



City of Coral Gables
CITY COMMISSION MEETING
June 4, 2009

ITEM TITLE:

Ordinance on Second Reading authorizing the execution of a Lease Agreement with Coral Grand, LLC for the long-term management and operations of a City-owned facility at 997 North Greenway Drive, also known as “The Country Club of Coral Gables”, with the legal description of Lots 1-9 and 37-39, Block 32, Section “B” including the tennis courts with the legal description of that portion of the Granada Golf Course that is approximately 130 feet North of the north right-of-way line of South Greenway Drive and 336 feet West of the west right-of-way line of Granada Boulevard, which is now occupied and used as six (6) tennis courts and a Tennis Club House.

RECOMMENDATION OF THE CITY MANAGER:

Approval.

BACKGROUND:

On February 24, 2009 this Ordinance was approved by the City Commission on First Reading.

On June 3, 2008 per Resolution 2008-84, the City Commission authorized the release of a Country Club of Coral Gables RFP to solicit varied types of proposals for the long-term leasing of a City-owned facility located at 997 North Greenway Drive. Proposals would need to prove compatible with and suitable for the surrounding historic single-family neighborhood, provide demonstrated community benefit and a stable revenue stream for the City, and offer appropriate consideration to Coral Gables residents and former club members.

A pre-submission conference and site tour was held June 25, and proposals were due July 31, 2008. Two proposals were received by the stipulated deadline and forwarded to a Staff Certification Committee for sufficiency. One proposal was judged insufficient and disqualified. The other, submitted by Toronto-based Liberty Entertainment Group was forwarded to an Evaluation Committee for consideration and recommendation based on established criteria stated in the City RFP.

A five-member Evaluation Committee convened on September 17, 2008 to receive a presentation from Liberty and to hear findings from City Consultants. Members of the Evaluation Committee included Ms. Lisa Bennett (Historic Preservation Board), Mr. Ray Zomerfeld (Economic Development Board), Ms. Martha Pozo-Diaz (Property Advisory Board), Mr. Chris Morrison (Traffic Advisory Board) and Ms. Haydee Polo (Parks & Recreation Board). City consultants were Miami-based hospitality consultants Adelfi Group (Chuck Martinez and Gil Katzman) and real estate advisor Barry Abramson of Abramson and Associates.

At the conclusion of the meeting, the Evaluation Committee unanimously voted to recommend to the City Commission that staff be allowed to negotiate with a subsidiary of Liberty Events, LLC for the long-term leasing of the Country Club subject to certain terms and conditions.

At the October 14th, 2008 City Commission meeting, the Commission unanimously accepted the recommendations and conditions of the Evaluation Committee per Resolution No. 2008-162 and

authorized the drafting of a lease agreement between the City and Liberty Events. W. Reeder Glass, Partner with the law firm of Holland & Knight, was retained by the City Attorney to assist as Special Counsel in drafting the Letter of Intent and subsequent Lease Agreement.

On December 16, 2008 per Resolution No. 2008-216, the City Commission unanimously authorized the City Manager to execute the non-binding Letter of Intent with Liberty Events which outlined the lease term of one 10-year period plus two 10-year renewals; a rent schedule beginning at \$20,000 per month (with a 3% increase each year); a percentage rent of a 6% of gross revenues after \$4 million in revenues; a description of acceptable uses and operations and other important terms that would guide the formation of a draft lease.

The City's negotiation team, together with Liberty Events, drafted a lease agreement incorporating the terms and conditions of the non-binding Letter of Intent and added additional provisions and terms appropriate for a long-term lease of this type presented to the City's Budget Advisory Board, Property Advisory Board and the Economic Development Board.

It is important to note that both parties will need to make substantial improvements and investment in the Country Club building and property. The City's investment may be as high as \$785,000 based on current estimates from the Public Works Department. Total capital improvement funding of \$585,000 was approved for the 2008-09 fiscal year; was provided at mid-year; and an additional \$200,000 will be required for fiscal year 2010-11. These projected capital expenditures are itemized as follows: HVAC (\$160,000), Roof Repairs (\$125,000), Pool Repairs to conform to new State and Federal Laws (\$250,000) and Environmental Remediation (\$250,000). In addition, the City may wish to complete the parking lot, estimated to cost approximately \$40,000. This matter will be reviewed once the extent of the pavement damage is determined following the environmental remediation, at which time a funding source would be identified..

All improvements are scheduled for completion by the September 30, 2009, except for the pool repairs which will be completed during fiscal year 2009-10.

The tenant will also need to make substantial investment in the property, in excess of \$1,142,000, plus "opening costs". As noted in the lease exhibits, the tenants will make approximately \$627,000 in leasehold improvements (plumbing upgrades, electrical upgrades and lighting, fire safety enhancements, millworks, tennis court upgrades, etc.) and an additional \$515,000 in non-leasehold improvements (including kitchen equipment, furnishings and fixtures). This investment by the tenant will be kept in escrow by the City, with payments authorized by the City, as improvements are made to the facility and property.

On April 7, 2009, City Staff held a meeting with past Country Club members to answer any questions or concerns regarding the proposed Country Club project. There were over 20 members in attendance.

The City was recently informed that Liberty Events, LLC has relinquished any interest with regard to the Country Club. Coral Grand, LLC will be the proposed tenant under the Lease Agreement with the City.

City Staff, Special Counsel, Consultants and Mr. Nick Di Donato (Coral Grand, LLC) will be on hand to answer questions regarding the proposed lease and ordinance which are being presented on Second Reading.

LEGISLATIVE ACTION:

Date	Resolution/Ordinance	Comments
6/3/08	2008-84	Release of the Country Club RFP
10/14/08	2008-162	Accept recommendations and comments of the Evaluation Committee
12/16/08	2008-216	Non-Binding letter executed
2/14/09		Proposed Lease Agreement and Ordinance on First Reading approved

PUBLIC NOTIFICATION(S):

Date	Form of Notification
5-22-09	Public Notice posted in Miami Daily Business Review

ADVISORY BOARD/COMMITTEE RECOMMENDATION(S):

Date	Board/Committee	Comments (if any)
5/21/08	Property Advisory Board	Discussed
6/4/08	Economic Development Board	Discussed
2/12/09	Budget/Audit Advisory Board	Discussed
3/4/09	Economic Development Board	Reviewed Lease Agreement
3/18/09	Property Advisory Board	Reviewed Lease Agreement
4/15/09	Property Advisory Board	Reviewed Lease Agreement

FINANCIAL INFORMATION (If Applicable)

No.	Amount	Source of Funds
1.	\$585,000	Capital Improvement Fund (Fiscal Year 2008-09)
2.	\$200,000	Capital Improvement Fund (Fiscal Year 2010-11)
Total:	\$785,000	

APPROVED BY:

Assistant City Manager	City Attorney (If Applicable)	City Manager

ATTACHMENT(S):

1. Ordinance
2. Lease Agreement – Red Lined Version
3. Lean Agreement – Clean Copy
4. Public Notice for 2nd Reading