
From: Barry Abramson [mailto:ba@abramsonassoc.com]
Sent: Wednesday, September 10, 2008 10:32 PM
To: Swanson, Catherine B.; 'gil katzman'; Chuck@adelfigroup.com; reeder.glass@hklaw.com
Subject: Conference Call with Liberty

Following is a summary of information provided by Liberty Group in our telephone conversation of 9/10.

Participating in the call were:
Nick Di Donato, President of Liberty
Michael Falsetto, Aries Development Group
Rick Kalwani, Aries Development Group
Chuck Martinez, Adelfi
Gil Katzman, Adelfi
W. Reeder Glass, Holland & Knight
Barry Abramson, Abramson & Associates
Cathy Swanson, City of Coral Gables

Roles, Experience

The entity proposed to enter into a lease for the Country Club will be an LLC, with ownership, control, management vested in Nick Di Donato and/or Liberty.

Liberty will be responsible for renovation and operation, while Aries will provide local insight and play some supporting role in oversight of renovation, staffing, and management.

All of Liberty's experience is in Toronto. Nick Di Donato says he has been looking to expand into the Miami marketplace and the Country Club provided a good opportunity for that. He owns a home on Sunny Isles and his son is entering University of Miami.

Aries has for the past nearly 20 years been involved in development, ownership, and management of various properties, including hotels, in the Miami area.

As with Liberty's other operations, Liberty will train key staff (e.g. chef, manager), set the course for food style and provide long term direction, with the local management team then operating autonomously, reporting to Liberty on a regular basis and Nick Di Donato visiting the operation to provide direction as needed.

Liberty provided an income statement for one comparable operation – Liberty Grand Entertainment Complex in the proposal. Liberty will provide additional financial information on the firm should it come to agreement with the City.

Rosewater Supper Club, 25,000 square foot restaurant, operated under a 10 year lease with 5 year renewal option without debt.

Court House, 30,000 square foot restaurant, owned without debt.

Casa Loma, Liberty is exclusive caterer; currently seeking a 20 year arrangement

Liberty Grand, lease of a City-owned property under a 20 year lease with two 20 year renewal options, without debt.

Capital Investment Plan

Liberty's estimate of \$1 – 1.5 million based upon their initial inspection of the property in which they identified areas that needed work and projects that needed to be done. Examples would be buying new chairs, upgrading kitchen equipment.

Membership/Estimated Market and Financial Performance

Liberty has a relatively good if preliminary feeling for function/banquet facility sales. Its sense of membership/fitness side of operation is less advanced as it has not operated that type of operation previously. The estimated membership and related revenues are considered reasonable and conservative based on Liberty's understanding of the performance of previous lessee.

At this point, Liberty anticipates that membership fees would come from initiation fees, monthly dues, rather than front-loaded fees for lifetime memberships. Food and beverage sales from members were estimated in a very conservative manner.

The nature and fee structure for membership and related revenues and estimated number of memberships by type and financial performance deriving from these components would need to be fine-tuned based on further work.

Clarifications on Financial Proposal

Liberty's proposal is that lessee would be responsible for the cost of identified upgrades, including any overruns beyond initial estimate.

With regard to property taxes, they had made an error in that they thought taxes were \$9,000 whereas they are approximately \$19,000 but they can live with that. (Note, our review of MiamiDade website indicates approximately \$21,000).

However, their proposal assumes that property taxes will not escalate dramatically from current level, as it would not be a feasible project with significant increase. If Liberty is not able to get some reassurance that taxes would not increase dramatically then it might want to seek to cap the combined amount of property taxes and lease payments. Specifics of such limitations would be discussed in negotiation phase.

The lessee would fund any operating deficits but this would be a single asset LLC.

Total lease compensation would be the sum of guaranteed rents and whatever overage rent, if any, for a given year, based upon actual revenues.

Additional Questions that could be asked at Interview:

1. Request they provide to the extent possible at this point action plan, vision, or additional thoughts on:
 - a. Who are they targeting for membership?
 - b. What type of memberships will they be offering; i.e. annual, individual, corporate, fitness, tennis, social, combination of any few of them etc.?
 - c. What prices do they intend to charge for such memberships?
 - d. Anticipated composition of membership
 - e. Who are they targeting as food and beverage clients for (1) banquets and (2) restaurants ?
2. What specific action plans and marketing plans do they intend to implement to the extent these can be identified at this point, and evaluation committee may want to discuss requirements for proposer conducting market studies and preparing business plans addressing such issues.

3. How does Liberty propose to retain the firm or staff with experience in and capability to operate on-site the fitness component of the project?

4. Would proposer agree to provide bonding or other guarantees for initial capital investment?

5. How integral is the tennis and future golf operation to success of the operation and are these integral to your proposal?

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