

City of Coral Gables City Commission Meeting

Agenda Item E-1

June 4, 2009

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

City Manager, Patrick Salerno

City Attorney, Elizabeth Hernandez

City Clerk, Walter J. Foeman

Deputy City Clerk, Billy Urquia

Risk Management Administrator, Michael Sparber

Public Speaker(s)

Nick DiDonato, Liberty Events LLC/Coral Grand LLC

Reeder Glass, Special Counsel for the City

Barry Abramson, Abramson and Associates

E-1 [Start: 9:17:16 a.m.]

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 Coral Gables Country Club”, 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. (Passed on First Reading on February 24, 2009).

Mayor Slesnick: OK, that takes us to item E-1; this is a second reading – Madam City Attorney.

City Attorney Hernandez: 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 Coral Gables Country Club”, 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. (Passed on First Reading on February 24, 2009).

City Attorney: We lost our quorum.

Vice Mayor Kerdyk: Where did the Mayor go? I'll go ahead and take over, it will be my pleasure. Mr. City Manager.

City Manager: Thank you Mr. Vice Mayor. Briefly I'd like to talk about how we got here today. There was a first reading on February 24th with the Commission unanimously approving the ordinance and authorizing the execution of the lease agreement, that was advertised for the Commission's consideration for June 2nd. It was announced at that meeting that, that item would be continued because we were still in discussions with the proposed tenant. That was announced at the meeting that anybody at that meeting that was interested in participating in the discussion in the item that, that would be held on June 4th at 9:00 a.m. The item was posted on the doors of City Hall for the Special Meeting; we actually posted it on the Home Page of the website announcing a Special Meeting of the City Commission of June 4th at 9:00 a.m.; the lease has been available for anyone interested since Wednesday morning to view that document, obtain a copy if they so cared to, and even we went to the extent of calling the Herald on Tuesday evening and asked if they'd like us to deliver a copy of the documents to them so they would have them available. With that said as background, I'd like to say how we plan to proceed in presenting this matter; Maria will start off with a history of this effort, that will be followed by Nick DiDonato who would like to present to you his current thoughts and plans on this project, followed by Reeder Glass, our Commercial Transaction Specialist, followed by Barry Abramson who will give a brief financial overview, also in the audience today, although not making a presentation is our hospitality consultants that have been involved in the project since the beginning, but available should there be questions. So Maria, and I'd like to also add, we also have Cathy is in the audience, and this is a project that has been near and dear to her heart, and we appreciate her taking her time to be here on this occasion.

Mayor Slesnick: Maria before you start, Mr. Cabrera has asked for the floor.

Commissioner Cabrera: Mr. Manager I just wanted to take this opportunity to correct something that was quoted in the Miami Herald, it was quoted that I inferred that you were being secretive in this process, I do not consider you to be secretive in this process, and in fact what I discussed with the Herald was that I was somewhat disappointed in the time frame in which we worked on this thing and that it was very tight and it seemed secretive at times, but in no way shape or form did I suggest that you were being secretive; you've been very professional throughout this entire process and I'm very grateful for your involvement; and so I wanted to personally clarify that and thank you.

City Manager Salerno: Thank you Commissioner.

Assistant City Manager Jimenez: Good morning. As stated by the City Attorney during the reading of this item, this is an ordinance on second reading and an approval of a lease to operate the City's Country Club facility. Because this lease relationship has a potential to be greater than ten years, pursuant to our Procurement Code a vote of four-fifths is required by the Commission. If I may, I'd like to provide a brief history of the process and the development of this lease. On June 3, 2008 the City Commission authorized the release of an RFP to solicit proposal of a long term leasing of the City's Country Club facility. On June 25, 2008, a pre-submission conference

and site tour was held. On July 31, 2008, two proposals were received in response to the RFP that were reviewed by the staff certification committee for sufficiency. One proposal was judged insufficient and disqualified; the other submitted by Liberty Events Group was forwarded to an evaluation committee for their consideration and recommendations based on the established criteria provided in the RFP. On September 17, 2008, a five member evaluation committee convened and was presented the proposal from Liberty, and was also provided findings from the City consultants. The five member evaluation committee included a representative from the Historic Preservation Board, Economic Development Board, Property Advisory Board, Traffic Advisory Board, and a member from the Parks and Recreation Board. City Consultants that were involved and provided their findings to the evaluation committee were hospitality consultants, Adolfe Group, Chuck Martinez and Gill Kasman, and real estate advisor Barry Abramson of Abramson and Associates. The evaluation committee unanimously voted in favor of recommending to the City Commission that City staff be authorized to negotiate with Liberty for a long term lease of the Country Club operations. At the October 14, 2008 City Commission meeting, the City Commission unanimously accepted the recommendation of the evaluation committee and authorized staff to begin negotiating a lease with Liberty. Reeder Glass from the law firm of Holland and Knight was retained by the City Attorney to assist as Special Counsel in drafting the letter of intent and the subsequent lease agreement. On December 16, 2008, following a detailed presentation of the terms formulating a non binding letter of intent, this City Commission authorized the then Interim City Manager, me, to execute a non binding letter of intent with Liberty Events. The City's negotiation team together with Liberty has drafted an agreement incorporating the terms and conditions stated in the letter of intent, as well as additional provisions and terms appropriate of a long term lease of this type. On February 24th, after staff and City Consultant provided a detailed presentation, the City Commission unanimously approved this lease agreement. During the February 24, 2009 presentation, each of you raised issues, some of which were responded to during the presentation, and others that have been incorporated between the first and second reading of this ordinance. At this time I will like to ask Mr. Nick DiDonato from Coral Grand, to present his concepts and uses of the facility.

Mayor Slesnick: Welcome back.

Mr. DiDonato: Thank you, thank you for having me again. Firstly, I'd like to acknowledge Cathy Swanson, thank you for coming out, she's been a wonderful support in the past year, and we were disappointed to see her go, but Pat Salerno has done a fantastic job in picking this up and carrying forward. So thank both of you for the support and for the effort in pulling this together. I'd like to present to you what our intentions are with respect to...just making sure our PowerPoint is on...for the Coral Gables Country Club. We've spent approximately a year now in terms of developing a concept for this facility; its changed slightly, but our motivation and desire to move forward with this property, a historic site is much in line of what we do, and the City property which is much in line with what we do in Toronto is important to us. So we believe that the Coral Gables Country Club will be a tremendous facility and continue to move forward in that venture. The facility that we are looking at is very important, I'm sure that's why we are all sitting here today, and its important for the Commission to understand that the people that are moving forward in the next thirty years to take care of this precious facility are the correct people; and one of the reasons that we are here is because we appreciate the historical nature of the facility and the relationship with the City. Liberty Entertainment Group over the years have taken over several properties for the City of Toronto and Heritage Properties and made them

grand, properties of grandeur and public areas. The newly renovated Coral Grand Coral Gables Country Club will be a tremendous facility. Just in terms of what we intend to do with some of the renovations, I think is fairly important, and it will be mostly....renovations; the facility lacks perhaps a sense of arrival when you are moving into the facility, and our main focus on the interior is to bring back that sense of arrival and grandeur with marble flooring, spectacular lighting, and redesign the private function space so it has more of a sense of arrival and sense of grandeur. We are going to be focused on that and then the historical nature making sure that whatever our renovations are in the interior will be consistent with the exterior and the historical nature of the property. Along with that we've looked at the culinary aspect of the private function space and determined it's crucial obviously something of this nature to succeed and the food and culinary component is critical. So we've spent a considerable amount of time doing some research within the City, within the community to develop specific banquet menus which will hopefully help the project succeed. We've created some specific dishes and feeling towards the facility with a continental menu package, developed a Mediterranean menu packages, and we also developed Latino menu packages, and we focused on identifying how we can make this banquet facility for private functions work, and make it succeed in the long term. What we haven't forgotten though is that the Coral Gables Country Club is not just a private function space and shouldn't only be utilized for private functions, events that you are invited to. So our objective was to make this as part of the community, and how best to do that; lifestyle, dining, café and fitness. So we will continue the work in that regard with respect to bringing the community into the facility; we don't want it to be a place where you are only invited to and that's the only people who use it because you maybe somebody who is next door, or three doors down and may never be invited to a specific event, but you can still enjoy the Coral Gables Country Club as a result with what we want to do with it. The recreation and fitness facility will continue; the pool will be available as will the tennis courts; we are developing specific programs and we are making the memberships monthly, as opposed to annual, and we are making them relatively accessible to the community, as opposed to higher priced. The pricing before in our mind was higher than what it should be, and it was almost you were forced to pay a high price and have a restaurant component, and have the rest of the facility just to join the fitness, the pool, and the tennis courts. So we are taking a completely different approach, making it an area which is more accessible for people, and the dining component is not compelling people to have to use that facility to need to want to come. So the fitness, the tennis, the pool area will be separate from the dining and the Coral Gables Country Club. To that effect, we are going to open a restaurant in the facility, the name we are using is Nove 7; we've looked at different approaches in terms of menu design, target market, and we've taken slightly a step back in terms of style of restaurant, and we decided that we wanted a restaurant that's engaged in the community, or our neighbors can come to on a regular basis, its comfortable, its successful in pricing, its great quality food, and our interest is people will come out and say, what a fantastic restaurant, great food, great pricing, and in our neighborhood facility, we are not targeting people to come from Miami or North Miami to visit our facility, obviously they are more than welcome to do so, but our objective is to support the community and the Coral Gables community with this restaurant. And we've done that in several ways from our design perspective, the interior of the space will be done in a contemporary style, contemporary seating and chairs and lighting, which will juxtapose that with the classic feel of the facility itself, but more importantly we worked on our menu; we are using a Mediterranean style menu. Again its accessible, it's the kind of food you can have everyday, if you want to come over for a pizza you can do so, if you want to come over for a steak you can do so also. So really our menu has been designed, we have

taken a considerable amount of time in pulling this menu together to really focus on the community and Coral Gables; and you can see from our menu items that price points are reasonable and these are the prices that we are looking at, we've done our research there. You can look at the variety of items, we have a full wood burning pizza component to the menu, and we all have a full higher end component to the menu with fish and steaks and so on. So the idea here is again, let's focus on this community, hoping all of you will become our customers and will be able to come out weekly and enjoy the facility.

Commissioner Anderson: I'm hungry.

Mr. DiDonato: But to add a little further to that, what we've also done is consider developing a Liberty Café, so we are branding this, we've never branded a restaurant this way, other than our Liberty Grand, but the Liberty Café is a concept would work very well for the community. What we want is that people that are walking, and I've heard some discussions with respect to our neighbors and walking in the area, and walking their dogs, and going to the golf course, as opposed to walking by and never being able to access our facility or your facility, we want this to be accessible to the community. So we want when you are walking your dog, we want you to come through and have a "jelato" or a "penini" or a pizza. So the idea is to open Liberty Café, we are currently placed an order, its on hold obviously, for our "jelato" machines, or "penini" table, and they are all coming in from Europe, so the style will be contemporary with a classic feel to it; our menu is going to be approachable, and what we hope on a daily basis somebody will come and have a latte in the morning, or a cappuccino or an ice cream in the evening when they are going for a walk with their family, when they are using the golf facility, or when they are just in the neighborhood. Our concept here was, we needed to expand a little more from where we were by including something like this which allowing the general public in the City of Coral Gables to appreciate their heritage site.

Commissioner Anderson: Where is it going to be located within the facility?

Mr. DiDonato: The café?- its right in this corner here where the main entrance is to the right; the restaurant to the left of the picture those are three windows.

Commissioner Anderson: Got you.

Mr. DiDonato: The space is 20 by 30 feet which allow for a small café bar, not a lot of seating, again very, very approachable...

Commissioner Cabrera: Is that the western side?

Commissioner Anderson: Yes.

Mayor Slesnick: It's on the west is actually on the south side.

Mr. DiDonato: South – southwest side.

Mayor Slesnick: Toward the golf course.

Commissioner Cabrera: Didn't we have a problem with this once before? OK – and you don't have a problem anymore?

Mayor Slesnick: I didn't get to this yet.

Commissioner Cabrera: OK. Do you think you are going to talk about it?- you are?- because I share your concerns. OK. I just didn't remember; we had discussed it once before with the previous contractor and I know that we as a group, some of us had a problem and I didn't recall.

Mayor Slesnick: Without, without....

Commissioner Cabrera: Well let's wait till later, we'll wait till later.

Mayor Slesnick: OK, OK.

Mr. DiDonato: Questions?

Mayor Slesnick: Not right now. Thank you Nick, nice presentation.

Commissioner Anderson: Thank you very much.

Mayor Slesnick: Lots of good ideas.

City Manager Salerno: Mayor we'd like Reeder Glass to go over the revisions to the lease from first reading.

Mr. Glass: Good morning. What I'd like to do is take the Commission through summary fashion some of the things that occurred since the first draft of the lease that was reviewed by the Commission as part of the first reading, and then after I've gone through that we can have questions that you might have of what I covered or some things that perhaps I haven't covered. To facilitate that view we've prepared for the Commission an update of the term sheet that was handed out on February 24th and gone through by Cathy Swanson, which reflected not only the existing terms that were in the lease, but also some things that were continuing to be negotiated; and I'd like to work through those items and then go into some of the other features of the lease. Essentially, the lease is substantially the way it was when you first reviewed it. The changes where there are changes, are neutral in terms of legal effect or better; the lease has been tightened in significant ways to protect the City, and some of the other changes that is a result of the passage of time, I'll get into that a little more. In the first draft of the lease the opening day or possession date as it was defined was key to the ability of the tenant to have four months after he gets his permits or a date, which is specified as September 30th, because we are here still in the second reading in June that process has not started, so went away from so many months after permits, and begin to deal with specific dates in which I'll go through. The first change that I'd like to highlight, and does everyone have this two page sheet so we can...we have extras to hand out?-if you don't.

Vice Mayor Kerdyk: Reeder, let me just re-emphasize, these are the substantial changes or these are the changes to the initial lease, the first lease that we reviewed and voted on?

Mr. Glass: This is a list of the items that we felt should be highlighted, we don't consider them to be material changes to the draft, and then there are some other smaller points that are not covered.

Vice Mayor Kerdyk: In your opinion from a legal perspective, because you look at leases several ways, I look at leases several ways, and one of them of course is from a legal perspective, are there any material changes in the lease that you can tell us that are not part of this term sheet that you provided us?

Mr. Glass: No, they are not material changes and the changes that are in fact significant are enhancements, not take-aways. So it's a better lease in a variety of ways than it was when you first saw it, but it's not materially different. The first item is the tenant: Initially the application was submitted by Liberty Events LLC, this is a special purpose entity owned seventy-five percent by Liberty Entertainment Group, which is majority owned by Nick DiDonato and twenty-five percent by a local company. Since the first reading, Nick DiDonato has decided to take full ownership of the tenant and therefore form a new company, Coral Grand LLC, it's another Florida LLC, and that he owns a hundred percent of it, those documents are in the exhibits. On the rent commencement, the date for rent commencement still remains the same, but because the opening of the uses have been staggered now to three different time periods, the first being in the fall where it is anticipated that the café that Nick mentioned and the fitness will open, assuming that the City can get the pool ready and repaired, that will be followed in February 15th by the restaurant, the major full service restaurant, followed then by the fall of 2010 by the banquet. So instead of having all of the facilities open at one time which is concept of the rent commencement date, we have a staggered opening, and to accommodate that and to address what the tenant had requested which was originally one year free rent, the rent commences approximately the same time as it did in the first draft, but instead of being twenty thousand dollars a month, its five thousand dollars a month until October 1, 2010. In 2010 it goes to the full twenty thousand dollars a month, and that would be in effect the first full year of the rent and the term of the lease, so that we still get the full ten years worth of the full rent, this would be considered more like pre-possession rent which you had in the Village of Merrick Park.

Commissioner Cabrera: Mr. Glass...?

Mr. Glass: Yes.

Commissioner Cabrera: I also read that in the agreement, and in fact that's one of my comments today; if we change the terms of the lease payment, then why isn't that reflected in the actual chart that shows lease payments?

Mr. Glass: The chart does reflect in the rent schedule Exhibit "B"....

Commissioner Cabrera: Which is on page 52.

Mr. Glass: Yes – shows that on January 2, 2010 the base rent of five thousand dollars must start, and continues until October 1, 2010; then October 1, 2010 the full rent schedule that's reflected below commences.

Commissioner Cabrera: OK, so what you are saying is, the five thousand dollars that is up here in the rent schedule in the paragraph, should not be reflective on this chart because this is...see I don't understand, I am looking at rental years and I am looking at year 1 through year 24, so the five thousand dollars is year zero?

Mr. Glass: That's actually why I made the reference to Village of Merrick Park because it's a almost like a pre-possession payment to the City, which we will call rent for purposes of the document, the lease, but it doesn't discount the full payment of the rent during the term which is the full ten years...

Commissioner Cabrera: Got it.

Mr. Glass:...for the full ten years we get the full schedule as indicated, this is a payment that we wanted, we felt that it was important that they start paying rent as defined, but it was not the full amount, but we didn't want to confuse this to say that the first year of the term they would have a discounted rent.

Commissioner Cabrera: OK, that clarifies it for me because when I read the exhibit and saw the rent schedule I thought that somehow the two should correlate with one another, but this is a prepayment program.

Mr. Glass: Yes, we define it as rent, but it's in effect a payment starting before the facility is completely opened, so it reflects some consideration...

Commissioner Cabrera: It just wasn't clear to me that's all, so I appreciate the clarification.

Mr. Glass: Under tenant improvements: the tenant improvement and an issue of capital and investment are two different exhibits; the tenant improvement is Exhibit "C" are things that are going to go into the building and affixed to the building, they are enhancements; the other schedule is made up of more like furniture and fixtures and opening cost, soft cost. In the original lease we were still discussing with the tenant whether we would get a letter of credit or a guarantee, but they were all focused on making sure that at the end of the day those items that the tenant had committed to were going to be installed and paid for. After discussing this at some length what we went from was the guarantee to a cash deposit; the first cash deposit would be due ten days after the lease is signed, the six hundred and twenty-seven thousand dollars, that's consistent with the items listed on Exhibit "C". In December he puts up another five hundred and fifteen thousand dollars which is the subtotal under "F" of the furniture and fixtures. So at the end of the day, there is a million one hundred forty thousand dollars, approximately, that he is going to put up in cash, held by SunTrust Bank his escrow agent, and disbursed pursuant to a draw schedule where the landlord has to sign off on each item.

Vice Mayor Kerdyk: Reeder, once he goes through that money and pays for the fixtures and pays for the improvements, then there is no security deposit other than we have the inherent benefits of having those properties, our property enhanced, is that correct?

Mr. Glass: Yes, there is no security deposit as such for rent payment, first and last year-last month's rent, basically our security disbursed the cash deposits to make sure that everything is paid for and put in; and secondly once that is done we now have a million-one forty thousand dollars worth of enhancements to the property.

Mayor Slesnick: It's clear in the lease that all these...the City once they are there in place.

Mr. Glass: Yes, there is a distinction, one of the things that the tenant has also done is he has gone and purchased all the SunTrust equipment; I just got that exhibit, its not in your package; SunTrust had about four hundred and twenty-five thousand dollars worth of equipment financing which was a substantial part of what was physically in the property. We negotiated with the tenant that they will invest additional amount, which is still being negotiated with SunTrust, and all of that equipment then will be a part of what's in the facility. If he defaults, then all of that stays with the facility. If he goes to term then he can remove the removable items that he's purchased; he cannot remove what the landlord's items are, nor can he remove the replacements or the landlord's items even if he pays for them.

Commissioner Withers: Can I ask you a question about two million dollars in improvements in FF&E that Nick's putting in?- I understand the concept, but if he has projected that he is putting two hundred and fifty thousand dollars into the pool area, and finds out that the job can be done or he only wants to put two hundred thousand dollars into the pool area, I'm assuming he has the right to do that, and does that money that is allocated gets shifted somewhere else?- is he allowed to remove that from escrow?- you understand what....

Mr. Glass: Yes, I understand the question; first of all nothing can be removed from escrow unless the landlord signs off on the removal as well as the tenant. He has the right under both the tenant improvements and the furniture and fixtures, to allocate savings from one category and overruns...

Commissioner Withers: Within the overall budget.

Mr. Glass: Within the categories that are specified, so that he has that flexibility. He has also the obligation to pay out of pocket for any overruns that are not reflected in the escrow funds deposited.

Commissioner Withers: I think this is a win for the City, but if his projections for costs are going higher in other areas and he wants to reduce the commitment to us in a specific area like instead of putting tile down he puts carpet down, I don't know if there is a savings there, he has the right to obviously do that, and then if he wants to get that money released from the escrow here to move to another part of the project, what's the process for that.

Mr. Glass: Well, what we envision is that the two exhibits are actually definitive about where he is going to spend the money except for his opening cost. The landlord has approval rights over what he installs as a process set out for his plans and specifications, the tenant improvements all have to be submitted to the City for their input and approval. So we will see all of that as it goes through the process. He also has the obligation to do this in a first class manner compared with three facilities within the City, the Biltmore, the Westin, so that we think we have a floor on first

class in terms of what he is going to do there, and then we have control over the escrowed funds in terms of their disbursements out of escrow.

Commissioner Withers: And then the last question, and I'll talk to you about the revenue model in a minute at the end; as far as a non leasehold related item, is that something that is not hardwired?- what is the definition of a non leasehold item? I'm assuming it would be a sofa in the foyer; is it a chandelier that is electrically connected to the ceiling?- is it a new pizza oven?- what are non leasehold improvements, what do we consider that?

Mr. Glass: Well, I think that...the lease says that he can remove things that don't require repair and....

Commissioner Withers: That don't require repair?

Mr. Glass: Repair – and he can't remove things that are fixtures according to law. There probably is an argument on both sides about what a light fixture is in that context, but I believe that most of what he is going to put in there, except for the furniture and fixtures, furniture and equipment are on a different lease, these are chairs, tables, etc.; but the things that are on Exhibit "C" which is six hundred and twenty-seven thousand dollars are basically permanent installations, permanent tenant improvements, it would be the TI type of stuff that you expect. Some of the other things are movable, and he may or may not need to take those things with him, of course factor in the fact that this could be thirty year process, so what's there today will not be there in fifteen-twenty years.

Commissioner Withers: Twenty years – I understand, alright.

Vice Mayor Kerdyk: Reeder, can I just ask one last question; I may be remiss not to talk to you a little bit about one other thing; we talked about the escrow and how he is guaranteeing that, what he is going to do with those funds; we talked about the no personal guarantee, and then I have a question, I think I've asked you this before the last time we talked; has there been any substantial changes in the default provisions, and are you comfortable with the default paragraphs in the lease?

Mr. Glass: The default provisions I was comfortable with where we've added to them however, a liquidated damage concept, which basically gives the right of the landlord to elect that if there was a default, they can also take the remaining funds that are in the escrow as part of a liquidated damage payment, otherwise its pretty much the same.

Vice Mayor Kerdyk: It's pretty much the same.

Mr. Glass: The full scope of remedies associated with default by the tenant.

Vice Mayor Kerdyk: I did see, I think I saw where you added an arbitration provision, which is a good thing in my opinion.

Mr. Glass: Right – because of some – the tenant is required to inspect what the landlord is going to do by building improvements, if there was some dispute there, we provided arbitration to kind

of resolve that, and a few other things there where arbitration is specified. So we put a full scale arbitration provision in there which is from one of the other city ground lease deals.

Vice Mayor Kerdyk: Thank you.

Commissioner Cabrera: Can we go ahead then and start asking questions?

Mayor Slesnick: Are you through?

Mr. Glass: Well, I covered I believe, the opening date to the point of expectation of the tenant that he wants to open the uses as the café and the fitness on or before October 30th, in order to open fitness you have to have the pool done; the pool is the City's obligation to repair in accordance with current law. So if we are not done with the pool by October 30th, he has the right to elect not to open these facilities, but as he indicated its his expectation that he will do so; and then the other uses I mentioned, the restaurant is scheduled to open 2/15/10; and the banquet facility September 30, 2010. Now that actually in the first draft of the lease, he had thirty-six (36) months from possession date to open, he has now accelerated that two years, so that by September 30, 2010 all the uses will be open to the public. We have made a few changes to the assignment provision, its all subject to our approval, but we put in there some provisions that we've had in other leases about acceptable operators, and also by criteria for assignees to strengthen that provision. The remainder of that two page is things that are still being discussed with the tenant, and I set out there what the consequences and the result was. One of the areas that the tenant had asked for in his application, which is a right to operate the golf, he then wanted the right of first refusal, which we felt would be chilling, if you decided later on to go out and outsource that, so now it's a right of first offer, which means the City sits down and negotiates with him and if he can't reach an agreement then they are free to go ahead and do whatever they intend to do with that facility. There are some details coming on the discounts to citizens, that's due to be presented for the approval of the City early June. Then we've added, I think I mentioned liquidated damage provision on arbitration, we beefed up surrender provision, I mentioned that he is going to pay without any concession by the City for the SunTrust equipment, and I believe that covers the items that I think; I am open to questions to anything else that's in the document.

Mayor Slesnick: Mr. Cabrera.

Commissioner Cabrera: Do you all have any other questions?

Commissioners Withers: I have one, but go ahead.

Commissioner Cabrera: No, go ahead because I have a bunch.

Commissioner Withers: Thanks Ralph; just want to ask you about the calculation of gross revenue. I think I understand what was added in the blue, but let me try to illustrate and tell me if I'm correct in interpreting that. Let's say that Nick decides to sublease out the entire panini pizza restaurant he illustrated in the discussion, and he works out a deal where he gets a lump sum for that third party whether its related or unrelated transaction to the corporation, does that mean that the gross revenues of that restaurant that has been subleased out, those are calculated in that six

percent return after the four million dollars, or is it only maybe the lease fee or the rent fee that he charges to that third party operator that he brings in?

Mr. Reeder: Gross revenue calculation here is the same as it is at Merrick Park. If he enters into an arms length sublease for a value for some feature, then the gross revenue is what he is getting from that tenant. The only area where subleasing is really addressed is the fitness area where he, the tenant, historically has not operated a fitness facility, but he could actually do it in some other case. If it's an affiliate or subsidiary then the lease is ignored and all the gross revenues from that operation are carried up in the definition.

Commissioner Withers: OK, that's what I understood.

Mr. Reeder: There is no sandwich leasing there that...

Commissioner Withers: OK, and I'm not saying this is going to be done, I know, the company has high ethical standards, I've checked with others in the industry and they have a very, very solid reputation; I'm not insinuating anything, I'm just looking down the road. How are we going to manage those subleases? Do we have the right to look at those subleases to see who the owners of the third parties are?- does he have full disclosure as far as presenting us who he has entered into contracts with to provide third party services?

Mr. Glass: First of all there has not really contemplated that there is going to be any subleasing where he has the capacity or the expertise or skill to operate; the only area in which that doesn't exist is the fitness where we've given him the obligation, he has to go find that expertise and he may elect to sublet that, or he may elect to add staff through a competent operating fitness center.

Commissioner Withers: OK, I understand that. Now what I'm saying is, if it's a health club and he projects that he wants five thousand dollars a month in revenue from the health club, and he's happy with that, but a health club provider ends up significantly benefiting from the operation there, and those gross revenues from the health club are not part of the gross revenue picture from the overall operation, from what I understand if it's a lease. Again, from the City's perspective and we are wearing the City's hat here, how do we protect ourselves from the operator possibly leasing that out enjoying inflated revenues from the operation side of the health club?- and only reporting five thousand dollars or three thousand dollars sublease agreement between the Country Club and that third party operator?

Mr. Glass: If that were to occur, in my opinion that would not be an arms length transaction, it would not be a sublease that would be independent; it would be intended to accomplish a different result. Now our sharing of gross revenue only starts at the four million dollar level, so he gets...

Commissioner Withers: He's got a while to go.

Mr. Glass: Not only that, he has a benefit of getting the revenues up to that point without sharing with the City; so the siphoning off would be against his best interest, and if he is sharing in that process, then that's not an arms length arrangement that he is obligated to have. Again, I don't think we've contemplated or expected much in a way of subleasing here, this is a...

Commissioner Withers: Well I'm talking about subleasing services as part of the...

Mr. Glass: Well the only specific right he has to or is required to do is in the fitness area where he doesn't have the current expertise. Any other transfers are subject to the City's approval...

Commissioner Anderson: Approval of the landlord.

Commissioner Withers: OK – perfect. Last question – what is the definition of a central office?

Mr. Reeder: As I understand it, Liberty intends to have additional facilities in the South Florida area, and that they may use the small office space there to administer or manage those other facilities.

Commissioner Withers: That's fine; so there is really no intention of opening up a sales office, or using the facility as a commercial office application; do we have a safeguard against them bringing in twenty telly-marketers?- or, I don't know, he's an entrepreneur so...

Commissioner Cabrera: You know, just to piggyback on your question, that's my very first question, what I ask or what I was intending to ask staff was to clarify what other business was going to be conducted there, that really was the gist of my...

Commissioner Cabrera: Yeah, I think we are on the same wave length here. Listen, if they have office space and they can use that to book other venues throughout the country because someone has an event here and we knock their socks off and they want to replicate the event somewhere else in the country where Liberty is represented, I have no problem with that whatsoever; but I think the concern is taking that facility and turning it more to an office type component to promote other business activities, I think that's the concern that I have.

Mr. Glass: Two points on that; first on your other point, Section 24 requires our approval for assignment and subletting, except as authorized by the lease; and the only one that is authorized is the fitness, or you can sublease that if he doesn't have the expertise, but he cannot sublease it to an affiliate and compartmentalize the rent. On the central office, he described to us what he intends to do there, which is really related to the functional management, our oversight of other facilities similar in other locations outside of our area. If there is an issue there or maybe some clarification we need to put in the lease, I'm sure he'd be...

Mr. DiDonato: [Inaudible]....a marketing office would not be one of the uses which would be allowed. Specifically the lease identifies for food service facility and banquet facility, so under those regulations or rules of use then we can't divert.

Commissioner Withers: OK, I just wasn't sure what a central office was.

Mr. DiDonato: The central office is Liberty Group, will have a head office here in South Miami, so should we open a restaurant in Coral Gables or in North Miami, we'll probably have the administrative staff and General Manager and Director of Operations in those offices.

Commissioner Withers: That's understood.

Commissioner Anderson: And every thing else has to fall under the way its zoned, so it wouldn't be allowed to be other than a Country Club operation style with its auxiliary functions, office function and things like that.

Commissioner Cabrera: I would be more comfortable with some sort of clarification on that; its letter "K" on page 4, it reads, in case the audience doesn't know what we are talking about, it actually reads, provided however, that revenues generated from tenant central office located on the premises but pertaining to the operations unrelated to the premises and the Country Club operations shall not be part of the gross revenues. I really would like to see some sort of clarification on that to protect us, and I'm not saying there would be a telemarketing operation there or anything of that sort, but it just leaves me with – I mean, this could happen, I could very well see additional space being used for unrelated functions not having to do with the Country Club operations.

Mr. Glass: Yes, it's in the gross revenue definition because his concern was that we would pull in revenues that he was getting from other operations.

Commissioner Cabrera: No, I wouldn't want to do that either.

Mr. Glass: We were actually looking at...

Mayor Slesnick: That's not the concern here.

Commissioner Cabrera: Its definitely is not the concern.

Mr. Glass: We'll supplement that.

Mayor Slesnick: Is there a way to tighten that up?- just to assure us. Mr. Cabrera.

Commissioner Cabrera: Some of my questions are related or directed to staff, so I'll try to be descriptive.

Mayor Slesnick: And by the way we have one person who wishes to speak for the public hearing, and Dan we will get to you, don't worry.

Commissioner Cabrera: And let me give you some of my rationale for some of my questions that I will be asking. I don't know about the rest of you, but I learned a very valuable lesson in 2001 with the previous agreement, and I don't want to repeat those kinds of mistakes, so if I'm being offensive or if I'm being difficult with staff its because I learn from my past experiences, so its not that I'm trying to put anybody in a tough position this time around. So having said that let me go to my questions. On page 6, section 4 down at the bottom, actually between the two blues, there is a section that says tenant improvements, which completion shall be evidenced by the issuance of a certificate of completion?- by the proper governmental authority. I need to get clarification, number one, who is going to be issuing the certificates of completion, and who will

be accountable for this function?- and I'm assuming these are City of Coral Gables officials. I want to know today who is going to be responsible for this. Can anyone give me a response?

Assistant City Manager Jimenez: Commissioner, I'm sorry, I'm looking at the...can you tell me the section?

Commissioner Cabrera: Yes, I'm sorry ma'am, its number 4 renovation of premises and building, letter "A", and if you look down toward the bottom of the page, about the blue paragraph that puts a red line through Exhibit "C", I'm quoting the two lines about it, it says, "tenant improvements which completion shall be evidenced by the issuance of a certificate of completion by the proper governmental authority".

Assistant City Manager Jimenez: That's our regulatory department, our Building Department; he will be required to get permits as every other.

Commissioner Cabrera: So the Building Department will have that responsibility.

Assistant City Manager Jimenez: Yes sir.

Commissioner Cabrera: Stay up here because the next question has to do with responsibility once again. Page 9, if you look at number 3 and number 4; number 3 reads, "cause the architects and other consultants to revise the design documents were required to obtain landlord's approval of same and thereafter make no material changes to the design documents without the prior approval of landlord"; number 4 reads, "in accordance with (I) the design documents approved by landlord and all applicable laws, ordinances, governmental regulations at its sole expense repair, renovate, furnish and equip the building and premises. Landlord shall have the right to periodically inspect the premises during construction; construction shall not commence until after the following events have occurred". Who is the landlord?

Assistant City Manager Jimenez: The City is the landlord.

Commissioner Cabrera: But I need to know who is going to be responsible for this.

Assistant City Manager Jimenez: Obviously, if it's not meeting the site approval that was issued to this property back in 2002, we would be returning to the Planning and Zoning Board and the City Commission. If its within the regulatory process meaning that there is no matter that needs to be addressed that's within the site approval that was issued in 2002, the Building Department, the landlord, meaning the City, would be issuing that approval and then it would go through the regulatory process, if its outside the site plan that was issued in 2002, it would go through our Planning and Zoning Board for any site plan changes, and then ultimately to the City Commission. Does that answer your question, or did I just...

Commissioner Cabrera: Yes, it answers my question but it doesn't give me a sense of accountability and responsibility, it just doesn't.

Commissioner Anderson: If I might interject, the landlord is the umbrella, which is us the City anyway, and then the regulatory are the departments that work under the landlord, it's kind of like...

Assistant City Manager Jimenez: We wear two hats here; we have the landlord capacity, and then we have a regulatory process.

Commissioner Cabrera: I'm really looking to define and to be more specific on the landlord's responsibilities and who is accountable and responsible for this.

Assistant City Manager Jimenez: Are you trying to get a name and title or title?

Commissioner Cabrera: Title more than name because to this day...

Assistant City Manager Jimenez: That's something we could define.

Commissioner Cabrera: Because to this day, Madam Assistant City Manager, we still point fingers at everybody, Public Works get slammed about what happened, and Development got a little bit of that, the Commission gets a lot of it; why do we have to reroof the place?- why did the air conditioner not get fixed?- why are there termites and we have to retent the place?- why is the pool getting renovated even though we all know why because of legislation? Just trying to tighten this up so that we can make certain titles responsible for this. Did you want to say something Mr. Glass?

Mr. Glass: This does not identify the specific individual, but on page 43 in (I), "all requests for action is approved by the landlord shall be sent to the City Manager", and then at that point there is a gate-keeping process as to where it goes within the City, including back to the City Commission, if it's that important. It doesn't address your wanting an individual designate at this time, but the variety of the tasks may indicate that there are different people selected at different times to do this, it's the City Manager's responsibility to deal with that issue.

Commissioner Anderson: Could I offer a suggestion?- in the definitions put regulatory – add regulatory and landlord, some type of clarification in the definition so that, and then that can be referred to, and that could make a sense of accountable; regulatory means departments that bla, bla, bla...you know, Public Works, whatever; all our regulatory departments that are responsible for the actual construction, and maintenance and day-to-day, and then the landlord being us, the larger body, I think that might go a way to define it. Would that work?

Mayor Slesnick: Yes, well on top of that, let me suggest this, I'm not sure that the tenant has to agree what Mr. Cabrera is asking for.

Commissioner Cabrera: Yeah, a lot of these things are really not...

Mayor Slesnick: I would think that the Manager should issue to us a game plan, in other words something for us to review as to how the City intends to handle our side of this agreement.

Commissioner Cabrera: To manage our side of the agreement.

Assistant City Manager Jimenez: Make sense.

Commissioner Cabrera: Yeah, that would be most appropriate; I would be more comfortable with that.

Assistant City Manager Jimenez: That would be more of an internal matter that we...

Commissioner Cabrera: But nonetheless, we live and we learn. Page 11 under section "A", number 1, again it refers to the landlord, so I think you know my direction on this; what I guess I want to know more about section 1 is it reads: "tenant shall submit simultaneously to landlord an escrow agent, draw request showing that tenant has paid for and/or installed items of portions of the tenant improvements in the premises in accordance with Exhibit "E" and the terms of the lease. Landlord shall prescribe the forms waiver, certification, and other documents required for submission with each draw request. Once the draw request has been approved by landlord, it shall instruct escrow agent to disburse the amount requested within five days of request. How is this going to be managed? Again, this is not an agreement issue, but how are we going to internally manage this process?

Assistant City Manager Jimenez: On the escrow agreement?

Commissioner Cabrera: Yes, how are you going to....?

Assistant City Manager Jimenez: It has my name and title as Assistant City Manager receiving that information from the...and it also has a senior project manager that hasn't been identified.

Commissioner Cabrera: You could not hear me? The Manager can't hear me?

Vice Mayor Kerdyk: Just want to make sure that what you said he could hear.

Commissioner Cabrera: Oh, OK, I'm sorry.

Vice Mayor Kerdyk: It's not your fault.

Commissioner Cabrera: So you are going to have literally a journal...?

Mayor Slesnick: Excuse me, Alberto, Alberto, could you go ask the crews to maybe, excuse me Dona, a break for a few minutes.

Commissioner Cabrera: I guess what I was looking for is how the City plans to maintain records and that process of how you are going to then journal these draw requests.

Assistant City Manager Jimenez: Sure, we can further describe that operation in the memo that the Mayor has suggested – escrow account management I think is what you are looking for.

Commissioner Cabrera: Let me take you then to page 12, the section I'm interested in discussing is section 7, letter "A", sub-letter (a) and it reads: banquets and then in parenthesis, (inside and

outdoors, including west side of premises). To the best of my knowledge, the west side of the premise is a parking lot and then residential property, then Granada Boulevard and residential property; am I mistaken on the west side of the premises?

Assistant City Manager Jimenez: The west side of the premises and the middle portion toward the north is a parking lot and a service area.

Commissioner Cabrera: So this west side of the premises addresses what Mr. Slesnick and I discussed a few minutes ago with regards to outdoor dining?

Assistant City Manager Jimenez: Let me explain to you the issue of the outdoor dining. The site plan approval for 2002, which formed part of the RFP response, prohibits outdoor dining outside of the walls, it is allowed within the walls meaning in the area of the pool. Coral Grand is proposing a café concept and they do recognize that any amendments to the site plan needs to go through the regulatory process. So that is a process that will come before you, if in fact he moves forward with that concept, and it will involve a public hearing at the Planning and Zoning Board and eventually be considered by the City Commission. The details of that we don't have.

Commissioner Cabrera: But that still doesn't address my issue of the outdoor dining that I think you are describing is on the south side of the property.

Commissioner Anderson: Southwest side

Assistant City Manager Jimenez: That faces the golf course.

Commissioner Anderson: That's interior though, that Liberty Café was interior.

Mayor Slesnick: Where the front yard is.

Commissioner Anderson: I thought it was interior.

Assistant City Manager Jimenez: Faces the golf course.

Commissioner Cabrera: Yes, faces the golf course. So I understand that and we can get to that one later; but when I read this agreement, this agreement refers to again, letter "A", banquets inside and outdoors including west side of premises. Well, west side of premises to me means the parking lot, then Granada Boulevard, and three residential properties.

Mayor Slesnick: There is one small outdoor area which is fully walled, that was built by the last tenant called the Fountain.

Commissioner Cabrera: And is that the west side of the premises.

Assistant City Manager Jimenez: The site plan that I am referring to does allow for the outdoor within the wall area.

Commissioner Cabrera: Of the west side of the property.

Assistant City Manager Jimenez: Yes.

Commissioner Cabrera: So that little area that has a small fountain in the middle is what you are referring to as the west side of the premises.

Assistant City Manager Jimenez: Yes.

Mayor Slesnick: Yes.

Commissioner Anderson: There is actually a room there that you can...the dining hall that you can go outside within the wall.

Assistant City Manager Jimenez: That's approved, that's allowed.

Commissioner Cabrera: OK, so that's what west side of the premises means. OK, that's all I needed to know because I didn't recall that being an outdoor area, but now that we discuss it there is a small fountain out there and perhaps a couple of benches and then...

Mayor Slesnick: I've been to some cocktail parties, so I mean there is actually room enough to...

Commissioner Anderson: And it is walled in so you can't really...

Commissioner Cabrera: That helps me understand a little clearer what that section is. If we go to page 15, I tell you where I really have a problem, in letter "B", number 1, it talks about within 90 days after the end of each year of operation, tenant shall deliver to landlord unaudited financial statements. I'm uncomfortable with number one, unaudited, and number two, removing the word reports, and number three, removing the two words, and certified.

Mr. Glass: Can I address that issue Commissioner?- As you see we did start out with the certification of the full financial statements, and through the negotiations what we focused on is that the real interest in certification is of gross revenue, because that's where the City participates from a rent standpoint, so therefore this bifurcates between unaudited financial statements in a general context, but certified to landlord as to the amount of gross revenue. So the auditor is going to go in there, whatever they do other than the gross revenues is going to be unaudited, but the gross revenues will be audited and certified and that's the number of course that we are interested in, and we have the right ourselves to go in and audit if we feel like there is any need to do so.

Commissioner Cabrera: OK, I'd still like to have that back, but I don't know how the rest of you feel.

Mayor Slesnick: Well, I'll just respond; I know that our City Manager negotiated very hard and he told me that in Canada they don't do a lot of certified audits and so forth, but he insisted and held out that it would be certified for the gross revenues, so I thought it was a good compromise, I mean that's my personal...

Commissioner Cabrera: OK.

Commissioner Anderson: Just a thought too, the part here at the bottom, in addition tenant shall deliver to meet with and otherwise provide to the landlord his consultants, the information, materials and access set forth in Exhibit "J", which is in the back, as more detailed. So in addition these may be unaudited, but there are other requirements that will give us some type of...

Commissioner Cabrera: What page is that?

Commissioner Anderson: That is page 69, the oversight requirements which have additional things, so I didn't know if that was a consolation on that issue.

Commissioner Cabrera: Well, I still have heartburn over that so. Let me continue, I'm almost done here; page 16, and Mr. Glass talked about this already. On page 16 at the top, the entire section that is blue, basically what we are saying is the following; we are saying that we are going to give the operator the right of first offer for the operations of the golf course.

Mr. Glass: If you out-source that.

Commissioner Cabrera: Yeah, if the City of Coral Gables decides to out-source the operations of Granada Golf Course, they will have the opportunity of first offer, and I thought about this and immediately thought to myself, how are my colleagues going to react to this, well what's wrong with that? - I could see you all saying, what's wrong with that idea. I tell you what I have a problem with, if the operator had shown expertise in the operations of golf courses, I would say I have no issue with this, but I have an issue because you are giving the operator the opportunity of first offer and limiting ourselves from getting potential offers from some other qualified golf course operators.

Mayor Slesnick: I think that's where they made the distinction; he doesn't have the right of first refusal, the right of first offer; he can make the offer and we can say no thank you and move on.

Commissioner Cabrera: Well, I hear you. Think about it; they are operating the Country Club already, and they could very easily go out there and find a very suitable operator and have a sublease relationship like they are going to do with the pool and the fitness center and the tennis courts. So now all of a sudden we are not prohibited, but we are circumvented from being able to go directly to the source and have that relationship.

Mayor Slesnick: No, they can come to us with any offer they want to, but we can say, we are not interested we are going out to full bid.

Commissioner Cabrera: I understand...

Mayor Slesnick: He has a right to come in to say, look here's my offer.

Commissioner Cabrera: I understand that, but my point being we are already giving the operator the ability to sublease those three other facilities, tennis, fitness, and pool, OK, so we are already

giving them that. Why wouldn't we then if we give them this first offer capability and not say, sure try the golf course as well, do the golf course as well?

City Manager Salerno: Mayor, if I could interject a little bit here. What the Commissioner is saying is exactly an issue that was a point of contention on the City's part with Nick. Nick in his proposal requested, did he step out for a minute?- he requested and held very firm to the issue up to the last moment that he has the initial proposal guaranteed him the right of first refusal, and that is substantially different going back to first reading, the Commission was opposed to the right of first refusal, but this is a right of first offer, so Nick, I mean Reeder, would you go through and point out how, because what the Commissioner was saying was exactly the point that we don't want to be in the situation of having to give the operation of the golf course to him; and my concern was exactly what you said, we're hiring this firm because of their expertise and hospitality industry, not necessarily because they don't have experience on golf course operations, and that's why the right of first refusal was an issue that I would not agree to. Ultimately in the spirit of coming to an agreement Mr. DiDonato accepted a right of first offer, so Reeder would you just go into and clarify for everybody the difference between right of first refusal and right of first offer, and there's a big difference.

Mr. Glass: The tenant had asked for an option, which is as you know is an absolute right to do it, if they elected, the City Commission was not prepared at that point to give an option on operation, so we moved to alternates that would only come into effect if in fact the City decided to outsource. We didn't like the right of first refusal because it requires the City to go and completely negotiate an agreement with somebody, then turn it over and say can you match that. The right of first offer allows you to independently go to them and see if you can negotiate a deal. None of these would ever in effect require you to hire somebody that is incompetent. It would be just like if you went out for an RFP or RFQ, just like if you sat down with somebody who wanted to do this, you would always be entitled to deal with their credentials, and this is why it says under terms and provisions approved by the landlord at that time. So if you ever decide to outsource, then I would expect what you would do is set up a criteria which would include both financial and competence; and at that point that would be the package that you would go to the tenant and say, assuming they are in compliance and everything else is OK, here is what we want, can you match this, can you do this; if you can you negotiate a deal and have a deal, if you don't negotiate and they refuse to do it then you are free of the right of first offer and you can go out and do whatever you want to do.

Commissioner Cabrera: I guess the bigger picture that I am having difficulty with is this, if we decide to outsource those services, and we go through the process and then give Coral Grand the opportunity to come back to us with their expertise or their proposal, I could see them coming back to us with a very professional proposal, having the appropriate credentials and criteria and capabilities to do this, so we in essence would then as a City no longer manage or operate the golf course, it would be done by them, and I guess that's really where I have a problem.

Mayor Slesnick: But we don't ever have to do that though.

Commissioner Cabrera: We don't, but really listen to my argument. We are agreeing to subleasing fitness, pool and tennis, and they are going to find good solid operators to do this for

them because as Mr. Slesnick said their expertise is in the catering industry. Why wouldn't we allow them then to manage the course if they bring a suitable operator?

Commissioner Withers: And I would.

Commissioner Cabrera: OK you would, but I wouldn't.

Commissioner Withers: Let me give you my perspective Ralph, because at first had some consternation.

Commissioner Cabrera: And Chip, I really appreciate you saying that.

Commissioner Withers: And let me tell you why, it's because and I can draw on the Biltmore. I think what these folks are trying to do is they are trying to change the whole image of the Country Club; the Country Club has always been, you know, no offense to the Country Club because it's a reflection on us, recently early on its never been really been an "A" property, its never been a destination that knocked people's socks off wanting to go to and enjoy, its never been an attractive place for people to say, I want a neat experience, I want a neat dining experience, I want a neat club experience, its been almost second shelf to other venues within our City; and number two, I think the golf course has always been tied to the Country Club; everybody thinks Granada Golf Course – Country Club, its kind of one big facility, its kind of tied together somehow, and so if I'm the new operator of the Country Club of Coral Gables, and part of that operation is perceived in the community the golf course to be a part of that, I would want that venue of the Country Club to knock your socks off also. So if I have the ability to improve that to bring it up to my level, as opposed to being concerned about bringing another operator that might detract from my overall vision of a high level operation, I would be concerned about that, and I looked at the Biltmore since I started to play golf lately, more and more, the food service – the whole delivery of the food service, and Bill eats there a lot, of that is it called the 19th Hole, since the Biltmore taken that over has just improved a thousand percent compared to what it used to be, and I think it is because the Biltmore now has a vested interest in an image as to what they want to project because they are involved in running that golf course.

Commissioner Cabrera: And its part of the branding.

Commissioner Withers: And its part of the brand now, so I can certainly understand where Coral Grand is concerned about making sure that whatever provider of services is for that golf course are at a level that is going to directly reflect on their overall presentation to the community, and that's why I'm kind of going to give them a little bit of slack on this because they have a vested interest in this.

Commissioner Cabrera: I understand, but I guess the area where you and I differ is that I look at Granada Golf Course first and foremost as a municipal course not part of a Country Club, like you see it...

Commissioner Withers: I know you don't.

Commissioner Cabrera: And the only affiliation I see between the two is that there used to be an inner club called the Nineteenth Holers...Tenth Holers?

Vice Mayor Kerdyk: Tenth hole, it's only a nine hole golf course.

Mayor Slesnick: Women's group.

Commissioner Cabrera: Yeah, there is the women's golf group, and they get preferential treatment on T times, on certain days of the week, OK, that was the only connection I saw; I saw no other connection. Yeah, there are many positive commentaries that we can make about the Biltmore Operation, but I can also make a lot of negative comments that reflect upon us because we have citizens that, specifically citizens that tell us how expensive it is to play a round of golf at the Biltmore Golf Course in comparison to a lot of great municipal courses that are in as good a shape as the Biltmore, but yet a lot more affordable. So I don't want to see the last municipal golf course in Coral Gables, the second and last to lose that municipal perspective, so I guess that's where you and I are not going to...see the one part that I agree with you on is, most Country Clubs in this country today succeed because of their golf operations, and if they don't have golf operations they typically fail. Well, this is not your typical golf operation country club; this is a country club that was created for social purposes, not necessarily for golf membership, so I guess that's the area where I would see...

Vice Mayor Kerdyk: Can I add to that when you finish?

Commissioner Cabrera: No, I'm finished, go ahead.

Vice Mayor Kerdyk: First of all I'm probably like you; I preface my statement by saying I'm not for contracting the golf course out, but if this Commission or some other Commission ever got to the point of doing that, then I think the municipal golf course is basically not what we know it to be right now. So at that point I would want the best provider to come in there, and if he could subcontract out to a business that provided the best services possible for a golf course, the management of a golf course, then I would have no problem negotiating that deal with his entity, if he could not provide that, then I would look elsewhere, but I think you lose that whole ambiance if we ever do go in that direction, but if that's the decision of the Commission whether its this Commission in a year from now or whether its one in twenty-five years from now, then I think your whole mindset has changed in that municipal golf course that you and I like and you and I talk about is now not that anymore.

Commissioner Cabrera: Well, that vision that must be created, but what we are doing is opening the door to allow that to occur. Bottom line is some of you feel that the golf course should be an integral component of the Country Club, and that's fine and I respect your positions on that; I feel that the golf course should be first and foremost be a municipal golf course and not have any tie ends, and here's the reason why, because once you give someone else the ability to manage that golf course and operate it, they are going to find a way to get more of that preferential treatment that already occurs through some of those inner clubs, and it will no longer be seen as a municipal golf course, and that wonderful sign that we have on the golf course that stipulates that this is a historic, the last municipal golf course, nine hole in Florida, we'll have to remove it because it really will become a country club golf course, and I don't want to see that happen; I

didn't grow up in that environment when I play golf, and when I learn how to play golf on that golf course, and I don't want to go in that direction, but I can see how it could happen because as Mr. Kerdyk pointed out, we may refocus that vision, but we are doing it right now with this agreement.

Assistant City Manager Jimenez: If I may Commissioner point out, that it only happens if you all as landlords decide to happen, there is no provision in this lease that automatically provides this right.

Commissioner Anderson: And it's in five years that option would come up.

Commissioner Cabrera: I'm just trying to avoid that, I'm trying to avoid that; I'm trying to protect ourselves from...

Assistant City Manager Jimenez: Just wanted to make it clear because I would hate to get calls now saying that you're giving up....no, it only happens if the landlord, which is you all, decides that it happens; at this time its still under the control of the City.

Mayor Slesnick: Can I respond though one more time?

Commissioner Cabrera: Sure.

Mayor Slesnick: I don't think, and if you characterize anything I've said is saying I want Granada to be any less a municipal golf course, that's not my position. My position is simply support of the words as they stand, if this Commission decided to do it, remember this Commission could decide to do it, and if this Commission decided to do it we would give this person the right of first offer, and I think that's helpful for the signing of this lease agreement; but Ralph the other thing is, if in fact you look around there are a lot of municipal golf courses that are subcontracted out and they are still municipal golf courses; Bayshore subcontracted out, Melreese is subcontracted out...

Commissioner Cabrera: When you say subcontracted out to others not a country club.

Mayor Slesnick: But the people that have Bayshore run the club house and run the club facilities just as if it was a club, but it's still a municipal course. So I'm just saying it doesn't have to lose municipal feeling just to be subcontracted; you are more concerned, and I agree with you, as to how the subcontractor operates and what the subcontractor does, and I think that there are ways in which...listen, we are not considering to do this right now, but when that time came, if it ever came, I think that the kinds of concerns you've raised need to be raised as part of the subcontracting lease, that you won't do this, you will do this and you won't do that.

Commissioner Cabrera: Well I could just sense from all of you that you really don't want to see any changes made to this, so I'm out ruled on this, so it's OK, we can move on.

Vice Mayor Kerdyk: I think the changes were made; the way I see it when it's a first right of refusal...

Commissioner Cabrera: Its better.

Vice Mayor Kerdyk: Better for him; first right of offer is much better for us...

Commissioner Cabrera: What the Manager has done to create a first offer is better for us.

Vice Mayor Kerdyk: Because the cards are in his hand for the first right of refusal, when it's first right of offer it's all our situation.

Commissioner Cabrera: I know, but it still doesn't make me comfortable, and that's OK.

Mr. Glass: And when you go to him with the right of first offer you can always stipulate that there will be no or some relationship to the Country Club, so you can still keep it free standing on a vertical basis, if not it collapses into it, it simply means that you go to him first...

Mayor Slesnick: Excuse me, Mr. May, would you see if he is leaving, we'll take him; he's sat here all the time, I hate for him to walk away thinking we didn't hear him.

Commissioner Anderson: Actually I have a question probably related to his, whenever you are done.

Commissioner Cabrera: Last question, actually two more questions, but I'll try to be brief on both; and this is a yes or no, let's not overkill this one; number 32 on page 37, right of entry; "landlord or any of its agents shall have the right to enter the premises during all reasonable hours and after twenty-four hours notice to tenant". Why do we have that in there? Why do we have to give any kind of notice if we are the landlord to the tenant? Let's just say for example, and by the way in parenthesis, except in the event of an emergency to be determined at landlord's sole discretion in which event no notice shall be required. OK, so what's an emergency?- there's a plane that's trying to land at Miami International Airport and lands right smack in the middle of the Country Club, that's an emergency. So what if there are rodents in the kitchen and we learn about this, is that an emergency?

Mr. Glass: Well, I'm not sure you as the landlord want to be basically dealing with the rodents in there, that's your municipal side and...

Commissioner Cabrera: Mr. Glass our residents are very quick to point out deficiencies in all aspects of our government operations, and they will contact one of us and say, hey I was having breakfast this morning and a big giant rat came by my table and waved hello, and proceeded to the kitchen. So we have to then give a twenty-four hour notice if we make the manager aware of this issue?

Mayor Slesnick: We have a right, remember this is one of those distinctions between regulatory and landlord; our regulatory groups have the same rights to go on the property at any time anywhere that you would...

Commissioner Anderson: For life safety...

Commissioner Cabrera: Well why have the twenty-four hour notice?

Mayor Slesnick: It's a tenet, a tenet, in other words as a landlord, you know it's like your office, the landlord doesn't have the right to burst into your office to do a landlord inspection at any time he wants to.

Commissioner Cabrera: I think they do.

Mayor Slesnick: No, they don't.

Mr. Glass: It's customary that you guys give notice to a tenant to go in for unspecified reasons.

Commissioner Cabrera: OK, I just brought it up.

Mr. Glass: This clause exists in all of your long term ground leases.

Commissioner Cabrera: I'm sorry.

Mr. Glass: This clause that exist, a pretty customary and standard clause about right to come in, giving notice; you can talk about whether it needs to be twenty-four hours or twelve hours, but that's usually the only negotiation.

Commissioner Cabrera: Well, I would have preferred twelve hours, but it doesn't seem like I'm going to get buy-offs, so we'll continue on. Let's see how they feel about this next one. Page 57, exhibit "H", insurance requirements: general liability has a million dollar each occurrence limit, three hundred thousand dollars for fire damage limit, and liquor liability, a million dollar liquor law liability per occurrence. Personally I think that's too low, and I'll remain silent, so you all can educate me on insurance.

Mr. Glass: This exhibit as well as the provision in the lease was referred out to your insurance consultant, and also by your internal people, and all of these numbers were based on their awareness of where it was going to be applied, so I don't think that we – me or the City Manager or anyone else second guessed any of that because we went to the experts, and they told us this is what you should have.

Commissioner Cabrera: Well, I don't agree, I think they are too low.

City Attorney Hernandez: And Commissioner they start with....and then there are discussions with the other side, and the other side may have issues, you know want more...

Commissioner Cabrera: OK.

Assistant City Manager Jimenez: I think in this particular case it was provided by the City, and it was entered into the lease based on what has been just expressed through our insurance consultants, and also through our internal staff.

Commissioner Cabrera: Let the record reflect that I on this date stated that the three insurance limits are too low.

Mr. Glass: Could you go through those again, the ones that you...

Commissioner Cabrera: The first is under general liability, a million dollars each occurrence limit; fire damage limit for any one fire three hundred thousand; and under limits of liability the liquor liability of a million dollars per occurrence.

Vice Mayor Kerdyk: That really sounds a little low to me.

Commissioner Cabrera: That's it for me.

Commissioner Anderson: OK, I have a couple of questions.

Mayor Slesnick: Mr. May, are you able to stay a little while longer?

Commissioner Anderson: Mine aren't going to be very long, I promise, they'll probably overlap with Mr. May's as well.

Mayor Slesnick: Ms. Anderson said she may ask some questions related to your e-mails.

Commissioner Anderson: It's related to the parking, page 40 on the parking plan, its related to...Mr. May may have something else as well, but my concern is it's been expressed not only by Mr. May, but by other residents that live in the area, is that when there is overflow in the parking in the parking lot that there be strict enforcement that people don't park in the green spaces or in front of people's homes, and that's its really, really critical to the success of the operations and the good neighborliness around to the neighbors, that this be enforced properly, I can't stress how important that is. With the prior operator there were problems, continual problems where there was overflow, and the people found themselves people parking in people's lawns, in front of people's houses continually. So I think it has to be not only a good parking plan, but also enforcement as far as the City is concerned. The other issue that was raised; I like that Panini café thing, but I wasn't sure if it was outside or inside, it's outside?

Assistant City Manager Jimenez: I believe it's a combination; we actually haven't received the detailed plans for the café, it's a concept that he's proposing he's fully aware that there are some site amendments that would be required if in fact he were to pursue the outdoor.

Commissioner Anderson: I thought it was an inside, and I'll remain open to seeing what's outside; I'm concerned about the look of the corner, but I'll remain open to see what's presented, but I like the concept of the café; and I think it will provide a different alternative to the food that doesn't compete with anything on the other side with the establishment of Burger Bob's, it would be something I'll look forward to. I think all the other questions have been asked, and I just want to say I look forward to it opening up soon, and good work, appreciate the operator's dedication to quality.

Vice Mayor Kerdyk: I want to apologize for a second. I missed Commissioner's Cabrera's discussion regarding the insurance. We've had issues with insurance in the Country Club before, and I just want to make sure that I understand, and I'm looking at the requirements here Commissioner, where you think these are low; I know you said you were concerned with the general liability, correct? What do you think the limit should be on these?

Commissioner Cabrera: I'm not going to, without having a lot of information at my fingertips on the building, I'm using literally, I'm looking at this almost as a lay person, even though I do insurance, I just feel that the one that really sticks in my craw is the three hundred thousand dollar fire damage limit for any one fire, I think that's really very low; all three of them really bother me. The million dollars on the general liability for each occurrence limit is in my opinion low, and the liquor law liability is low. Hey you know, as staff pointed out to me, the Attorney, the Consultant, they went to the experts, and they worked with the operator with this.

Vice Mayor Kerdyk: The fire damage is three hundred thousand dollars to the building?

City Attorney Hernandez: Exhibit "H".

Mr. Glass: Exhibit "H", at the top of the exhibit on the insurance requirement.

Vice Mayor Kerdyk: And so Ms. Jimenez...

Assistant City Manager Jimenez: Yes sir.

Vice Mayor Kerdyk: Looking at that insurance requirement, tell me again about the consultant looked at that and said that was OK, the limit there?

Assistant City Manager Jimenez: Yes, they provided the information on what we should be requiring as part of this lease agreement on the insurance limits and requirements, and that is what we had proposed to the lessee. I'll be glad to recheck with our consultant to make sure that we got it right, but...

Vice Mayor Kerdyk: The fire damage, let's talk about the fire damage. Something happens to the building, we have three hundred thousand dollars insurance for the building?

Assistant City Manager Jimenez: That's what it seems sir; I'm not an expert in insurance, but that's what's read here in Exhibit "H".

Mayor Slesnick: Madam City Attorney.

City Attorney Hernandez: Yes Mr. Mayor.

Mayor Slesnick: If it is our desire to vote for this lease today, can we send by Exhibit "H" as a part of the approval to the Manager for further review and further clarification with our insurance consultants? It's an exhibit.

City Attorney Hernandez: Yes.

Mayor Slesnick: What I want to know is, I appreciate Commissioner Cabrera's remarks in this instance, he and I may not agree on some things, I really do appreciate his remarks, he is a professional in this area, and because of the fact I watched the Country Club burn one day, I...

Commissioner Cabrera: Actually more of my comments come from that than anything else, not only burn, but be underinsured.

Mayor Slesnick: That's right, and be under insured.

Vice Mayor Kerdyk: I want clarification on the three hundred thousand, is that per individual?- or is that per building?- it can't be per building it has to be...

Assistant City Manager Jimenez: It's per fire, for any one incident it seems.

Vice Mayor Kerdyk: To the building?

Assistant City Manager Jimenez: Right.

Vice Mayor Kerdyk: Are you sure?

Assistant City Manager Jimenez: No, I'm sure, sir; I'm just reading what's provided here, but we will get clarification on that matter.

Vice Mayor Kerdyk: We need to be sure; we need to be sure.

City Attorney Hernandez: What is your specific question?

Mayor Slesnick: We are just concerned about the insurance coverage, that's all. What I'm asking you Liz, can we approve the lease today with the direction to the City Manager to take Exhibit "H" and to go back and to confirm with the experts that these are coverages that they recommend?- I'd like to see it in writing from our experts, I'd like see someone put their signature on the line, and if they are...and to express our concern and to Commissioner Cabrera's concern, which too of us now have chimed in on, that whether or not these are adequate coverages, and in other words, can we approve the lease and continue to work on Exhibit "H"?

City Attorney Hernandez: Yes you can sir.

Mayor Slesnick: Thank you.

Commissioner Withers: Also they have a five million and ten million dollar excess liability umbrella...

City Attorney Hernandez: Right.

Commissioner Withers: So I'm assuming there is...

Mayor Slesnick: That's what I'm saying, I am a lay person and I would like it explained.

Commissioner Withers: I guess my question would be to the City, in these leases that we have with the Miracle Theater, with the Biltmore, with the Country Club, if we decide two or three years from now we need to have increase in insurance coverage, I'm sure we have the full right to...

City Attorney Hernandez: We have full rights under the ordinance with regard to those provisions; but with regard to the insurance in looking at Exhibit "H", you also have to look at it in conjunction with Section 16 of the document, but what we will do is, I will e-mail Mr. Abella today and have him and Mr. Sparber provide a summary to us, so that we can provide it to you as well as the Manager. You can approve this with direction to the Manager to either further negotiate, if that's what the Commission wants on the insurance, or to provide an explanation, we just need you to give us your direction.

Vice Mayor Kerdyk: Nick has to understand that we don't want history to repeat itself. If we call the reason that the Country Club started spiraling down from membership perspective was in 1983 or 84, they had a huge fire that basically torched the whole facility; they did not have adequate insurance; they could not build back the facility and from that point forward the membership dwindled, dwindled, dwindled until we had to deal with it several years ago. So we just want to make sure the specifics are in place to make us assured that if something does happen, God forsaken it doesn't, that everything is in place, and I think Commissioner Cabrera makes a very good point on that, and I just want to make sure we all feel comfortable on our insurance package.

City Attorney Hernandez: And I have by the way an e-mail from Mr. Sparber, we are requiring them to provide the property insurance, so the fire damage limit wouldn't apply as to the City's property.

Vice Mayor Kerdyk: So they are going to provide it?

City Attorney Hernandez: Right, but again, we are happy to give you...

Mayor Slesnick: See that e-mail is very important to this discussion, so I'm glad he's watching, but for us real lay people that's important for us to understand that.

City Manager Salerno: Mayor, as a little bit of background; its my understanding that Tony Abella with Gallagher, along with Michael Sparber from the City, went through this very specifically, and apparently its somebody that the City Attorney has confidence in and uses on a regular basis, from what I'm told.

City Attorney Hernandez: Tony Abella has been our advisor for over twenty years on insurance matters.

Mayor Slesnick: And thinking of it maybe our insurance covers the building and his insurance is only covering the contents, I don't know.

Commissioner Anderson: We are asking for are probably points of clarification.

City Attorney Hernandez: And we are happy to provide it.

Mayor Slesnick: We do pay a lot of money every year for insurance, do we not?- so we are totally not self-insured for our buildings; we have insurance coverage. Well that would be good to understand. OK, we are going to go to our public hearing. We have one person who has asked to speak, and that is Mr. Dan May. Mr. May lives at 808 Majorca.

Mr. May: Good morning Mayor, its been a few years since I was here, and when I was here we talked about parking and what I'd like to do this morning is just to continue that conversation we had four years ago. At the time when I was speaking, we cleaned a bunch of trees out there that we wanted to cut down and you all made the decision to leave them up; we lost an old fence out there that was knocked down, and you all agreed to leave them up, and just want to give you an update on it, during this time Wilma came along and Katrina came along, and none of the ten trees that you agreed to, fell down. Well they are all still standing as well as the wall; and one other little key thing is the wall happens to be on the south side of the trees, the biggest wind that came through here, Katrina, came from the south, well the classic thing was the other trees turned over to the north, and when the tree turned over to the north the trees from the south side had to come up out of the ground, and its quite possible that the roots on the south side were all inter-meshed and the old fence....the fence didn't move, the roots didn't move, and the trees too. OK, so start from there – the same time you talk about that you were creating an ordinance about the parking here, and my story is the ordinance just needs to be improved, it has some good points in it, but I got a few things that I'd like to step up from there. So the ordinance, one of the parts of the ordinance was that the grass on the north side would be a no parking area, which would be along Alhambra; and I've accepted....put up a couple of signs, and that was the only grass that was protected, but in effect the club has grass all around, in fact there are seven parts; and after Mr. Bornstein took over and on the days when he didn't park, everybody all the grass got impacted with parking; and so what I like to see you do is take that ordinance and add to it the Granada/Alhambra Plaza, people parking there; I'd also like to add the west side of Granada directly across from the club, there is a grassy area there where people always park. Basically, that's on the west side and the north side, the center part there is one continuous unit, but roughly four spots. So I'd like to see the ordinance include that, and then there is no problem on the south side, but there is a problem on the southeast side beyond the club, just on the far southeast corner, people also like to park on the north swale on the north side of North Greenway, there are cars going there; also on the south side of North Greenway they park there; and of course the real big parking lot they like is slightly south of that getting out into the golf course, you've got a grove of trees there, some twenty-five trees, thirteen of them are coconut trees, I believe. So that's another red herring that I'd also like to see added into the no parking zone. This way you would have the club totally enclosed with a no parking zone for trash purposes. There are seven of those. The only other thing to add to that was we did try to enforce the law one time up on the green part of Alhambra, and we couldn't find the rules around here, and it took us eight days to get a copy of the ordinance, of course by that time all the cars escaped. So, what I'd like to see is step it up a notch and make it a tow away zone, and actually get some tow away action going here. From watching Bornstein's operation you have a credit card possibly for breakfast, you have it for lunch, and you also have it for night events, so I would like to suggest that you set up

in some way to tow cars three times a day because that's when they appear, and that's the main flux about parking on the grass. Parking anywhere on the pavement is not included in my thoughts here; I just want to get to the grass parking, and I want you to actually do it. So that's the grass. The other thing we didn't cover, we were silent about what type of vehicles we can park in the parking lot; you know cars are there, I would assume if you got a regular deal going here, you got visitors coming to town, there will be people with trailer trucks, it would be regular oversized trucks, and whatever else they might be using; and so I'd just like to see another little rule in there that any of those particular vehicles get parked in the service area of the club, not out with the other cars. To me, not restricting their use or time or anything like that would be that they would go into the service area. Another little trick on that part too would be, we have to talk about overnighters; some of these vehicles may be...so tight and people sleep in the truck during the night, and the club closed down at 1:00 a.m., so I'd like to say that we can put something in there between 2:00 and 5:30 a.m. in the morning they have the lights turned off in their trucks, if anybody staying there at night, shuts the lights down. Yes Mr. Mayor.

Mayor Slesnick: I don't think that we allow people sleeping in vehicles anywhere in the City on private or public property, that's not allowed.

Mr. May: OK, well that would be something...

Mayor Slesnick: Martha, Martha, is there a protection for people sleeping in vehicles and making them like house vehicles? Is that the definition of single family residence?

Ms. Salazar: No, it is not part of the definition...it is prohibited, it is not allowed.

Mayor Slesnick: OK, so we can disallow that.

Mr. May: OK, so my point is mute, but I...

Mayor Slesnick: But it's a good point.

Mr. May: ...when you travel, guys would go into his restaurant set up a big display of something and leave it there overnight, but what you are saying this man has to get a room at the Biltmore or something. OK, that point is mute, but I wanted to bring it up. The other thing is at the same time that we were doing this and moving back in, we had two voting booths that have been living somewhere else since 83 – 507 and 508 been out of the club; basically the club decided that with a million dollars they could fix it up good enough for dancing and music, but it wouldn't be good enough for the voters to work out of the club, so no one voted in the club between '83 and 2004; and in 2004 precinct 508 got moved back in and its been in the club since 2004; 507 somehow got missed, and actually the club is in, if you look at the precinct map, the club is in 507. So I'd like to see we do whatever we can to make sure, you know, understand that Mr. DiDonato we want to crowd one more item into his operation; and so then we would be back to the days of old where we had both precinct voting at the same place. So that's my story on that; and one other quick thing is the lights on the west side of the parking lot, they've been knocked down for about three years, and they also serve as the sidewalk lights along the west side, and the west side of the sidewalk is not along Granada, its about seventy-five-eighty (75-80) feet to the interior on the inside of the....parking lot. So I'd like to see by the time we get the club going we do get those

lights hooked up, and we have sidewalk lights on both the west and the north side; we have tremendous sidewalk lights on the north side, really big ones, but the west side, the light pole was there, but they are in very poor shape. OK gentlemen, that's all I have, I'd like to see added to the parking situation.

Commissioner Cabrera: Good stuff Mr. May. Mr. May, by the way I wanted to thank you for getting copied on your correspondence between yourself and staff, it was very informational and I read everyone of your messages, so thank you sir.

Mr. May: It's basically the same thing I covered this morning, but I wanted everybody to see it ahead of time.

Commissioner Anderson: Thank you so much.

Mayor Slesnick: Thank you very much. Mr. Manager as a resident of the area myself...

City Manager Salerno: No special treatment, Mayor.

(Laughter)

Mayor Slesnick: I do think Mr. May raises good points about the overflow of parking and the lack of control sometimes of that, as Mr. May knows it's a complicated issue than just parties at night, I mean, in the hay days of Rotary, a good Rotary meeting, and one other luncheon would overflow the parking lot, and then you get all the Rotarians parking out there on Alhambra Boulevard not on the swale, but on the median including the Chief of Police and so forth. So there is some common sense kinds of things that we have to look at, but I think at some point we need to look at the enforcement of the off-property parking that intrudes into, and by the way, Mr. May, the entire side of the golf course there that you talked about, North Greenway, is already posted no parking, but in overflow situations people park there and the City has been kind enough not to enforce; you know, it depends – it depends on how you look at it, it depends if the Chamber of Commerce is having a major meeting there, now that Mr. Cabrera is our liaison and he can't find a parking space, and he has to park over there, we want to not try to penalize people for coming to the Chamber for one day, once a month, but on the other hand, if it became an every night thing with forty-seven parties a month, that would start intruding into the neighborhood. So I'm just asking the Manager that is a high priority for us to look at; I think the lights on the west side of the sidewalk we should determine why those aren't fixed anyway, and get those fixed; I walked there in the day time but not at night, so I haven't seen those. As far as do we have in here the same kinds of provisions we talked about in the other lease about the valet parking?

Assistant City Manager Jimenez: Yes sir, its tied to the site plan that was approved in 2002, which addressed the parking concerns, the valet and all those items.

Mayor Slesnick: One of the things that probably bothers Mr. May, and he didn't mention this, but the off site parking on grass swales, on grass medians, and grass on the golf course, even if it's not allowed now, but when it happens during wet weather or rainy weather, it leaves just mud behind and terrible trenches. It is not just a matter of whether the car is parked there or not,

it is the damage that they leave behind. Thank you – and thank you again for you standing up for the pine trees, they are our last strand. Anyone else has...I have two comments; one is, I just hope that we refer alternately to the Coral Gables Country Club and the Country Club of Coral Gables, I just want to make sure everybody realizes it's the Country Club of Coral Gables, CCCG, and so that's the official Merrick title, Country Club of Coral Gables; and I am very concerned about – I'm not concerned about outside dining, and I'm not concerned about a new look attracting people to the club, including people that are in the neighborhood and so forth, but I am very concerned about the proposed location as described today of the outside dining, and I would hope that as we go through the process, and I've been assured by our City staff that outside dining outside the walls will not occur without a site plan change and public hearings, and B&Z Board participation and so forth. I don't want it any harder though for the new tenants than I should or the City should because we want them to succeed. I would hope that maybe alternate locations that wouldn't require any of that process for outside dining. I think of the little patio which would be a great "jilado" patio, and so forth that's on the west side, but anyways, or around the pool, I know the pool isn't open at the moment, but anyways lots of things that could happen, but I think that our neighborhood, speaking from my neighborhood, would be very concerned about the frontage of the club.

Vice Mayor Kerdyk: Can I ask a question Mr. Mayor? I know a part of the City Manager's information package today, and also his presentation was to have Mr. Abramson just talk briefly about the financial portion of the lease, could I ask him a question or two? Barry.

Mr. Abramson: Good morning; Barry Abramson, Abramson and Associates, pleasure to be here.

Vice Mayor Kerdyk: You want to make a little presentation.

Mr. Abramson: I'd be happy to. I'm going to risk perhaps being redundant with sort of the overview, but I'll be very brief. Looking at this deal today in its final form, I would say that I am confident that this is a good deal for the City, and in this case perhaps more than many others where you are always really focused on financial issues, this is primary focus here, Commissioner Withers really got to the heart of it, the Country Club is an important amenity for the City, an important element to the City's identity; did it become a problem property?- put out an RFP, got one qualified proposer, and I think you were very fortunate in that qualified proposer that it turns out that this is an excellent operator. Our check of his track record, our dealings with him have provided confidence that he'll be both a creative operator to return this to being a first class facility, and also a good partner for the City, that's been the comments on all the references. In terms of the financial deal, we feel it's a fair deal. You know, after the City makes necessary building improvements, which are in the range of three quarters of a million dollars, which you would need to make even if you didn't do this deal; you've got to fix the roof, you've got to remediate, get rid of the termites. After you do that the City would be relieved of further operating costs, it will all be on the tenant. The rent is a six percent (6%) rent with a natural breakpoint of two hundred and forty thousand base rent, based on four million dollars of revenues; and that's a solid base rent that will go up over time at three percent (3%). The proposer's estimates are that the banquet facility should start out once stabilized at about three million dollars, that's a business that he really understands, he's confident in; I think we can have some comfort that's in a reasonable range; and the question is, is there more than another million dollars of revenues in this project?- and there you are looking at the full service restaurant, the

café, and the fitness facility, to the extent that the fitness isn't subleased out understandably. You know, I think its quite plausible that you will see revenues above the four million, it would be very speculative to estimate those; I've played around with some numbers based on conversations I've had with Mr. DiDonato, but I think there is a good chance that you will see some percentage revenues in the not so distant future, those might be adjusted somewhat by that real estate tax adjuster, if Dade County Property Appraiser recognizes that the property is doing well, then they raise the real estate taxes, which would cut into the percentage rent, but you'll still come out probably with percentage rent. In terms of the changes to this deal, really they are not very major changes, basically as Reeder Glass described, there is now an insertion of a nine month breathing room ramp up period at a reduced rent, five thousand a month, and at this time in the economy that's quite reasonable. I'd say another major change of....that I'm pleased to see in the previous version of the deal, they could have done the banquet facility or the full service restaurant, have that open beginning of this coming year, and then wait thirty-six months from possession date to open the other facility. Now, we've accelerated that timeframe, the full service restaurant is going to be opened by February 2010, and the banquet facility by September 30th of 2010; and that certainly enhances the prospects for seeing percentage rent all the sooner, and of course seeing this thing operating well all the sooner, and being the amenity it should. So overall I feel this is a deal we can recommend with confidence and would be happy to entertain any questions if you have them.

Vice Mayor Kerdyk: I think you answered a couple of my questions; one was if you thought that the breakpoint was achievable, and the answer was yes, you thought it was achievable; and the other maybe that you did not answer was initially we got a four million dollar loan on the property, and on a yearly perspective we are paying how much on a yearly perspective to satisfy that loan?

Mr. Abramson: Don Nelson tells me that you are paying debt service of three hundred and eight thousand dollars, and if you were just to see the base rent, you'd see in the first full stable year of two hundred and forty thousand dollars, you'd be getting a share of the real estate taxes from this, which isn't a lot of money, but you know, its in the vicinity on current tax rate of assessment of about seven thousand. Given the ramp up in the base rent, let's hold the side percent rent for the moment, but given the ramp up in the base rent the point where you would achieve three hundred and eight thousand to cover that debt service is year '10, and then it goes up from there, and you've got constant payment mortgage, so ten years into it you hit that and then you are exceeding. If you hit the percentage rent that's a question of scenarios, if you were to get a million dollars of revenue on top of the four million, which is plausible, I'm not going to project it or estimate it, that would be obviously another sixty thousand dollars, assuming that the taxes don't go above that threshold, that would adjust it down a little; if you went up a couple million above the four million, which is also plausible then its hard to image that you wouldn't cover it even with a fairly significant real estate tax adjuster; but again let's not put any of that percent rent money in the bank, I try to avoid projecting that or doing present values against...its speculative; but I would also say that to a large extent the volume of revenues that you are going to receive will be a function of the ambition and the vision of the operator in terms of how big a restaurant does he put in?- how big a banquet facility?- and given that he has fixed costs in terms of the base rent, in terms of his capital improvements, he is incented to do bigger rather than smaller within the limits of what that property will allow, and his track record as an operator is

such that one would have some comfort that he may well achieve and exceed what you might expect. So I feel pretty good about the chances.

Vice Mayor Kerdyk: Chances that we will meet our payment at some point before the ten year point of demarcation. There is another way of looking at that too; the fact is we are paying down principle, significant principle and I assume that we are paying down probably at least a hundred thousand dollars a year, and if you were to take that off the payments of three thirteen, you are far inside the two hundred and forty thousand dollar threshold. So you are essentially building equity in the property, and do you by the way have that figure of what that four million eighty thousand dollar loan is currently at right now?

Mr. Abramson: The principal balance as of April 1st according to Don is three point six-three million (\$3.63-M).

Vice Mayor Kerdyk: So we paid down five hundred thousand – four-five hundred thousand dollars in principle already.

Mr. Abramson: Yes, and Don has an annual debt service principal and interest payment schedule.

Vice Mayor Kerdyk: A lot of people forget that, that you are building equity in the property and you are really having somebody else help supplement that equity in that property, which is a very good thing for the residents in the City. That was it. Thank you very much Barry.

Mr. Abramson: Thank you.

Mayor Slesnick: Mr. Manager.

City Manager Salerno: Mr. Mayor, I want to ask Michal Sparber to come over just to address the insurance briefly, I thought it would be good to have you while you are all together. Michael.

Vice Mayor Kerdyk: I'm impressed that you were watching this too.

Mr. Sparber: I knew you were having a meeting, keep up. There were some questions I saw while I was watching. What you need to understand on the agreement is the way it was structured, there are two sections related to insurance. There is page 16 and Exhibit "H". So when you get onto page 16 where it starts, A-1 talks about property insurance requiring the tenant to carry insurance on the building, basically covering fire, lightening, wind storm, all covered perils, at the broadest extended coverage forms for commercially available. There is a provision that if its deemed historic we can require a historic reproduction cost endorsement put on the policy as well, because historic restoration or reconstruction is much more expensive than a regular one, and that would be the full replacement cost to the building; and also has business interruption insurance as well, so that we don't lose the revenue stream. As it relates to the limits of liability, if you look down on Exhibit "H" under the umbrella, the umbrella sits on top of the primer, and we've required an umbrella of five million per occurrence, add five million to the one million you have a six million dollar occurrence limit, and we have a requirement for a ten

million dollar general aggregate on the umbrella which sits on top of the three million, so we actually have a thirteen million dollar aggregate from a liability standpoint.

Commissioner Anderson: So if the building burn down – replacement cost.

Vice Mayor Kerdyk: Replacement cost.

Mr. Sparber: The full replacement cost and if it is deemed historic it would be the historic reproduction cost.

Vice Mayor Kerdyk: Have we come up with that number?

Mr. Sparber: The number would be through an appraisal.

Vice Mayor Kerdyk: Through an appraisal, so...

Mr. Sparber: And we are holding off on that until all the improvements are done, it's currently insured under our policy.

Vice Mayor Kerdyk: And you are going to have an MAI appraiser on it that's basically going to do it; how you doing the appraisal?

Mr. Sparber: We have a company that does historic reproduction cost appraisals on our buildings that are listed on the National Historic Registry, we have them insured at the historic reproduction cost, with the historic reproduction cost endorsements when we use the same company, same process, and provide that same endorsement to their insurance.

City Manager Salerno: And would you cover Section 16 briefly.

Mr. Sparber: Also, there is another section on 16, actually page 17 towards the bottom, it says, adequacy of insurance coverage, and there is a clause in here that gives us the opportunity from time to time when we deem or when we want to review the insurance, and require additional limits or different additional types of insurance if we feel we need to have additional insurance.

Mayor Slesnick: Let me ask you as a citizen, just a very simple question without reading the thing. The club burned down tomorrow, we are covered enough to rebuild it?

Mr. Sparber: Oh, we are covered under our policies now, and once this is executed and they are required to carry the coverage. We'll be monitoring and reviewing the insurance coverage.

Vice Mayor Kerdyk: The answer is yes.

Mr. Sparber: Yes.

Commissioner Anderson: The short answer.

Mayor Slesnick: We once had a – let me give you another example; we once had unfortunately, pray to God it never happens again, but we had a child die in the pool, drowning death, is there enough coverage here adequate to cover if in fact there was a law suit, if in fact there was found to be liability, if in fact there was recovery?

Mr. Sparber: There is a six million dollar limit liability. We would have as the landlord versus the operator it would be a vicarious liability position, and we have protection by sovereign immunity, even in the event of that the operator has a six million occurrence limit for that.

Mayor Slesnick: Michael, thank you.

Commissioner Anderson: Thank you very much.

Vice Mayor Kerdyk: Very good. So you are satisfied with the insurance.

Mr. Sparber: Yes. I went over this with Mr. Reeder Glass and Tony Abella, we met...

Vice Mayor Kerdyk: Thank you.

Mayor Slesnick: We have any more questions for Michael? Thank you. Any more questions for the Manager?

Commissioner Withers: Ready for a motion Mr. Mayor, I'll move ordinance on second reading.

Commissioner Anderson: I'll second.

Mayor Slesnick: OK, what's been moved is, Commissioner Withers has moved the ordinance on second reading, which incorporates the changes to the lease as described here today, and we will incorporate all the record and all the comments and direction to the City Manager as to things that we look forward to him to report back to us on, and Ms. Anderson second that. Mr. Kerdyk.

Vice Mayor Kerdyk: First of all, thank you staff for putting together this proposal and I appreciate it very much. When I review leases in my business I really look at three things; I look at the legal perspective of the lease, the financial terms of the lease, and of course who the tenant is and what the capabilities of the tenant are. From the legal perspective of the lease, I look at the attorney, and in this particular case Reeder Glass has done an exceptional job, he is a noted professional; every time he's been here even though I haven't agreed with him all the time, he has done a great job, a yeoman's job for the City; and by the way I'd just like to make note, he had nothing to do with the previous lease done on the Country Club before, so from a legal perspective when he stands up here and he says, from a legal perspective this is a good lease for the City, I feel self assured that it is a good lease. The financial terms, I think that Barry answered the financial terms pretty succinctly, for the market environment that we are in considering the facility that we are at, that these financial terms will work well with the City; and finally our tenant, you know, the ability to pay is always a big consideration when I'm considering a lease, but in this particular case it's something different, I think it's really an ability to succeed and what kind of person he is, and what kind of business model he has provided before, and I think all those three combination – legal perspective, financial terms, and a good

tenant is basically the amount of due diligence that we can do is limited to those three things, and all three of those are checked off in my box, and that's why I can support this lease at this present time.

Mayor Slesnick: Any other comments?- Ms. Anderson

Commissioner Anderson: Yes, I just want to reiterate, thanks to the staff that worked on it, everybody, and Mr. DiDonato we are entrusting you with a really beautiful property and I know and hope and pray that you will, based on what you've done in Canada, do the same thing here, and I wish success to both parties. Thank you.

Commissioner Withers: This is probably more toward Nick than anyone else. When Cathy first brought us your response to our request for proposal, I was a bit apprehensive, I hadn't learned a lot about you; I can tell you that I'm a hundred percent confident now in your ability, I just think that the Commission saw a little bit today in your brief presentation of your vision, I just think we are going to have a class operation, and I want to thank you for investing your time, your families time, your finances in this, and I meant it earlier when I said I really thought the Country Club from the days of grandeur had kind of slipped a little bit of a "B" level of venue for folks; I think you are going to be a force in the community, I think you are going to be a force in South Florida, and I congratulate you and I congratulate the City on what I hope will be a long term relationship. I'm excited about it; I know more about your company than I did a year ago; learned a lot about it, asked a lot of folks in the industry and that's kind of the industry I'm in, in a sense, you just seem to run a real class operation; every door I knocked on, every phone call I made you have a very good reputation out there amongst your peers. So I just want to let you know I appreciate your time, your effort, and look forward to a long term relationship.

Mayor Slesnick: I just want to say that I appreciate Mr. Cabrera's apprehensiveness about some of this because we've all been burned, and we are hesitant to go forward into the future, but we have to, and Mr. DiDonato I wish you well, I know that there are some factors that have weighed in the decline of the club that can't be changed; one is the Country Club was in its hay day when it was the only place in the City of Coral Gables you could get a mixed drink, because it couldn't be served anywhere else, and that certainly made it a popular gathering place; and it was probably the only place for evening entertainment, so unless you joined the club you had no other place in Coral Gables, that's not true anymore either. It's an old building and it requires a lot of loving care and that's expensive. So with all those things, I personally am delighted that we found someone who has embraced this idea and is willing to work with the City in going forward, and I look forward to that relationship.

Mr. Clerk

Commissioner Withers: Yes

Commissioner Anderson: Yes

Commissioner Cabrera: Yes

Vice Mayor Kerdyk: Yes

Mayor Slesnick: Yes

(Vote: 5-0)

Mayor Slesnick: We've come to end of our business agenda; I will open for any comments, it's a tradition of ours to have closing comments, I'm not sure any one has, but if they do. Ms. Anderson

Commissioner Anderson: I'm good.

Mayor Slesnick: Mr. Cabrera, Mr. Kerdyk, Mr. Withers; I just have one.

Commissioner Withers: We figured you did.

Mayor Slesnick: I was flying American and I was looking at Celebrated Living the reader's choice platinum list for summer 2009, and I thought you'd all be proud to know that in the top twenty mainland U.S. hotels, the Biltmore; Coral Gables, Florida is ranked number twelve. So there you go. I adjourn this meeting.

[End: 11:34:51 a.m.]