the uses.

Mayor Slesnick: Well you are talking about the key to the whole building is that restaurant, its going to be an open restaurant, that's different; its always run off of catering; the only profit center has always been catering – always – whether its private or not, in fact if you go to Riviera Country Club, I'm sure that you will find besides membership dues catering brings in the biggest bucks.

Commissioner Cabrera: Yeah.

Mayor Slesnick: So I think that this is a pretty wide open thing; there is a membership component, but that's not the driving force here.

Commissioner Cabrera: I'm not saying it is not, and in fact page 8, under Uses and Quality of Operation, you've got eight (8) basic uses; banquets, upscale restaurant, casual food service, fitness center operations, food and beverage services, recreational activities such as pool, tennis, etc., membership services typical of a club similar to the premise, and last but not least is meeting space. So you've got eight uses here. As I looked at the rest of the document, to me it

just came across as a country club operation; and if I am mistaken, listen, if I am mistaken, I am sorry, and staff has done an admirable job.

Ms. Swanson: These were the uses that were included in the zoning, but in terms of how you measure first class operations, the first class operations that we call on within this Letter of Intent are the Biltmore, the Hyatt, and the Westin Colonnade; we are not including other traditional country clubs as a comparison as are they running a first class operation. There are nuances here that really take it to a different, I believe, a different direction than a traditional club, and I think it will be a healthy divergence that will allow a small club component to continue, but a new business to move forward.

Commissioner Cabrera: OK, just giving you my observations from reading this thing, I mean, that's what I thought you all wanted us to do, and I wanted to share some of my thoughts with my colleagues on this; like I said before, look I think that we are trying real hard to do a lease agreement, but this lease agreement needs to have a very, very strong management component; and I know that's a difficult task for staff to take on; you've done a lot of good things by creating the exhibits on oversight and the reporting capabilities and what-have-you, but because this is so much of a lease agreement than a management agreement, it's a difficult task; and so if we create something that looks like a country club lease agreement then it may turn out to be that, and that's the only reason I bring this up; and I'm beating it to death.

Ms. Swanson: I appreciate the comments.

Commissioner Anderson: I'll just throw my two cents in, and it's not a rebuttal, because we all read things differently. I totally agree that I hope it doesn't turn out to be a country club membership thing, because I think that's what we had originally intended when we started this process; and how I read it was that membership is a component of it, but what I remember saying, this is a facility, a City-owned facility that will have memberships in it, but it won't be all membership; it will have some membership base, but it will be open to the public, and we will have banquet facilities, we'll have restaurants, and it will be open to the public, if I'm reading it correctly. So that gives me some level of comfort that we are headed in the right direction. I don't want this to become a private club again; I do want consideration, and I think it's in there for former members to have some consideration. So, maybe just a different read on it, but I think we are headed in the right direction on that, and I do echo Commissioner Cabrera's, and we discussed this yesterday, the opening date, I really think the '09, September '09, would be really important if we can get that.

Mayor Slesnick: Let me say though that we should not forget that the past members of the club, if attracted to this place form an immediate group of support, people to be using it, and to be buying food, and to be bringing catering and so forth, there is no other natural group of people that are lined up at all, so we want to make sure we understand that, that is a financial consideration too. These are people that could be attracted to support the club immediately, as opposed to just itinerant people out there that have to read two months of advertising before they get the idea that it's open.

Commissioner Anderson: Right.

Mayor Slesnick: And I would say, just again because Commissioner Cabrera likes us to take our positions and state them on the record, is that I would be opposed to changing the name, and I want them to understand that, that if you put that in there that's OK with me, because I've already argued that we should always have options, but I'll take my position on that.

Commissioner Cabrera: I think the residents find it refreshing when politicians take a strong point, I really do, whether they like you or they don't, I think they really appreciate that.

Mayor Slesnick: But they all like me (laughter).

Commissioner Cabrera: Well, the circle that I run with, they like me (laughter).

Mayor Slesnick: That you cycle with.

Ms. Swanson: Was there additional direction you all wanted to provide on the issue of the golf facilities?

Vice Mayor Kerdyk: Well you know how I feel on that Cathy. Can I ask a couple of other quick questions?

Mayor Slesnick: Before we leave that; I think the Commissioner brings up a good point, if it was in there, if I overlooked that, if it was in there as giving them a right to some kind of option, I think that should be toned down considerably.

Ms. Swanson: We'll tone it down.

Mayor Slesnick: But there could be discussions, there could be discussions, but it's totally up to the Commission, but and not as their option.

Commissioner Cabrera: Its very well put...I'm sorry, you were going to say something.

Commissioner Anderson: No, no, no, I was agreeing.

Commissioner Cabrera: The agreement, the Letter of Intent reads, "Tenant wishes to have the option to assume management of the golf facilities, the option, which option would automatically expire upon the earlier of the termination of the lease for five years from the effective date, and this includes, it references the general description of the Granada Golf Course, Pro Shop, and Snack Shop.

Commissioner Withers: Ralph, I think the original RFP gave them the ability to manage the Golf Shop and Burger Bob's, and they declined, they showed no interest at all in that, but did the original RFP give them an opportunity to manager the Golf Course operations, or was that added on afterwards?

Ms. Swanson: There was an attachment in the RFP that we issued that said, other facilities that may be available.

Commissioner Withers: See, they didn't respond, I didn't mean to cut you off.

Commissioner Cabrera: But you know why they didn't...

Ms. Swanson: They did, they did, they said that...you all said, let's just review this, its not going to kill this deal.

Commissioner Cabrera: But what did they say?- what did they say?

Vice Mayor Kerdyk: This is an after thought.

Ms. Swanson: They reserved the right, I'm going to go from that original proposal, they said that while they are not interested in doing it at this time, they would like to look at both the Golf Course and Pro Shop within a five year period, but I will pull that...

Commissioner Withers: We just gave Burger Bob's, what?- an extension on his lease, right?

Commissioner Cabrera: A one year lease. So let me tell you what happened in real life, OK; they try to meet with Burger Bob, with Bob McGuire and he said, look I don't want to do any deal with you guys; I want to be left alone; I want to run my business...

Commissioner Withers: I think you are right.

Commissioner Cabrera:...So they said, you know, we are going to be good guys, we are not going to get in the middle of this thing; we know that the villagers are excited, so let's leave it alone.

Commissioner Withers: I think you are right.

Vice Mayor Kerdyk: Can I ask a couple questions Cathy, with regards to the lease?

Ms. Swanson: I'm going to soften the language, so that they may re-approach the City with a discussion.

Vice Mayor Kerdyk: Soften it or take it out. Couple things Cathy with regards to finances here, and again, let me tell you that my vision here is that we get a capable, successful tenant in mind; so when I'm asking these questions its not to deal-kill or anything, its just a matter of clarification, and there are only a few, because you've done such a great job answering them, and matter of fact I can assure you that this is the most detailed Letter of Intent I've ever seen, matter of fact, if you wrote lease on the front of it, you would think it was a lease, I mean, its unbelievable.

Commissioner Cabrera: I commend staff's work.

Vice Mayor Kerdyk: Anyway, how much...what was the Granada LLC supposed to be paying on a monthly basis right now?

Commissioner Cabrera: Twenty-five and change.

Vice Mayor Kerdyk: Twenty-five.

Commissioner Cabrera: I think it was twenty-five four fifty-two (\$25,452).

Commissioner Anderson: Yeah, it was their repayment plan.

Mr. Nelson: Good afternoon. Actually it was twenty-five thousand three hundred and eleven dollars (\$25,311) a month, or three hundred and three thousand dollars (\$303,000) a year in annual principal.

Commissioner Cabrera: I move present value forward; no, I'm just kidding.

Vice Mayor Kerdyk: So they are proposing twenty thousand dollars (\$20,000), alright.

Mr. Nelson: To start.

Vice Mayor Kerdyk: To start; and they are going to move it up three percent (3%) per year, then I see between the tenth and eleventh year....

Ms. Swanson: And this is a guarantee, this isn't based on performance.

Vice Mayor Kerdyk: Right, now we are going to go through the whole analogy here, but I'm just finishing my thought process; its three percent (3%) per year for the first ten years, and then on the tenth year I see an increase of probably, it looks like ten or fifteen percent from between...am I correct or wrong?

Ms. Swanson: There is a little bump up in ten and eleven.

Vice Mayor Kerdyk: Ten and eleven, and then it goes from that point forward three percent; it doesn't bump again from twenty to twenty-one, its three percent from there on, alright.

Ms. Swanson: Correct.

Vice Mayor Kerdyk: Alright. In addition, that anything over four million...our break point is four million dollars (\$4M), correct?- anything in addition to that in gross revenues, they pay six percent less the real estate taxes, which you explained to us, correct? Have you seen their projected models of when they think they may achieve that four million dollars (\$4M) break point?

Ms. Swanson: Our calculations show in addition to base rent commencing in the second rental year, that is what starts the percentage rent, but we look at it as...we have a calculation here where we don't believe that is going to start taking shape till probably year eight or nine.

Vice Mayor Kerdyk: Eight or nine. While you are looking through that, do we have a percentage rent with the Granada LLC?- and of course percentage rent is only as good as the tenant.

Ms. Swanson: We weren't trying to compare that deal with this deal, so I have to refer to...

Vice Mayor Kerdyk: Well, that's why that's the reason for these questions to get a base line here.

Mr. Nelson: The requirement with Granada LLC was that they of course provide the annual debt payment, which was twenty-five thousand three hundred and eleven a month, plus they were to cover all of the expenses, included the debt, principal and interest; they were then to pay the operating cost their management fee, their working capital requirement, and then after all that if there were profits, they were going to divide the profits in half between the City and the Club.

Vice Mayor Kerdyk: On a net basis though...

Mr. Nelson: Net after all those expenses; they had many, many layers in order that they had to cover first before they would produce a profit, we did not receive any net profit return from the club.

Mayor Slesnick: You know what; I would bet you that there was none.

Mr. Nelson: Nor historically have we received rent.

Vice Mayor Kerdyk: Just like we are never going to see a net profit with the Rouse project.

Commissioner Cabrera: What's that?

Vice Mayor Kerdyk: I said we'll never see a net profit on the Rouse project, we'll never see that percentage rent, but whatever it is, that's why Cathy and I always smile.

Commissioner Cabrera: I would vote for it, you did...oh no, you stepped out...

Vice Mayor Kerdyk: I don't think so, I was out.

Commissioner Withers: We voted against that; we lost 3-2 on that.

Commissioner Cabrera: You did?- did you really? I don't think so.

Ms. Swanson: You had a question regarding percentage rent; the total for the first ten...

Vice Mayor Kerdyk: She remembers the vote, go ahead.

Ms. Swanson: The total for the first ten rental years is three point one million dollars (\$3.1M); two million seven hundred and fifty thousand (\$2,750,000) being base rent; and three hundred and sixty thousand (\$360,000) being percent rent; percentage rent in year ten is about seventy-five thousand (\$75,000); it starts at eighty-six thousand (\$86,000) in year eleven, but it really starts showing at around year eight or nine.

Vice Mayor Kerdyk: That's exactly what I want to hear, and then the final question is in regards to rent, did we also, since you are so knowledgeable about the initial lease we did with the Country Club, or maybe Don is, he left here so quickly, but what was the possession date in the rent commencement when we initially had the deal transacted with Granada LLC?

Mr. Nelson: The first requirement was that they of course open the club, and get a certificate of occupancy, and the requirement was that thirteen months after they started operations, they would start paying the principal and interest.

Vice Mayor Kerdyk: So this is before that then?- this would be before that same timeline, is that correct?

Mr. Nelson: Yeah, we did not start receiving our first payment until thirteen months after opening of the club.

Ms. Swanson: We are in rent that opening year; we give them a time on that possession issue, you know, how much time we give for possession, once they sign the lease and before they take possession they are not paying rent, they are making improvements.

Vice Mayor Kerdyk: I stepped out, but you said they will start paying rent...

Ms. Swanson: No later than December 31, but we have...

Vice Mayor Kerdyk: 2009

Ms. Swanson: Possession: September 30, or no later than December 31, 2009.

Vice Mayor Kerdyk: Alright, very good.

Ms. Swanson: Now, there is a lot of very clear language and its written by lawyers, but we wanted it clear, so that their side and our side both understood in case we had "what if's" in the future; that will continue to be refined and defined in a lease agreement, but right now we have forty-five pages just for the Letter of Intent, plus exhibits.

Vice Mayor Kerdyk: One other issue that I, when I was perusing over this I saw the insurance; do you want to specify that it should be an "A" rated insurance company?

Ms. Swanson: We are – when we first presented the RFP, we said that we wanted the minimum City standards; we went back and met with our City insurance people and they met with Gallagher Basset, because there is valet parking, because there is alcohol, because there are other

uses, we are going to require a higher level of insurance than what's there, that's why you have an empty exhibit; I think its Exhibit "H", our insurance exhibit; that's going to be working with the tenant, but addressing the uses that will be on that site will direct what level of insurance the City will have, swimming pool included.

Vice Mayor Kerdyk: And of course that's their expense to pay the insurance.

Ms. Swanson: Absolutely.

Vice Mayor Kerdyk: But its our, its important to us to make sure they carry the adequate amount of insurance; we don't want to ever have the same thing happen to happen later on; and I'm not so concerned right now, I'm concerned five years, ten years down the line.

Ms. Swanson: That's a part of the annual review in terms of proof of, just like proof of the HVAC maintenance agreement; they have to have proof of insurance compliance.

Vice Mayor Kerdyk: One last question, and it has to do with – there's a parking lot that's mentioned in this lease agreement, I don't have the exact provisions...

Ms. Swanson: West parking lot.

Vice Mayor Kerdyk: West parking lot...

Ms. Swanson: And that's up for discussion; the majority of the parking...

Vice Mayor Kerdyk: Tell me which one is the west parking lot.

Ms. Swanson: It's like twenty spaces that are adjacent to Granada, and it's separated from the bigger parking lot.

Vice Mayor Kerdyk: Alright, alright.

Ms. Swanson: The legal description and the tax situation is all different; we are looking at...our recommendation to you is make them responsible for the entire, and not have this side piece, and we are working toward that, but we were not ready at that point when the Letter of Intent was coming to you. There is a separation there, but it runs north-south adjacent to Granada when the majority of the parking lot runs east-west adjacent to Alhambra. You wouldn't necessarily know that its there, and it's a separate entrance, but we would like to see it all together.

Mayor Slesnick: It was used when the Country Club was open, that was used...

Ms. Swanson: For employees or as overflow; and so we think its not fair to run that as this part of it is public, and the rest of it is under their lease agreement from a liability standpoint. If we were the operators of the club we would want to have control of that too. So we are revising that section, so the west parking lot...and that was a request by the tenant; the tenant actually caught that one, we didn't.

Vice Mayor Kerdyk: Alright, very good. Thank you very much Cathy.

Mayor Slesnick: We have a couple of speakers from the audience; this is not a public hearing, but since we have a couple of speakers. We have Mr. Gonzalez Sanabria, 944 San Pedro Avenue.

Mr. Sanabria: Mr. Mayor, Commissioners, I have certain comments on the body of the agreement. I believe there are certain flaws that may harm the City and taxpayers, and some of them are specifically related to pollution. We have three or four structural issues with the Club at this time. I don't know the dollar amount at this time, but we hear that we now have an environmental issue that affects the cost to the taxpayers overall in the City. I don't know what the amount is, but I have a great deal of concern of what that amount could be. The way the body of this agreement is written, at this time the whole harmless portion of this "LOI" (Letter of Intent) does not properly protect the City and the taxpayers from such occurrences in the future, and as a matter of fact because the previous lessee failed in his obligations, now the City is stuck, as I understand it, with that financial obligation, am I correct?

Mayor Slesnick: I don't know that that was ever their financial obligation for the contaminated soil, that came before them; these are old tanks; this is old soil; I'm not sure that they were ever responsible for it.

Mr. Sanabria: I would believe that the City would have some sort of monitoring system.

Mayor Slesnick: The old Country Club may have been responsible for it.

Mr. Sanabria: Sir?

Mayor Slesnick: The old Country Club before the last operators may have been responsible for it.

Mr. Sanabria: I don't know when and if the City has conducted, what we call Phase One or Phase Two Environmental Audit; if that took place, when did it take place, and did it take place prior to lessee that failed us?- did it take place after just now?- and in the meantime there should be some environmental monitoring that could be done through DERM to evaluate this. So that language needs to be greatly tightened up. As far as Commissioner Kerdyk's statements on personal guarantee; if it's a corporate guarantee and that corporation is the sole asset corporation, meaning that they are the only ones responsible for that asset, that corporate guarantee has no worth as we all know. I suggest that we have a letter of credit, a revocable letter of credit with a cap amount made out to the City for that eventuality. Philosophically, I have some problems with this, as one who lives in the south, I may not use this Club often; we the taxpayers of the City would like to know what the amount of monies that are being spent in return for limited accessibility to this Club by the rest of us, because from what I understand it, this is a country club agreement, if that's the case how or why should we the taxpayers or residents subsidize this agreement? Now, I understand that Liberty is a very nice, from what I understand, and very formidable entity, but I think the concept of this is flawed and it needs to be looked at for the benefit of all of us in Coral Gables.

Mayor Slesnick: Thank you.

Mr. Sanabria: I'm not done.

Mayor Slesnick: Well, you are time-wise; you want one more comment?- go ahead.

Mr. Sanabria: No, I'll go ahead.

Mayor Slesnick: But I would ask you, Gonzalo, let me ask you a favor, since you have raised issues and since you have concerns, if you would somehow sit down with the City staff.

Mr. Sanabria: What I want to do is if you would allow the City Attorney to respond to the environmental protection language that is in the current LOI or could be, I'll appreciate it; I'll sit down with her when it comes.

Mayor Slesnick: I'm going to tell you though; we are going to refer your comments, and she's been sitting here, to Cathy Swanson, who is responsible for the Letter of Intent, and she and the City Attorney will determine whether or not, I mean, I can't say that your comments are going to be accepted, I'm saying they are going to determine in good faith whether your comments need to be addressed, and whether or not there needs to be some...

Mr. Sanabria: Also the dollar amount of the environmental impact would be very important. Thank you Mr. Mayor.

Commissioner Anderson: Thank you.

Mayor Slesnick: Thank you. Mr. John Hanson, Esq. 200 South Biscayne Boulevard.

Mr. Hanson: Good afternoon Mayor, Commissioners, my name is John Hanson from Bartlett Firm here on behalf of Granada LLC; on behalf of Granada we reviewed the draft LOI, we understand it's a draft instrument, but still a couple of issues that we believe need to be addressed. First, the contingency or effect of Granada's residual claims regarding its interest in the property, particularly its claim for specific performance and the pending litigation for specific performance of the contract at issue; secondly, the explication of possible zoning issues regarding operation of a commercial business open to the general public on this site absent a private club. Those are two issues in the draft Letter of Intent that we hope will be addressed and we look forward to reviewing the proposed final lease agreement when it's prepared.

Commissioner Cabrera: Mr. Hanson, I'm really confused, I am not an attorney and so please bear with me. You are here representing the previous subcontractor.

Mr. Hanson: Here on behalf of Granada LLC, that's correct.

Commissioner Cabrera: And you're here to comment on the Letter of Intent between the City of Coral Gables and a new subcontract or that we had to go out and seek, because of your client's non performance.

Mr. Hanson: Well I'm certainly not going to agree with that characterization.

Commissioner Cabrera: Well, OK. That's it. I just wanted to understand the whole gist of your commentary and question, so.

Mr. Hanson: Here as a corporate citizen of the City on behalf of a corporate citizen of the City, commenting on the draft LOI...

Commissioner Cabrera: And I'm assuming you are the new attorney.

Mr. Hanson: Sorry?

Commissioner Cabrera: You're the new counsel hired by Granada LLC, because the former counsel either resigned...

Mr. Hanson: I don't know what the definition of new is, but...

Commissioner Cabrera: My definition of new is like new.

Mr. Hanson: No, I'm not new; I've been counsel for Granada for some time.

Commissioner Cabrera: OK, I appreciate it.

Mayor Slesnick: Thank you Mr. Hanson.

Commissioner Withers: I thought you were going to ask him about the kitchen equipment Ralph.

Commissioner Cabrera: No, I'm not going to ask him anything, the last people I want to talk to are people from Granada LLC; they put us in this boat.

Mayor Slesnick: Mr. George Volsky.

Mr. Volsky: Mayor, Commissioners, City Manager, she is mentioned as interim, but it's not as you know in the Charter interim, title interim. Anyhow, my name is George Volsky; I live at 1008 Alhambra, which is the most approximate house to the Country Club. I believe that the residents who live nearby ought to be taken into consideration of what's going on. I took it, I read this book with great interest and I support it because I think it's the only game in town. I think that the interest that Commissioner Cabrera has in having this as quickly as possible is well taken, but we know how long it takes in Coral Gables to get anything done. We have this round-about on Segovia – how long has taken now?– six months, whatever. If they can do it, and I believe that I inquired that entity is a very solid one. The name – I don't think they will not change the name, because the Coral Gables Country Club is a very known name; they might

have some say Coral Gables Country Club Disco, or whatever, but my concern is that they have five-six hundred member seat events five times a week, which means three hundred cars; there is no space for three hundred cars in the parking lot. So, I would urge you when the contract comes that we who are immediate neighbors have our say also as far as the operations goes. You talk about the west parking lot, I thought belonged to me because its across the street from my yard; and I have about three years ago maybe four years ago, Vice Mayor Kerdyk remembers, I mentioned the issue of a ten feet strip, about two hundred feet strip on the north side of the parking lot, that seems to be untouched. It is full of rodents, in fact I've spoken...I have rodents, I have lived in my house forty years, and in the last several months I have rodents. My son who lives about three blocks from me has rodents; Fran Cooper who lives across the street from there has rodents. That has to be cleaned up, maybe that group would want to also take care of this and make it prettier, because it looks absolutely awful. I think the Mayor knows what I'm talking about, you've seen that, it looks absolutely awful, maybe they ought to change it as indeed on the west side of [inaudible] next to the west parking lot, there is a very nice green area, very well kept. So I would want you to take this into consideration. Last point, I hope on your agenda, that the agreement will be, and I'm reading, subject to final review by City Attorney; I hope that the City Attorney hires a good attorney because the last contract that we have had with Granada LLC, I wonder why they came here because we have two law suits or one law suit, I think you should speak about this, I think you are absolutely right in asking that question.

Commissioner Cabrera: You know Mr. Volsky; our City Attorney did not retain the last counsel for that agreement.

Mr. Volsky: But what I'm saying is that the contract which, not the City because the City didn't have the contract with LLC, you know that, with another corporation, I think that that could be done very professionally because our interests has not been really taken care of. Last point, someone mentioned DERM, I know what DERM is; I spoke yesterday with an official of DERM, it will cost us about three hundred thousand. The City was advised, the former City Manager was advised in 2002 of the problem, of the contamination, and he, according to the DERM people have kept on and on sending letters, give me more time, give me more time, give me more time, eight years later it is going to cost three hundred thousand. It should have been done in 2002 or 3, it would have cost one hundred and fifty thousand. Thank you.

Mayor Slesnick: Thank you. I think with all those comments in mind, and with Cathy and Liz having heard some of the concerns and some of the requests, that we are probably ready for a vote to approve or disapprove the initial Letter of Intent, and then to let them move forward before they bring it back with taking these issues in mind.

Commissioner Withers: I'll make a motion to approve the initial Letter of Intent.

Vice Mayor Kerdyk: I'll second it.

Mayor Slesnick: It's been moved by Mr. Withers seconded by Mr. Kerdyk; is there any further discussion?

Mr. Clerk

Commissioner Cabrera: Yes

Vice Mayor Kerdyk: Yes

Commissioner Withers: Yes

Commissioner Anderson: Yes

Mayor Slesnick: Yes

(Vote: 5-0)

Mayor Slesnick: And by the way, all the comments that are made by the Commission members, I know that Ms. Swanson is very, very faithful to take notes and to take mental notes and will be addressed, and I know that Liz same thing, and I appreciate the public comments, and those will be addressed too.

Commissioner Withers: Thank you Cathy.

Commissioner Anderson: Thank you very much.

[End: 12:58:57 p.m.]