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September 17, 2018

**Sent by U.S. Mail and
email to dddiaz@miamigov.com**

Daniel D. Diaz, Esq.
Assistant City Attorney
The City of Miami
444 SW 2nd Ave.
10th Floor
Miami, FL 33130

Re: Daniel Rotenberg letter, dated August 6, 2018

Dear Mr. Diaz:

Reference is made to our recent phone conference regarding a letter from Daniel Rotenberg to me, dated August 6, 2018, requesting information about 20 companies listed in an attachment to his letter. A copy of Mr. Rotenberg's letter with the attachment is enclosed for your convenience. In furtherance of Mr. Rotenberg's inquiry, a brief explanation of the business purpose, if known, of each company follows in the order set forth on Mr. Rotenberg's list, followed by a general response to each question raised in his letter. Please note that the explanation for several of the companies repeats the explanation previously provided to you by my letter dated July 26, 2018.

1. As previously explained, Bunkers, Inc., is owned by Charlie Delucca. Bunkers purchases used golf balls, cleans and packages the newer ones that can be resold, and stripes the older ones for use as range balls. Bunkers sells the balls to Melreese Country Club for resale in the Melreese pro shop or for use on the Melreese range. Bunkers makes a small profit on the balls and the City receives all profits on their resale in the pro shop or their use on the range. This has already been addressed in the City's independent auditor general's most recent report and Delucca's response (both referenced in paragraph 7 below). Bunkers has no other activity.

2. Bunkers, Inc., is explained at paragraph 1 above. (Presumably, Mr. Rotenberg's second listing for Bunkers, Inc., is a scrivener's error.)

3. As previously explained, Tina's Touch, Inc., was organized by Charlie Delucca in 2011 for his daughter (Tina), for purposes of conducting a consulting business in Palm Beach County. The company has never had any activity and, in any event, was *not* organized to conduct

any business at or with Melreese Country Club; Mr. Delucca used the Melreese address only as the mailing address for the company when filing its annual reports with the Florida Secretary of State's office. Although his daughter abandoned her plan for the company, Mr. Delucca has kept the company open as a shell company and currently has no plans for its future use. To avoid any future confusion, Mr. Delucca will change the mailing address when he files the company's next annual report.

4. As previously explained, Dade Amateur Golf Association, Inc., is a non-profit corporation represented by Carlos Rodriguez. It is an affiliate of The First Tee of Miami-Dade, Inc., and Dade Amateur Golf Association, Inc. Those companies collectively operate the non-profit educational activities of The First Tee at Melreese Country Club. The City is already fully aware of those charitable activities. For any additional information regarding those companies, you should talk directly with Mr. Rodriguez. His cell phone number is (305) 794-4071.

5. As previously explained, First Tee of Miami-Dade Foundation, Inc., is a fundraising affiliate of The First Tee of Miami-Dade, Inc., and Dade Amateur Golf Association, Inc. See paragraph 4 above.

6. As previously explained, The First Tee of Miami-Dade, Inc., is an affiliate of First Tee of Miami-Dade Foundation, Inc., and Dade Amateur Golf Association, Inc. See paragraph 4 above.

7. As previously explained, Delucca Enterprises, Inc., manages Melreese Country Club under a professional services agreement with the City of Miami. The City already has all pertinent information about the company, including documentary evidence of all receipts and disbursements. Delucca Enterprises also provides the City annually with audited financial statements of the operations prepared by an independent certified public accountant. Moreover, last year, the City's independent auditor general conducted an audit of the professional services agreement. On May 5, 2017, the auditor general issued his audit report no. 17-06. On July 26, 2018, I sent you a copy of the audit report and Delucca Enterprises' response. I trust the City has kept all the pertinent documents regarding Delucca Enterprises' operations at Melreese Country Club. Mr. Rotenberg will find all pertinent information about Delucca Enterprises in the City's public records.

8. Charlie Delucca School of Golf, Inc., is a company organized to give golf lessons and clinics at Melreese. It is owned by Charles Delucca III and its activities are authorized under the professional services agreement between Delucca Enterprises, Inc., and the City.

9. As previously explained, Florida Footgolf Association, Inc., was organized as part of an effort to promote footgolf throughout the State of Florida. Footgolf is the game of golf played with a soccer ball; the players kick the ball through the green until the ball is holed in a large hole. Melreese Country Club hosted some footgolf tournaments, with all proceeds (greens fees, etc.) paid directly to the golf course operations. In fact, Florida Footgolf Association has had no activities itself and will remain inactive for the foreseeable future.

10. Delucca Mini-Soccer Management, LLC, is an inactive company and was administratively dissolved on September 22, 2017.

11. Charlie Delucca, Inc., is an inactive company and was administratively dissolved on December 16, 1981.

12. Bunkers Management Group, Inc., is an inactive company and was administratively dissolved on September 15, 2006.

13. 3C Golf, LLC, is an inactive company and was administratively dissolved on September 22, 2017.

14. As previously explained, JJ Custom Golf, LLC, is a custom golf fitter that uses some space at Melreese to custom fit golf clubs. It pays \$1,250 monthly for use of the space and those receipts are included in their entirety as golf course revenues. Neither Charlie Delucca nor any of his companies nor any members of his family owns any direct or indirect interest in JJ Custom Golf, LLC.

15. As previously explained, Junior Golf Academy, LLC, was recently organized by Carlos Rodriguez to assist junior golfers in connection with The First Tee of Miami-Dade, Inc. Please contact Mr. Rodriguez directly with any questions or requests for information.

16. As previously explained, Law Offices of Carlos Rodriguez, P.A., is owned by Mr. Rodriguez. Please contact Mr. Rodriguez directly with any questions or requests for information.

17. CNGA63, LLC, is an inactive company and was administratively dissolved on September 25, 2015.

18. As previously explained, Delucca Services, Inc., owns certain equipment, purchased by Charlie Delucca with his own funds many years ago, which was used in the company's separate tree-trimming service. The company has not operated its tree-trimming service for many years. However, the company still owns the equipment and permits the Melreese Country Club to use it at no cost to the City. The City's recent use of the equipment was addressed in the independent auditor general's report and Delucca's response.

19. Prestige Golf Performance Corp. is an inactive company and was administratively dissolved on September 26, 2014. We believe that it was a predecessor of JJ Custom Golf, LLC. See also paragraph 14 above.

20. New York Roma Pizza & Catering, Inc., is unknown to us. A review of the Florida Department of State's online records for the company reflects a mailing and registered address for the company at 1550 NW 37 Street, Miami, Florida 33125. Notably, this is not the address for the Melreese golf course. According to the State's records, the company is an inactive company and was administratively dissolved on September 28, 2012.

The mailing and registered addresses for all of the above listed companies may be found in the Florida Department of State's online records for the company.

The City has a copy of the annual insurance policy provided pursuant to the City's professional services agreement with Delucca Enterprises, Inc. A copy of the schedule of named insureds is enclosed for your convenience. Indemnifications of the City or of Delucca Enterprises, Inc., if any, will be found in the City's professional services agreement with Delucca Enterprises, Inc. To our knowledge, Delucca Enterprises does not have any indemnification agreements with persons or entities using the Melreese Country Club facilities.

If, and to the extent that, any of the listed companies have provided services to Melreese, the services and attendant receipts and disbursements will be reflected in the documentation evidencing all receipts and disbursements for the Melreese golf course. Delucca Enterprises, Inc., provides the City with the original documentation of all receipts and disbursements on a weekly basis. Mr. Rotenberg should be able to find the documentation for all periods in the City's accounting records. As you know, the City's independent auditor general recently conducted a thorough audit of the City's professional services agreement with Delucca Enterprises, Inc. Any issues regarding the provision of services to Melreese by or for any of the above listed companies were addressed in the City's independent auditor general's report and Delucca's response.

Dade Amateur Golf Association, Inc., and its affiliates conduct an annual charitable golf tournament for the Sandra Delucca Developmental Center. The event's revenues fully cover all tournament expenses, including greens fees, and the event itself raises about \$100,000 each year for the Center. Because Dade Amateur Golf Association, Inc., and its affiliates are organizations exempt from federal income tax under IRC § 501(c)(3), the event does not produce any deductible expenses for the organizations. See and compare IRC § 501(a) with IRC § 162(a). As stated, the charitable event does not charge Melreese for any event expenses, but the tournament host does pay Melreese for all services provided by Melreese golf course during the event, including greens fees. Any other charity hosting a charitable tournament at Melreese conducts the event on the same basis; Melreese golf course does not subsidize any charitable tournaments. Indeed, charitable tournaments constitute a substantial additional source of net revenues for the Melreese operations. Moreover, to avoid charges for Florida sales taxes, each charity hosting a charitable tournament at Melreese must present the charity's tax exemption certificate; otherwise, the host organization must pay the Florida sales tax on all taxable services.

As previously explained to the City's independent auditor general, all employees of Melreese are paid for their hours pursuant to the City's living wage ordinance. Several of the golf professionals at Melreese also work for The First Tee. The First Tee pays those employees for their time separately out of The First Tee's budget; the Melreese operating budget does not subsidize the compensation of The First Tee's golf professionals. Delucca Enterprises recently provided a copy of its payroll records to the City's independent auditor general for his independent review. Any further inquiries about payrolls or payroll records should be directed to the City's independent auditor general.

Finally, Delucca Enterprises has always provided the City with any and all documentation required by its professional services agreement with the City. This includes the original documentation for all receipts and disbursements and annual audited financial statements for the operations. In this regard, as stated above and as you know, the City's independent auditor general recently concluded an audit of the professional services agreement and thus reviewed all documentation pertinent to his audit of the agreement. In the future, Mr. Rotenberg should direct any further inquiries for additional documentation or information about the professional services agreement and the operations of the Melreese golf course to the City's independent auditor general. Alternatively, Mr. Rotenberg can find any other documentation required to be provided by Delucca Enterprises, Inc., under the professional services agreement in the City's public records.

I trust this letter fully addresses Mr. Rotenberg's questions. Again, if Mr. Rotenberg has additional unanswered questions, he should address them directly to the City's independent auditor general.

Yours truly,



Thomas J. Korge

Encl.

cc: Victoria Mendez, Esq., City Attorney
Mr. Charlie Delucca