

**City of Coral Gables City Commission Meeting
Agenda Item D-1
January 26, 2016
City Commission Chambers
405 Biltmore Way, Coral Gables, FL**

City Commission

**Mayor Jim Cason
Commissioner Pat Keon
Commissioner Vince Lago
Vice Mayor Frank Quesada
Commissioner Jeannett Slesnick**

City Staff

**City Manager, Cathy Swanson-Rivenbark
City Attorney, Craig E. Leen
City Clerk, Walter J. Foeman
Deputy City Clerk, Billy Urquia
Economic Development Assistant Director and City Asset Manager, Leonard Roberts**

Public Speaker(s)

Nick Di Donato, Liberty Entertainment Group

Agenda Item D-1 [9:04:40 a.m.]

Appearance by Nick Di Donato to present Coral Gables Country Club Annual Report as specified in the Management Agreement.

Mayor Cason: We have with us this morning Nick Di Donato to present the Coral Gables Country Club Annual Report as specified in the Management Agreement. Nick.

Mr. Di Donato: Good morning Mayor, thank you for having me this morning. I think we have a PowerPoint presentation. What I will do is have a hard copy just in case. Good morning, thank you for allowing me the time to speak to the Commission with respect to the Coral Gables Country Club. I will be short because I think typically the good news is always short and bad news takes longer. So I think this is all relatively good news at the Coral Gables Country Club

and we are here to report on an annual basis as required by our lease. The Coral Gables Country Club is operated by Liberty Entertainment Group and we continue to offer a combination of award winning world class facility for events, but event space which is embraced by local community and our neighbors as well. It's a venue which is now accessible to the general public and the community of Coral Gables as a whole; and it's also a venue which is bringing recognition to the Coral Gables community outside of this community as well with some of the great events that we are hosting here. I think we had the event last week for the City at Coral Gables and you may be aware, but just to refresh. We have four rooms in total; the Fountain Room, the Merrick Room, the Atrium Room, the Coral Grand, and we have the Grata Gardens, and the area, the outside area where we host weddings and people have their celebratory events, life changing events at our facility and in Coral Gables. We still provide restaurant style service in terms of the banquet facility. We have a full service gym, which is now up to 500 people plus in membership and serving mostly the local community. I'd say 90 percent of our members walk to the facility, we can tell that just from the parking lot and the attendance. So the Coral Gables Country Club gym, athletic club is doing extremely well and very well attended bringing health to the community. We continue to host different events, social events, our customers speak well to us in terms of their reviews and me not being on site all the time, these reviews are critical to me to ensure our teams doing a great job and doing a great job with the City. So I posted some of the great feedback from social events, from the charitable events and in terms of the charitable events, they are close to my heart because that's where we can give back to the community. We are able to work with a lot of organizations who need support, who need the support from a high-end venue to allow them to come into our venue at reasonable prices. So we look at those organizations, work with them and try to ensure that we can have some great events for them. And obviously, we embrace the business community and the corporate community has embraced the Coral Gables Country Club, has become a great facility for them to utilize during the day, during business meetings, and in the evenings for their celebrations. The Liberty Café continues to be the social center where families come. It's a real pleasure for me to walk in at any given day and find that the community is there, families with their children enjoying either a casual lunch or a gelato with their kids. We see them coming after school, we see them coming on holidays, we have special days where there are holidays on the Monday days off and all of the

community comes and celebrates. I think it's such a well-received venue, and to be quite honest, when we first developed the café, it was developed in the desire to embrace the community, to give back to our neighbors, and was never supposed to be a revenue generator, but I can tell you today that the Liberty Café is doing extremely well, we are doing almost half a million in sales on that little café, and is doing extremely well in terms of revenue, as opposed to a loss leader, which it was originally designed to be. It's been so well embraced and so well received that it's a profit center for the Coral Gables Country Club as well now.

Mayor Cason: Are you closed on Monday or is it open now?

Mr. Di Donato: No, we are open seven days a week now. We originally had closed on Monday in terms of cost, but even Monday is a very busy day and Tuesday. At any given time you'll come in and you'll see families and kids having a great time at the café. Its very family oriented and again, 90 percent of the people who come there are coming from the local community; and you know what I find is one thing in speaking to Anthony who is our Director of Operations, who runs it, basically gives – it's almost a place where people who are new to the community come in and get to know the rest of the community and embrace the Coral Gables lifestyle. The Coral Gables Athletic Club is one of the things again, which embrace the community. We have over 500 members now. We are probably closer to 800 at this point, and again, mostly residents, people who are in the area who perhaps do not have a swimming pool and want to use the pool facility or just for natural health benefits of having a gym that we have. We offer lots of courses; yoga, and some of the palates and those kinds of things. So it's a great community, health center, and embraced by the community. We have over 900 members at this point; and this year we are going to expend some additional funds. We are looking at about \$150,000 in investment to redo the saunas and the washrooms and the change facilities. So we continue to invest into the property because we believe it's a great property and the only way to be successful is to reinvest into your assets and that's what we are doing at the Country Club. So continually reviving and ensuring that we are keeping our customers happy and the Coral Gables Athletic Club, again, when we first took over it was a very new business to us. I've never been in the health club business and it was a steep learning curve, but it's one of those assets that we weren't sure

whether it was going to be profitable at all, but is actually become profitable as well. So it's a very good news story. At this point, current status is Liberty Entertainment Group continues to fulfill all its obligations to the City and commitments that we've made, that was six years ago. We've gone through a recession period, we continue to work hard and diligently to make the Country Club successful and still has been. We continue to make improvements; last year we made improvements to the facility with flooring and restoration of some of the areas. This year we are making additional improvements, as I mentioned, to the gym facility. So every year we have a capital budget, which we invest into maintaining the property on an annual basis. We continue to support the local community and charitable organizations and this year that just past, we were about \$150,000 in contributions and sponsorships to the charitable events. So as I mentioned earlier, it's a very important part of what we like to do and don't make the revenue that we should typically make on the charitable organization event, but we believe that's our opportunity to give back and we have the facilities in Coral Gables community is going to give back. So last year it was to the tune of about \$150,000 in charitable organization sponsorship. I'm hoping all of you, I was not able to be here last week, but I hope all of you had the opportunity to come to the annual holiday event, which we host the City. I think that for us is a good opportunity to showcase what we are doing to the City officials and the people who work with the City of Coral Gables and to see what we are doing, have the doors open for you. So it's our open house for you and the City and hopefully that went well for you last week. I heard it was all well-received.

Commissioner Keon: It was lovely.

Commissioner Lago: It was lovely.

Mr. Di Donato: We continue to be a AAA (Triple A) tenant, no issues. We pay our debts, our rent on a timely basis. We are up-to-date current on rent payments, property business taxes, and utilities. Have no outstanding liabilities or third party loans, so we are actually in a very good financial position at the Coral Gables Country Club. We have assets of over \$400,000 currently for capital expenditures in the bank which we leave here. We are a success story for the City of

Coral Gables. So the Coral Gables Country Club continues to be successful, will be for the long term. We as an organization believe in the property and believe in giving back and continue to invest in Coral Gables, not only in the Country Club, but also Cebo Wine Bar on Miracle Mile. Anthony has moved down into the area and lives here and it's his fulltime home and he's got to raise his family and two children down here in the interim since he's first come down, so he's fully embraced this community and South Florida. So it's a real asset for us to have Anthony Di Donato here and looking after our assets and looking after your most valuable asset and historic site, which is the Coral Gables Country Club. We have a few outstanding issues, not major, but a couple that are still prevalent over the past six years we are trying to resolve. We still have a leak in our atrium roof, which requires repair. From the beginning we were supposed to be provided a facility without leaky roofs and we continue to have that. It is becoming a challenge because when we have a wedding and so on, on a rainy day, it's not nice to be rained on inside as well. So hopefully we can get that resolved, but it's been a little bit of a long process and hopefully we can get that done this year. I know they've taken care of some of the issues in the main banquet room, but the atrium is still a little more challenging because it's a shingle, I think it's a tile roof, which is more difficult, it's not a flat roof, so it's more difficult to find where the leak is coming from, but that's one issue. The pool itself from an environmental issue, the gutter water still goes into the sewer, which it should be recycled and we'd hope that would get fixed, but I think it's something that the City is looking at. And one last item; one I'm disappointed in and I think we can still like to have some discussions with and that is the patio at the Coral Gables Liberty Café. I still believe that, that's something that the community does want and hopefully one day this Commission will revisit that and review it and identify that is the right thing for the community as-a-whole, because we do have lots of people with dogs and with children who continually ask us to this day if we could have an area for them to sit outside, and unfortunately we do not have that. So I think that one day this Commission may want to reach out to us and say look, it's the right thing to do and its time, that would be on your time when you are ready to do that, but I'm identifying this as an issue that I think is still outstanding and is one of the things that was brought forth at the very beginning and continues to be something we would like to do, not for our benefit, but for the benefit of the whole, not just the business because that's not about the business, it's about making sure our customers are happy and able to enjoy the property as they

would see fit, and as this community would see fit. I've provided here the P&L and last year after depreciation and so on, the bottom line is we made \$240,000 profit at the Coral Gables Country Club for our organization, and that's after investing about \$150,000 into leasehold improvements and continued maintenance of the property. So as I said, it's a profitable venture for us. We are doing well, but we are not the kind of organization that takes the money and runs with it, we are an organization that continues to reinvest into our properties and want to be here for the long term, and that's why we invested into the infrastructure renewals in the past year. In terms of a budget, I think we will be at book same level. We do have some challenges; the City has addressed some concerns in terms of our bigger events and wants us to restrict them, so now we are in a position where we are actually turning away business to make sure that the City is happy with our relationship and neighbors in the park and that's mainly the parking situation. So in many cases now, I think we've had two or three events we've had to turn away because we are not able to take them, not because we are not able to execute and make sure it's done well, but because it may cause some aggravation to our neighbors and the parking facilities aren't suitable. So we are looking at those very clearly and identifying them as we do not want to impact the neighborhood and the neighbors and it's not all about the money, it's about the relationship with the community. So at this point we are – we could be growing even more and I've said to my team, look we need to be reasonable and we do the right things because we want to be good neighbors. So those are the kinds of things we are doing at the Coral Gables Country Club and that's why I projected our sales will stay around the same number.

Vice Mayor Quesada: Quick question. It's a few years back, so I forget right now. The lease that we have with the Management Agreement that we have with you guys, because I see depreciation makes me think about this. Who has the responsibility for the maintenance of the building? I forget.

Mr. Di Donato: Typically and I have many leases so I'm going to...

Mayor Cason: Leonard.

Mr. Roberts: Hi, Leonard Roberts, Economic Development Assistant Director and City Asset Manager. When it comes to the structure of the building, the City has responsibility, for most of the interior type items; it's the actual tenant that has responsibility.

Vice Mayor Quesada: OK. I was just curious. I saw depreciation and it jumped out of my mind. I remember a few years back, but I didn't recall sitting here now.

Mr. Di Donato: So typically...

Vice Mayor Quesada: How is the building doing?- are we having any issues at all with the building at all?

Mr. Di Donato: No, the building is well maintained. I think sometimes the structure and integrity of the building is related to the integrity of the inside and the air conditioning and the maintenance of the interior.

Vice Mayor Quesada: Of course.

Mr. Di Donato: So we are doing that job and....

Vice Mayor Quesada: But we haven't had any issues with leaks or any other issues that have come up? You guys haven't experienced anything of that nature?

Mr. Di Donato: We only have the one leak that has been consistent since we took over this facility and it's getting a little bit worse and I think we need to address it, but that's why I brought it up that we do have the leak in the older part of the building, which is more difficult to...

Vice Mayor Quesada: And I apologize, I caught that. I'm saying other than that, is there anything else?

Mr. Di Donato: No. The building is in great shape. We are responsible for HVAC and the interior, so we continue to maintain that, have regular maintenance records and we continue to do upgrades, because at the end of the day it's not good enough to just to stay the same, sometimes you have to make improvements and that's what we are doing with the gym at this point.

Commissioner Lago: I have two questions for you, Mayor if I may. Leonard don't go yet, just want to make sure maybe you can give me a little backup information. When you mention that there is a leak in the roof and the responsibility is at the hands of the City. Can you give me a little more background, obviously that's detailed in our lease agreement?

Mr. Di Donato: Sure. When we first took over the property, basically the roof was supposed to be sound; it was part of our lease agreement. We did have some issues with the roofing contractor who actually was sued by the City, went broke and the City resolved this, so it's not the City's fault or your team's fault, because some of the things took a lot longer. We actually finally resolved the issue with the main roof, which the contractor did not do a good job and had to be repaired and he actually went broke.

Commissioner Lago: So the maintenance was void because there was nobody to provide maintenance.

Mr. Di Donato: Exactly. So that was a big problem because the contractor did go broke and didn't finish the job properly, a lot of the damage that was caused in the building was based on the contractor's negligence.

Commissioner Lago: Leonard, who was the contractor on that, the subcontractor?

Mr. Roberts: I don't know the exact contractor's name, I do apologies for that.

Commissioner Lago: No, no, no worries.

Mr. Roberts: But the City has pursued damages against the contractor, I'll just have to follow up with City Attorney's office to find out.

City Manager Swanson-Rivenbark: Mr. Mayor, we'll have a capital improvement meeting with staff. We'll see where we are with the roof and how we can get better attention to the roof. We apologize for the leaking.

Commissioner Lago: Thank you. I appreciate that. My question, just to finish off my question in regards to the roof was, what I would recommend the next step be is, if they haven't done it already, if you can't identify where the actual leak is – have they done a water test to find out?

Mr. Di Donato: We know where it is in the building, but because it's the older part of the building it's got the tiles, the leak can be anywhere and it just ends up migrating to a certain area, and that's why it's very challenging. Flat roofs are typically very easy, so that's why I understand the City's position why it's taken so long, but it's getting a little worse than that. Quite frankly, I put this in because last week I had – daily I get reports from our events and last week we had an event in the atrium and my banquet manager said, we are very fortunate because it stopped raining before the event started, so we didn't have leaks in the room, and I'm looking at that and saying, well that's not fortunate because one day it is going to rain and we don't want to be raining on somebody's special day, and so it's getting worse at this point.

Commissioner Lago: Another item that I just wanted to bring up to you and maybe some of my colleagues have also had to deal with this. I've gone to several events at the Country Club, it's been spectacular, you maintain it very well, and it's a great atmosphere, but something that I've noticed and some people brought it up to me and asked if I can do something about it, and said listen, I'm going to bring it up to the gentleman, but I don't think I have real issue to address it. It's the issue of Wi Fi, there is no Wi Fi in the building; there is no internet at all in the building.

Mr. Di Donato: Well that's something we are actually struggling with and I think...

Commissioner Lago: You've gotten that from several patrons.

Mr. Di Donato: We have and the interesting thing is, and typically when you work your cell phone in any building it works, and it doesn't work in the Coral Gables Country Club and I think the building is built rock solid and there is so much concrete that it's like really an anomaly. We've tried everything and I think this year we've put in additional boosters, so we continually work on it.

Commissioner Lago: Let me tell you why because for example, the other day my wife wasn't feeling well, she recently had surgery and I had my in-laws taking care of the kids, and you always want to make sure that you keep tabs and that once you are spending a few hours outside the house and I realized after a certain time I hadn't received a phone call like in two and-a-half hours. I found it very odd. When I went outside I had about three or four missed calls, voicemails...

Mr. Di Donato: Still this week again. I thought we had new booster last month...

Commissioner Lago: It's OK.

Mr. Di Donato: You are absolutely right, it's one of those things that...

Commissioner Lago: That's something you'll probably be hearing from. If that's the only problem you have, you are OK.

Mr. Di Donato: And you are absolutely right and I will identify that I have the same problem, because every time I try to call somebody there they are not picking up and I'm saying, where is my team and we have them working on it, but we struggle a little bit because we have Wi Fi in all our properties and this has been one of the most challenging ones, and we just don't know

why and I think it's the construction of the building for some reason it's not allowing the waves to come through. We are working on it and we'll continue to do so. Thank you for your time.

Mayor Cason: Well we are very happy that you continue to offer ice cream, Gelato at half price.

Mr. Di Donato: That's become a tradition now. Tuesday Gelato is something, it's great to see, to see the kids all come...which is very nice.

Mayor Cason: Always want to go over there and get your Gelato.

Commissioner Slesnick: Mr. Di Donato, a wonderful party last week; the food was good, the service was excellent, thank you very much, and I noticed the Wi Fi too. I was in there for a couple of hours at a luncheon and I didn't receive any messages, so thank you for boosting that. I notice I have received several invitations in the past three or four months where the people throwing the reception and so forth said that the guest list was limited to 1,000 people, and I remember the last time you discussed this that you had a limit on the number of people that could come into the club.

Mr. Di Donato: Well, I know that particular instance and somebody identified that. That's not true. It's somebody advertising that to try to get interest in her event and so on. As I said, we have turned down events that are excess of a certain number, but that event there was their marketing and they are saying they need 1,000 people in...

Commissioner Slesnick: You shouldn't have to turn down events if people knew in advance maybe that you were limiting it to 500 people, do you mention that?

Mr. Di Donato: Our publication all identify that, and we do turn away events, that when it's that excessive we have turned them away and that particular event is one we paid attention to and I think we only had 450-500 max for that event, so that was more a marketing thing, and it came to our attention, but we do identify that to the people coming in.

Commissioner Slesnick: Is there any way of getting more parking in the existing parking lot?- because I've gotten two calls in the last month, since Christmas, since the holidays, and I know you have maybe more events over the holidays, with people parking over on the 8 and 900 blocks of South Greenway Drive, and using the club. There was some breakfast or a meeting that went from 9 (a.m.) to 12 (p.m.) at the club recently?

Mr. Di Donato: What we do whenever we have larger events, we are implementing valet, which allows to bring more cars into the facility and into the parking lot, and so most times we can accommodate most. Unfortunately, sometimes and when you do have valet it works the polar opposite that people don't want to leave their car with the valet and then they start parking everywhere else.

Commissioner Slesnick: They park over on South Greenway.

Mr. Di Donato: So you know, if we can I think Anthony is trying to work with the City, your staff in terms of the turning away where perhaps we can also have the Alhambra parking area and allow people to park there, self-park, but have our people out there directing, so it's controlled. So we found that just the valet is not enough because people do not want to leave their cars or just leaving the lot altogether and park somewhere else, so that's the kind of thing we are trying to work.

Commissioner Slesnick: But I really think if maybe you worked with the City or a traffic designer or a parking lot designer you can get more cars in the existing parking lot.

Mr. Di Donato: I think we've maximized that, because that was one of the biggest challenges.

Commissioner Slesnick: I was over there with someone from the City the other day and we were looking at the design of the parking lot, he thought he could get more cars in the parking lot.

Mr. Di Donato: We are happy to work with you – would love to look at that. As we said, the first time around we knew that parking was an issue and this was designed by parking experts and they maximized it, and again, we maximized it even when we have valet and that's what we are doing.

Commissioner Lago: There is a huge cost associated if we were to entertain possibly redesigning the whole parking lot, so I mean that's something that, if you want to take a study, I agree with you, I think we should do it, but if it's found that...

Mr. Di Donato: If the City would entertain that to help us that would be great. Commissioner just for your edification, when we first took over the property that was one of the critical items and the parking lot was redesigned and lined to the maximum capacity. Obviously, the handicap parking is a must and it takes significant amount of space there, but it was designed at the time, but I'm happy to work with the City.

Commissioner Lago: That's what I was going to mention.

Commissioner Slesnick: Where does staff park?

Mr. Di Donato: The staff parks off-site whenever we have capacity, so they are aware that they need to park off-site and we arrange for a van to pick our people up and bring them to the property.

Commissioner Slesnick: Maybe when you have the valet they could double-park cars or something at one end or the other, like the west end of the building, west end of the parking lot, double-parks.

Mr. Di Donato: Yes, that's what they do when there is valet which will allow us to accommodate more people. As I said, the challenge with the valet sometimes it has the opposite effect and that people who do not want, because then once we have valet its mandatory valet and those people

who do not want to leave their cars end up taking it right off the property. I think we can come up with a hybrid solution where people who are insisting on parking off the property, we can have somebody directing them to maybe the Alhambra side where we have the island area and it would be much better. So we are working very closely with the City. I think Anthony and your team have a good relationship and working diligently to try to resolve this. As I said, we are working diligently to make sure we are identifying those times where we have critical mass and we try to mitigate any inconvenience to the neighbors.

Commissioner Slesnick: Now that the golf course is open back up, that's why we tend to see more parking on the golf course now.

Mr. Di Donato: We will work with you.

Mr. Roberts: Just an FYI, the parking lot currently has 114 spaces, during events they try to maximize it to about 150, but we'll work with our Parking Department to see if we can even increase that by more within the actual facility.

Commissioner Slesnick: Thank you.

Mayor Cason: Thank you Nick very much.

Commissioner Lago: Thank you sir.

Mr. Di Donato: Thank you.

Commissioner Keon: Thank you. It is a lovely site.

[End: 9:31:13 a.m.]