

**CORAL GABLES COUNTRY CLUB RFP EVALUATION COMMITTEE
MEETING MINUTES
City Commission Chambers, 405 Biltmore Way, Coral Gables, Florida 33134
Wednesday, September 17, 2:30 p.m.**

EVALUATION COMMITTEE:

Lisa Bennett, Historic Preservation Board
Chris Morrison, Traffic Advisory Board
Haydee Polo, Parks and Recreation Board
Ray Zomerfeld, Economic Development Board
Martha Pozo-Diaz, Property Advisory Board

CITY CONSULTANTS:

Barry Abramson, Abramson & Associates
Chuck Martinez, Adelfi Group
Gil Katzman, Adelfi Group

ATTENDANCE:

Nadia DiDonato, Nick DiDonato, Rick Kalwani, Michael Falsetto, Susan Serrell, Ximena Pauvif-Machado, Betsy Thompson Mulligan, Mary A. Hester, Barbara Brophy, George Volsky, Kay Fahringer, Anne Seidel, L. Santangelo, E.R. Brownell, Al Smith, Dr. Richard J. Polo, Gordon N. Howard, Harry and Gloria Sanchez, Evelyn Budde, Nathanid and Janet Barone; Fred Couceyro, Parks & Recreation Director, Luciana Santangelo, Assistant Parks & Recreation Director.

STAFF:

Catherine Swanson-Rivenbark, Development Director
Joe Rodriguez, Contract Specialist, Procurement Department

Recording Secretary:

Nancy C. Morgan, Coral Gables Services, Inc.

* Please note: A DVD of the proceedings of this meeting are available upon request.

Ms. Rivenbark opened the meeting at 2:30 p.m. She welcomed Committee members, the public, proposers and consultants, and asked those interested in receiving minutes of the proceedings and meeting notices to include their names on the sign-in sheets.

Ms. Rivenbark advised that the Committee had not convened prior to this meeting, and said each Committee member had received and studied the proposal in advance of the meeting. Members of the Evaluation Committee were introduced, their individual backgrounds and Committee-relevant representations were described. She also stated that two other members had been initially selected for service on the Committee; however, one had a client emergency and the other had concern about a potential conflict. Thus, the seven-member Committee was reduced to five.

The RFP evaluation criteria was distributed to members of the audience. Proceedings notifications were stated as follows: Miami Herald, Coral Gables Gazette, Miami Today, representatives of the former Coral Gables Country Club (Dennis Day and Richard DeWitt, to forward to others), posted notice with the City Clerk's office, listed in ENEWS, posted notices on the north and south entrances of the Country Club.

Mr. Volsky, a member of the audience, announced his objection to the proceedings based on not receiving copies of the proposal and consultants' reports in advance of the meeting as a member of the press. Ms. Rivenbark noted Mr. Volsky's concerns.

Ms. Rivenbark said the meeting was a public meeting; however, it was not a public hearing. Any notes taken by Committee members would be City property and kept on file for public inspection. She advised that the Committee members were under a cone of silence in terms of discussion with the proposed developer, and they would remain under the cone until the recommendation was forwarded to the City Commission. The meeting was being recorded and minutes of the proceedings and the Committee's recommendation would be forwarded to the City Commission.

Ms. Rivenbark relayed the history of the Coral Gables Country Club up to, and including, issuance of the RFP for the long-term leasing of the Country Club building, authorized by the City Commission on June 9, 2008 and released on June 10, 2008. All components of the RFP (criteria, appointment schedule, selection process and procurement) are in compliance with City guidelines. The RFP was marketed and advertised, and the Country Club of America Association was contacted to generate interest. As of the July 31, 2008 deadline, two proposals were received.

After thorough review, the second proposal (available for review) was deemed non-responsive by the Certification Committee, which consisted of Alberto Delgado, Public Works Director; Kara Kautz, Historic Preservation Officer; Joe Rodriguez, Contract Specialist, Procurement Division; Cathy Swanson-Rivenbark, Development Director. Ms. Rivenbark said the City's Procurement Code allowed consideration of only one proposal providing it was responsive.

Retained City consultants were introduced: Gil Katzman and Chuck Martinez, Adelfi Group, a Miami-based tourism and hospitality consulting firm; Barry Abramson, Abramson & Associates, specialists in real estate, development, disposition, acquisition, urban redevelopment and economic development. These consultants would be available to Committee members for information, and would present comprehensive reports in their areas of expertise.

Special Counsel (W. Reeder Glass, Partner, Holland & Knight) was available, but would not be involved until/unless the City Commission decided to negotiate. Jim Milford, Verasys, assisted with background checks on team members and companies.

Format of the meeting:

- Proposer presentation
- Consultants' presentations
- Questions of Committee to either the proposer or consultants
- Committee deliberation, not to make a decision about the proposal, but to make a recommendation as to whether or not the City should enter into negotiations with the proposer, and to base the recommendation on specific criteria.

Evaluation worksheets containing the five criteria and their corresponding point values (equaling 100%) were reviewed. Committee members were advised to score the proposal based on the criteria, sign it and submit it to Ms. Rivenbark upon the end of deliberations.

Options for Committee recommendations to the City Commission were stated as follows:

- that the City Commission authorize the administration to commence negotiations with Liberty Events;
- that the City commence negotiations subject to certain conditions or provisions;
- that the Commission not move forward with negotiations and solicit new proposals;
- to request additional information before making a recommendation;
- to forward the proposal without recommendation.
- to determine a different alternative than those above stated.

Ms. Rivenbark introduced Nick DiDonato, President and CEO, Liberty Entertainment Group, and President of Liberty Events, LLC, the entity that submitted the RFP for the Country Club. Mr. DiDonato then conducted a comprehensive PowerPoint and video presentation to acquaint the Committee with the scope, capabilities and endeavors of the company; its civic, community and charitable involvement in Toronto; commitment to top quality in entertainment, food and beverage; successful venue/restaurant/entertainment ventures; global awards and accolades for food, service and presentation; construction awards for historic restoration projects, many of which were municipal owned.

Regarding the Country Club proposal, Mr. DiDonato explained that he and his family had a condominium in the community, and this was his first opportunity to develop a business here, a decision he made after extensive research and attributed in part to his son's admittance into the University of Miami as a freshman pre-Med student.

Club rejuvenation objectives:

- to generate awareness;
- to retain and enhance the historic nature of the facility;
- to enhance areas of the facility with fine, classical interiors, an emphasis of the grand entrance and upgrade the furnishings and to expose the history;
- to make the facility available for public access year-round;
- to make a positive impact on the community;
- to provide uses that add value to the public;
- to promote uses that support the multi-cultural mosaic of the community;
- to promote and support uses that encourage development programs for the community;

- to support, enhance and reinforce the profile of the Country Club as a major arena for recreation, culture and social events.

Proposed development schedule:

- by December 2008 following the execution of a lease agreement, work on design and planning phases of construction;
- by March 2009, have recreational component of facility open;
- by September 2009, have an opening gala and commencement of full operation.

The capital investment, budget, food program, patio service, executive chef (Michael Ewing) and banquet facilities were reviewed. Strategy highlights were listed as:

- social sector (weddings, bar mitzvahs, parties, holiday celebrations, graduations, proms, etc.)
- corporate/charitable sector (award banquets, fundraisers, etc.)
- major annual events (New Year's Eve, Mother's and Father's Day brunches, etc.)
- health-fitness component (health club, swimming pool, programs for local community)

Projected monthly sales, cash flow and year one-to-ten projections were presented.

Conclusion:

Mr. DiDonato stated that Liberty Events LLC would be partnered locally with Aries Group, based in Coconut Grove. He advised of the need to have local support by an entity that understands the community to enhance Liberty's ability to ensure the planned level of success.

Aries Development Group: Michael Falsetto

In response to the Committee's request, Michael Falsetto, Aries Development Group, introduced himself and his company, stating the following:

- Aries has been involved in business in Miami since 1990.
- Projects include: acquisition and redevelopment of the Grand at 1717 Bayshore Drive; many development/acquisition/redevelopment commercial projects; Grove Garden at former Taurus Restaurant site in Coconut Grove (which won the 2007 Urban and Land Institute Award); operation of two hotels in Miami Beach; Alhambra Gardens (in planning stage); selection as development partner for Coconut Grove Playhouse.

Ms. Rivenbark invited City consultants to present their hospitality and financial reports.

Mr. Martinez and Mr. Katzman, Adelfi Group:

Adelfi:

- Was engaged by City to review viability of Liberty Events LLC's proposal;
- Was tasked to determine qualifications and experience of proposer in food and beverage industry; to review and analyze their operating, marketing and financial plans; to review and analyze their corporate financial statements.
- Found that Liberty is highly regarded, successfully operates numerous food and beverage facilities in Toronto; is professionally consistent with superior service and top food quality; their operating, marketing, financial plans and projections are sound and achievable.

- Found that certain areas need further detail and clarification: corporate financial information was not included in proposal; however, if the City moves forward with the proposal, the principals agreed to provide the information.

Conclusions based on research and analysis:

- The proposer has the expertise, experience and wherewithal to operate and manage the Country Club; however, this success is incumbent on Liberty Entertainment Group being the primary strategic and guiding force behind the initial planning, renovation, conceptual planning and design and, ultimately, the management and operation of the property;
- Recommendation: a detailed sales, marketing and operations plan should be provided to the City prior to defining the terms of the lease agreement;

Specifics:

- Review and analysis of proposer's qualifications and experience: Adelfi had a telephone meeting with the principals of Aries and Liberty, and it was communicated that Liberty would be the primary driving force in management, training and property design, and assumptions were based on this premise. Adelfi conducted interviews with customers, hospitality executives in Toronto market, vendors and meeting planning companies.
- Interview open-ended questions focused on food, service, facilities, principals, competitors and perception of company in market.

Conclusion:

- Liberty is an experienced and highly successful company with a superior reputation and a strong brand in the Toronto market. Liberty is a highly professional food and beverage operator. The few negative comments were not systemic and, in one instance, resolution of the problem was so well managed that the client booked an event the following year.
- Mr. DiDonato's reputation is excellent.
- The proposer is perceived as being attuned to the youth market.
- Regarding Liberty's banquet facilities, they and their staff are viewed as flexible, creative, professional and on target.

Operation Plan comments:

The operating plan, divided in four sections (operations, sales and marketing strategies, design approach; financial plans and projections) was reviewed as follows:

- Liberty proposes an ambitious concept that calls for a turnaround of the venture as well as increased visibility for the City;
- Liberty proposes restoring the Club to its stature as a historical landmark and establishing it as one of the City's premier social and catering venues;
- Liberty is proposing a renovation, restoration and interior refurbishment in the range of \$1 million to \$1.5 million;
- Liberty will offer banquet facilities for up to 600 people as well as fitness, swimming and tennis;
- Regarding golf, Liberty proposes to include an option for golf five years into the lease agreement with the City;
- Liberty will offer membership opportunities with an array of benefits and propose a compensation plan for displaced members from prior operator;

- Liberty has successfully undertaken similar projects in Toronto;
- Liberty has a strong reputation among private individuals, corporate groups, social and fundraising groups
- Liberty has minimal experience in social memberships and fitness clubs (they propose to partner on fitness).

Adelfi suggests clarifications and further comments in the following areas:

- Banquet menus: suggested more of a Hispanic flavor and South Florida link to food options.
- Menu pricing they propose is comparable to the Biltmore Hotel; however, they are 20-25% higher than the Westin, Hyatt and Riviera Country Club.
- Regarding sales and marketing strategies: there is a heavy emphasis on national organizations and incentive groups. They recommend an aggressive marketing and sales campaign aimed at the Coral Gables business community, the social/fundraising market, Biltmore Hotel is seen as a good source of referrals and revenue for the Country Club and should be part of the marketing strategy.
- Regarding membership, they should offer individual and corporate memberships, including tennis and fitness. Regarding the proposed compensation plan (a 10% reduction in dues until they reach the \$10,000 threshold), Adelfi thinks the core of the new membership is the old membership, and a core source of new revenue. 10% may not be a sufficient incentive.
- The design is on target as Liberty is very effective in using historical landmarks as good marketing tools.
- Refurbishment should position Liberty as a preferred venue in the Miami area.
- Regarding financial plans and projections: the only information provided to Liberty was 2005 financials for the prior club operator, which put Liberty at a disadvantage. Liberty projects \$2.7 million in function room sales in the first year of operations, which appears aggressive but achievable. To validate this, the need for additional specific information was detailed.
- Regarding the review and analysis of the proposal's financial statements: one statement only, for one specific venue, was included. If the City moves forward with the proposal, audited financial statements for the company and a few of the individual venues should be provided for the consultants' review.

Conclusion:

Liberty has the experience, expertise and knowledge to operate the club. More information is needed in terms of marketing, sales and operations plans, but ultimately the City and the club will benefit from a partnership with Liberty Events LLC based on their proposed enhancements and professional operation of the facility.

Committee questions included the following topics:

- Menu pricing and its affect on community-based service organizations that meet regularly for a meal meeting. (Response from proposer: Liberty would structure different pricing for local community and charitable organizations as part of their marketing strategy.)
- Disposition of existing debt. (City Staff Response: This is not the responsibility of Liberty.)
- Disposition of membership fees paid to the prior operator. (City Staff Response: The membership fees were paid to the prior operator, not to the City. Liberty would not be obligated to assume the debt.)

Barry Abramson, Abramson & Associates, real estate advisor:

Referring to a six-page report (distributed) and explaining that his focus was on the financial aspects of the proposal, Mr. Abramson reviewed the following specific issues: executive summary, evaluation framework, scope, term, investment, minimum guaranteed rent, participation rent, property taxes, operating deficits, assumptions and limiting conditions. He reviewed each aspect of the report, responding to Committee questions as they arose.

Regarding the valuation of these factors, he said the proposal provides a reasonable starting point for negotiation. He said that City funds would not be at risk in the proposal, and noted that minimum rents were flat over the 10-year periods (although a participation rent was also included), an issue that might need to be addressed in negotiation.

Conclusion based on Mr. Abramson's collaboration with Adelfi Group:

Liberty's financial projection indicates how thoroughly they addressed the proposal. It also indicates additional effort in areas of market/strategic/operations and an understanding of the facility, particularly regarding membership club and fitness elements. If the proposal is authorized to proceed forward, the proposer would be asked to conduct refined analyses and to provide refined financial projections for further evaluation, at which time the consultants would be better able to assess various financial issues. Overall, Mr. Abramson said the proposal presents a reasonable starting point for negotiation, with conditions that the City receive more financial information and financial statements.

The meeting suspended for approximately 10 minutes. Committee members were instructed not to engage in conversation with each other, the consultants or the proposer during the break. The meeting reconvened at 4:25 p.m.

Discussion between the Committee, the proposer and consultants ensued.

Suggestions/comments/recommendations included:

- Liberty's ownership of several Toronto facilities was clarified.
- None of Liberty's projects are membership club facilities.
- Liberty operates public restaurants as well as private, corporate banquet event facilities.
- Liberty will initially focus on banquets and the health club, with some food service.
- Part of Liberty's long term plan for the Country Club is to offer casual food service.
- Liberty has Toronto facilities that are successfully operated in residential areas.
- Reliable comparable studies related to other facilities would be conducted by the consultants as a next step; however, locating benchmark facilities that would provide good comparables might be difficult to obtain.
- The City should consider securing a deposit, even if a letter of credit, since this is a single-asset LLC.
- Qualifications of the proposer are exemplary.
- From a valuation standpoint, it appears that the proposal's projected food costs are low as compared to the South Florida market. (Proposer explained the formula used for food/beverage operations.)

- Costs attributed to labor (variable, including wages, benefits, levels, management skills) were discussed. (Proposer engages over 1,000 employees, rarely independent contractors, only for extraordinary events.)
- The majority of marketing/advertising funds will be expended in 2009 to generate positive public exposure and response.
- Insurance costs attributed to building and facility based on sales. Committee member advice: proposer should revisit cost of insurance as it is expensive in Florida.
- Membership will be on a monthly basis initially to eliminate worry about the facility's viability. When public is more confident, longer term memberships will be offered.
- Concurrence with Adelfi's analysis to provide a larger discount to former members of the club.
- Proposer's timeline for soft opening in March 2009 will focus on uses of pool area and gym. A September opening is anticipated for banquet facilities, depending on permits.
- There is no nightclub component in this project.
- The proposer's biggest challenge was stated as learning local nuances and the general economy.
- Liberty will first target (for membership) those who were previous members and work to instill confidence.
- From a recreation viewpoint, it was suggested that Liberty generate more of a balance of public access, like a quasi-membership, and to also consider seasonal residents. The proposer will consider options for the future, and wants the club to eventually be a public-use (for fee) facility and fine-dining restaurant but it takes time to develop the concepts and generates failure if done initially.
- Meeting the needs of community and service organizations that rely on the club is very important, and club also provided free parking and good meal prices. Proposer presented examples of Liberty's commitment to such organizations and their needs.
- Liberty's direct involvement in day-to-day operations versus Aries. Proposer responded that Liberty's job was to develop concepts and direction, to develop the facility, expand operations in other areas, including opening a restaurant in a few years.
- There should be a public access component to the facility that would benefit both the operator and the community. The banquet concept is a good use for this facility, but there may be noise issues with neighbors.
- Local service organizations and small, non-profit groups would be good patrons if pricing were adjusted to encourage their use of the facility.
- The prior club operator also proposed outdoor dining and a café; however, the concept did not work.
- Membership opportunities would be the health club with some light food service. Core business of the club will be event/banquet/health club space.
- Membership in the facility could be viewed as similar to the Youth Center where people do not have to join, but they can enjoy lower fees if they do.
- Old traditional membership concepts no longer work. Previous operator opposed summer memberships and the swimming pool was rarely used as a result.
- Monthly memberships will be available to the public, and anyone will be welcome to schedule an event at the facility.
- Liberty will be managing the project from construction through operations, and 80% of that responsibility will be borne by Mr. DiDonato.

At the conclusion of the discussion period, Ms. Rivenbark reviewed the results of the reference checks she conducted as follows:

- William Boyle, CEO, Harbourfront Centre Toronto: has known Mr. DiDonato for 12 years. In that capacity, Liberty manages all food and services and catering for special events and Liberty manages 4,000 events annually. They are the best in Toronto for special events and catering. They were selected through competition 10 years ago and Harbourfront now just renews the contract. Mr. Boyle said Mr. DiDonato was totally honorable and an incredible visionary, and that there was no “funny business” in the financial realm.
- Deputy Mayor of Toronto Joe Pantalone: also the chair of Exhibition Place; has known Mr. DiDonato for 10 years, also from competitive selection. Liberty was selected based on quality, not on money. Liberty did a wonderful job in the buildout and restoration. Interiors are outstanding, the food is delicious, the service spectacular and they have a wonderful sense of style. Mr. DiDonato treats people with respect and attention. He concluded by saying he had nothing but praise.

Mr. DiDonato said if the country club is going to be successful, it will be a partnership with the city, residents, community and corporate community.

Mr. Abramson reported his discussion with Liberty about the need, over time, for refurbishing the facility once Liberty is operating the facility, and inquired about anticipated costs or replacement reserves. Mr. DiDonato replied that they always reinvest in the properties to keep them fresh and keep customers interested, citing a five-year cycle as the general norm. Liberty will finance refurbishment as a capital investment to maintain their space.

Regarding the fitness component, Mr. Abramson asked if there would be a firm or individuals who would be brought in? Mr. DiDonato replied that Liberty has engaged in discussions with consultants in the process of team building. They have the team for the event space and a director of sales will be on board. Discussions have been held with health sector experts.

Mr. Katzman said he did not understand that a restaurant would not be an integral part of the club for the first few years. A large part of the prior memberships was the ability to enjoy meals at the restaurant. He suggested Liberty consider examining operation of a restaurant as this feature was part of membership benefits. Mr. DiDonato said when the restaurant is opened, it should be for the local community and residents, rather than to only serve members.

Hearing no further requests for clarification or discussion, Ms. Rivenbark reminded the Committee that their job was to recommend to the City Commission whether or not the City should negotiate with this proposer for the long term leasing of the Coral Gables Country Club.

Ms. Rivenbark comprehensively explained the regulated process that would follow subsequent to the Evaluation Committee’s formation of a recommendation. If the City Commission approves the recommendation, the work of the Evaluation Committee will be concluded. A public hearing will be part of the process as will complete presentations to several City boards (under the procurement) prior to final lease approval.

Regarding the timetable for the process, Ms. Rivenbark said the negotiations of the business parameters would determine the timetable.

Board discussion and consideration of qualification point assignments:

Board members reviewed and discussed the qualifications for each of five criteria, one at a time. At the conclusion of the review and discussion, consensus was reached that it appeared clear the Committee felt positive about moving the proposal forward, and the following points were deemed important to include in a motion:

- Incorporate reservations and concerns of the consultants' in the recommendation.
- Incorporate the public access component of the project to ensure if the project moves forward, the public has access to the facility, and that the golf course remain open to the public for a fee.
- Fine tune the financial aspects of the projections.
- Maintain reasonable pricing for organizations and community/service associations.
- The City should establish appropriate and regular oversight.
- The City should note that time is of the essence in terms of the regulatory process.

Mr. Morrison initiated a motion to recommend to the City Commission that they progress with negotiations with Liberty for a contract to lease the country club and that the reservations and concerns in the summaries of the consultants be added to the recommendation. Ms. Bennett added the recommendation that the public access component of the project be worked on more and that the commission ensure, if the project moves forward, that the public has access to the historic property, ensuring that public facilities remain public; to fine tune the financial aspects of the projections; to give consideration to Coral Gables residents and their use of the facility and the other areas within the facility; that the pricing, particularly for breakfasts and lunches, be as reasonable as possible for community and service organizations; include in the final report the roles that Liberty and Aries will play;

Mr. Morrison made a motion to recommend to the City Commission the following:

- **that the City negotiate with Liberty Group for the long term leasing of the Coral Gables Country Club;**
- **that the City Commission note concerns expressed by the consultants in their summary reports;**
- **that Liberty Group ensure public access to the Coral Gables Country Club facilities (for a fee and not limited to a membership class);**
- **that Liberty Group endeavor to accommodate local civic and service organizations by providing reasonable pricing for breakfasts and lunches so these organizations may avail themselves of the facilities;**
- **that Liberty Group's proposal further delineate the separate responsibilities of Liberty Group and Aries;**
- **that the City establish regular and appropriate oversight of the operation;**
- **that the City move forward expeditiously, both in approval and regulatory processes, to facilitate opening of the club in a timely manner.**

Mr. Zomerfeld seconded the motion, which passed unanimously.

Ms. Rivenbark said the item would be scheduled for the October 14, 2008 City Commission meeting, and said the Committee members were welcome to attend.

Regarding the cone of silence, Ms. Rivenbark cautioned Committee members not to discuss anything related to the Country Club or the proposal until the Committee's recommendation is forwarded to the City Commission. The Commission will receive detailed minutes.

Committee members provided their forms and notes to Ms. Rivenbark, who thanked them for their service to the City.

The meeting adjourned at 6:00 p.m.

Respectfully submitted,

Cathy Swanson Rivenbark, AICP, CEcD
Development Director and Secretary to the Board

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