



City of Coral Gables
CITY COMMISSION MEETING
April 26, 2022

ITEM TITLE:

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF CORAL GABLES, FLORIDA APPROVING A SETTLEMENT AGREEMENT AND RELEASE BETWEEN THE CITY OF CORAL GABLES AND CORAL GRAND, LLC AND CORAL GABLES ATHLETIC CLUB, LP

BRIEF HISTORY:

On April 12, 2022 in order to protect the historical Country Club, obtain information needed to conduct and complete its audit, and determine what additional percentage rent may be owed to the City by the tenant, Coral Grand, LLC, the City filed a lawsuit in the Circuit Court of the 11th Judicial Circuit in and for Miami-Dade County, Florida against Coral Grand, LLC (“Coral Grand” or “Tenant”) and Coral Gables Athletic Club, LP (“Athletic Club”) (the “**Litigation**”) with Case No. 2022-006722-CA-01 (21), and sought the *ex parte* appointment of a receiver to operate Tenant through the Extended Operating Period (the “**Receivership**”). On April 14, 2022, Coral Grand and Athletic Club filed an Emergency Motion to Dissolve the Receivership, which motion was scheduled for an evidentiary hearing on Thursday, April 21, 2022 at 1:00 p.m. (the “**Evidentiary Hearing**”).

The proposed Settlement Agreement and Release would fully, completely, and finally amicably settle and resolve all claims and disputes between the parties arising out of or relating to the Lease, a prior June 2021 Settlement Agreement, Litigation, Receivership, and all claims that could have been brought by the City in connection with the Lease, including, but not limited to, underreported Gross Revenues and underpaid Percentage Rent, as well as any potential counterclaims that Coral Grand and Athletic Club could have raised or brought against City in connection with the Lease, the June 2021 Settlement Agreement, Litigation and Receivership (collectively, the “**Claims**”).

The following are the key terms in the proposed Settlement Agreement and Release:

- The Receiver stays in place through April 30, 2022, and Coral Grand

continues to satisfy all Lease and June 2021 Settlement Agreement obligations through April 30, 2022, including continuous operation of the fitness center and fulfillment of all events.

- The City takes possession of the Country Club and Coral Grand conveys Personal Property (as defined) to the City in exchange for the purchase price of \$295,000 to Coral Grand, on May 2, 2022, at 10:00 AM.
- Coral Grand and the Coral Gables Athletic Club transfer retail beverage, permanent food service, and gym operation licenses to the City effective May 2, 2022.
- The evidentiary hearing scheduled for April 21, 2022 on Defendants' Emergency Motion to Dissolve Ex Parte Temporary Injunction Appointing Receiver was cancelled
- If the City Commission approves the Settlement Agreement on April 26, 2022, the emergency motion to dissolve shall be moot and the appeal shall be dismissed.
- The Coral Gables Athletic Club will not exercise any purchase options over the fitness center equipment or take any action that would result in the removal of the equipment.
- Mutual releases effective upon satisfaction by Coral Grand and Coral Gables Athletic Club of all obligations.

ATTACHMENT(S):

- 1. Draft Resolution**
- 2. Exhibit A- Verified Complaint**
- 3. Exhibit B-Verified Motion to Entry of Ex Parte Order Appointing Receiver and/or Emergency Motion for Temporary Injunction**
- 4. Exhibit C-Ex Parte Order Appointing Receiver**
- 5. Exhibit D-Settlement Agreement and Release**