

Carson City Agenda Report

Date Submitted: 06/07/2011

Agenda Date Requested: 06/16/2011

Time Requested: 30 minutes

To: Mayor and Supervisors

From: Nick Providenti, Finance Director

Subject Title: Action to approve a fourth addendum to the 2002 Lease Agreement between Carson City and the Carson City Municipal Golf Corporation. (Nick Providenti)

Staff Summary: Carson City and the Carson City Municipal Golf Corporation (CCMGC) are requesting a fourth addendum to the Lease originally executed on May 2, 2002. CCMGC is requesting that the payment amounts be revised allowing them to pay a total of \$30,000 in FY 2011, \$30,000 in FY 2012, \$60,000 in FY 2013 and resume paying the \$120,000 in FY 2014. The pay-off date would change from FY 2028 to FY 2030 with the final payment being \$78,866.95 per the revised payment schedule.

Type of Action Requested: (check one)

() Resolution

(____) Ordinance

() Formal Action/Motion

() Other (Specify)

Does this action require a Business Impact Statement: () Yes (X) No

Recommended Board Action: I move to approve a fourth addendum to the 2002 Lease Agreement between Carson City and the Carson City Municipal Golf Corporation

Explanation for Recommended Board Action: See above Staff Summary and attached new payment schedule. This will provide CCMGC a better cash flow to run the golf course.

Applicable Statute, Code, Policy, Rule or Regulation: N/A

Fiscal Impact: Will reduce the payment received from CCMGC in the applicable fiscal years, with the ending date changing from FY 2028 to FY 2030.

Explanation of Impact: Will reduce fund balance in the debt service fund in the near term, but the City will be made whole due to the extension of the lease amounts from FY 2028 to FY 2030.

Funding Source: Debt Service Fund Balance

Alternatives: Do not approve addendum.

Supporting Material: Fourth Addendum to Lease Agreement, new payment schedule

Prepared By: Nick Providenti, Finance Director

Reviewed By:

(Department Head)

Date: 6/7/11

(City Manager)

Date: 6/7/11

(District Attorney)

Date: 6/7/11

(Finance Director)

Date: 6/7/11

Board Action Taken:

Motion: _____

1) _____

Aye/Nay

2) _____

(Vote Recorded By)

FOURTH ADDENDUM TO THE 2002 LEASE AGREEMENT

This Fourth Addendum is made and entered into by Carson City, a consolidated municipality ("City"), and the Carson City Municipal Golf Corporation, a non-profit corporation ("CCMGC").

WHEREAS, on May 2, 2002, Carson City entered into a Lease Agreement whereby Carson City agreed to lease its Eagle Valley Golf Course properties to CCMGC ("Lease agreement");

WHEREAS, in January 2008, and in December 2008, and in May 2009 the City and CCMGC entered respectively into the First, Second and Third Addendum amendments to the Lease; and

WHEREAS, in order to ensure adequate day to day cash flow for the CCMGC during the anticipated slow recovery of the Carson City community from the current economic recession, the parties enter this Fourth Addendum with regard to the Lease's payment schedule;

NOW THEREFORE, in consideration of the above and other valuable consideration:

1. The City and CCMGC agree to amend Paragraph 5.6 of the May 2, 2002 Golf Course Lease Agreement to read as follows, and it shall supersede all prior conflicting addendums to Paragraph 5.6:

CCMGC shall pay by June 30, 2011: \$3,333.33 totaling \$30,000.00 for Fiscal Year (FY) 2011. CCMGC shall pay by June 30, 2012: \$30,000.00 for FY 2012. CCMGC shall pay by June 30, 2013: \$60,000.00 for FY 2013. CCMGC shall pay by June 30, 2014: \$120,000.00 for FY 2014. CCMGC shall pay thereafter by June 30th of each subsequent year: \$120,000.00 for each fiscal year, FY 2015 through FY 2029. And in the last fiscal year, CCMGC shall pay by June 30, 2030: \$78,866.95 for its final payment in FY 2030.

2. The City and CCMGC agree to amend Paragraph 5.8 of the May 2, 2002 Golf Course Lease Agreement to amend and replace the entire paragraph, as follows:

CCMGC shall make reasonable efforts to keep no less than \$300,000.00 cash on hand at all times. CCMGC shall have no less than \$250,000.00 cash on hand on July 1st of each year. If CCMGC has less than \$300,000.00 cash on hand for more than any 14 consecutive day period, the City may treat such failure to keep adequate cash on hand as a default hereunder.

3. The City and CCMGC further agree that this Fourth Addendum supplements the prior Lease and all Addendums thereto, and that all terms not expressly amended by this Fourth Addendum remain in full force and effect.

DATED this _____ day of _____, 2011.

CARSON CITY MUNICIPAL GOLF COURSE

By: _____

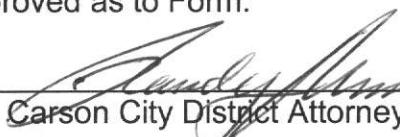
CARSON CITY, NEVADA

By: _____
BOB CROWELL, Mayor

Attest:

By: _____
ALAN GLOVER, Clerk/Recorder

Approved as to Form:

By: 
Carson City District Attorney's Office

Golf Course Debt Analysis
June, 2010

Original amount borrowed on 9/1/99 -	\$ 2,505,000.00
Total original interest on debt	\$ 1,542,681.15
Interest savings on refunding (2010)	\$ (48,814.20)
 Total due City	 \$ 3,998,866.95
Amount paid by CCMGC for this issue - through FY 2010	<u>\$ (1,880,000.00)</u>
 Net due to City	 \$ 2,118,866.95

Date	Payment	Amount Due
		\$ 2,118,866.95
YTD Paid	FY 2011	\$ 26,667.00
Remainder	FY 2011	\$ 3,333.00
	FY 2012	\$ 30,000.00
	FY 2013	\$ 60,000.00
	FY 2014	\$ 120,000.00
	FY 2015	\$ 120,000.00
	FY 2016	\$ 120,000.00
	FY 2017	\$ 120,000.00
	FY 2018	\$ 120,000.00
	FY 2019	\$ 120,000.00
	FY 2020	\$ 120,000.00
	FY 2021	\$ 120,000.00
	FY 2022	\$ 120,000.00
	FY 2023	\$ 120,000.00
	FY 2024	\$ 120,000.00
	FY 2025	\$ 120,000.00
	FY 2026	\$ 120,000.00
	FY 2027	\$ 120,000.00
	FY 2028	\$ 120,000.00
	FY 2029	\$ 120,000.00
	FY 2030	\$ 78,866.95