

**City of Carson City  
Agenda Report**

**Date Submitted:** 5/12/09

**Agenda Date Requested:** 5/21/09  
**Time Requested:** 10 minutes

**To:** Carson City Board of Supervisors

**From:** Nick Providenti, Finance Director

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

**Staff Summary:** Carson City entered into a Lease Agreement with Carson City Municipal Golf Corporation (CCMGC) on May 2, 2002. In January 2008, the Board of Supervisors executed the first addendum to the Lease. In December 2008, the Board of Supervisors executed the second addendum to the Lease. This is the third addendum to the Lease. Due to the expense of having a certified public accountant conduct an audit each fiscal year, CCMGC desires to change the Lease to have an audit conducted every five years. On an annual basis, CCMGC will have the books reviewed by a certified public accountant. The audits and the reviews will be provided to the City. In addition, the payment amounts that CCMGC is required to make to the City every six months is changing from \$200,000 per year to \$120,000 per year. The pay-off date is also changing from July 1, 2019 to July 1, 2028. This will provide CCMGC a better cash flow to run the golf course.

**Type of Action Requested:** (check one)  
 Resolution  Ordinance  
 Formal Action/Motion  Other (Specify)

**Does This Action Require A Business Impact Statement:**  Yes  No

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

**Explanation for Recommended Board Action:** Carson City entered into a Lease Agreement with Carson City Municipal Golf Corporation (CCMGC) on May 2, 2002. In January 2008, the Board of Supervisors executed the first addendum to the Lease. In December 2008, the Board of Supervisors executed the second addendum to the Lease. This is the third addendum to the Lease. Due to the expense of having a certified public accountant conduct an audit each fiscal year, CCMGC desires to change the Lease to have an audit conducted every five years. On an annual basis, CCMGC will have the books reviewed by a certified public accountant. The audits and the reviews will be provided to the City. In addition, the payment amounts that CCMGC is required to make to the City every six months is changing from \$200,000 per year to \$120,000 per year. The pay-off date is also changing from July 1, 2019 to July 1, 2028.

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 from \$200,000 per year to \$120,000 per year, with the ending date changing from July 1, 2019 to July 1, 2028.

**Funding Source:** Debt Service Fund

**Supporting Material:** Third Addendum

**Prepared By:** Nick Providenti, Finance Director

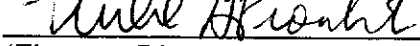
**Reviewed By:**



(City Manager)



(District Attorney)



(Finance Director)

Date: 5/12/09

Date: 5-12-09

Date: 5/12/09

**Board Action Taken:**

Motion: \_\_\_\_\_ 1) \_\_\_\_\_ Aye/Nay  
2) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Vote Recorded By)

THIRD ADDENDUM TO THE 2002 LEASE AGREEMENT BETWEEN CARSON  
CITY AND CARSON CITY MUNICIPAL GOLF CORPORATION

This Third Addendum is made and entered into by Carson City, a consolidated municipality and political subdivision of the State of Nevada ("City"), and the Carson City Municipal Golf Corporation, a non-profit corporation ("CCMGC").

WHEREAS, on May 2, 2002, City and CCMGC entered into a Golf Course Lease Agreement; and

WHEREAS, in January 2008 City and CCMGC agreed to amend paragraph 5.6 of the Lease Agreement; and

WHEREAS, in December 2008 City and CCMGC agreed to amend paragraph 5.6 of the Lease Agreement; and

WHEREAS, due to the expense of having certified public accountants conduct an audit each year, City and CCMGC desire to amend paragraph 5.1 of the Lease Agreement to have an audit conducted every five years. In addition, on an annual basis, CCMGC will have the books reviewed by a certified public accountant. The audits and the reviews will be provided to the City; and

WHEREAS, CCMGC needs better cash flow to operate the golf course properly, therefore, City and CCMGC agree to amend paragraph 5.6 of the Lease Agreement to require CCMGC to make a \$40,000.00 payment to the City on January 1<sup>st</sup> of each year and an \$80,000.00 payment to the City on July 1<sup>st</sup> of each year. This changes the previous payments from \$200,000 per year to \$120,000 per year. The pay-off date changes from July 1, 2019 to July 1, 2028.

NOW THEREFORE, City and CCMGC agree to amend the May 2, 2002 Golf Course Lease Agreement as follows:

1. Paragraph 5.1 shall read:

All records of CCMGC pertaining to the performance of its obligations, duties and services hereunder shall be kept in accordance with generally accepted accounting principles, where applicable, and shall be available for inspection by the City or its authorized representatives at all reasonable times. Beginning with the 2008 calendar year, CCMGC shall have prepared by a certified public accountant licensed in the state of Nevada, at its expense, an annual review report to be delivered to the City. The report must be delivered to the City no later than May 31, 2009. CCMGC shall have annual review reports prepared for calendar years 2009, 2010, and 2011 as well. For the 2012 calendar year, and every fifth year thereafter, CCMGC shall have prepared by a certified public accountant licensed in the State of Nevada, at its expense, an audit report to be delivered to the City. The audit reports must be delivered to the City no later than May 31<sup>st</sup>. During the four year interim periods, a review report shall be prepared by a certified public accountant licensed in the State of Nevada, at its expense. The annual review report must be delivered no later than May 31<sup>st</sup> each year. The City shall have the right to review all books and records of CCMGC at CCMGC offices. CCMGC shall keep its books and records at its principal office and shall maintain them for the term of this Agreement and any extensions.

City and CCMGC further agree to amend the May 2, 2002 Golf Course Lease Agreement as follows:

2. Paragraph 5.6 shall read:

CCMGC shall pay \$40,000.00 to Carson City on January 1st of each year and shall pay \$80,000.00 to Carson City on July 1st of each year. The payments shall begin on January 1, 2010 and shall end with a final payment of \$7,681.15 on July 1, 2028. Carson City acknowledges that it does not intend to profit from

the Lease Agreement and will either shorten the term that the payments are due or reduce the amount of the payment if circumstances arise that would make their continued payment profit to Carson City.

City and CCMGC further agree that this Addendum replaces the January 2008 and the December 2008 Addendums, and that all other provisions of the May 2, 2002 Golf Course Lease Agreement remain in effect and are not changed by this Addendum.

DATED this \_\_\_ day of May, 2009.

CARSON CITY MUNICIPAL GOLF COURSE

By: \_\_\_\_\_  
Gordon Allen, Chairman

CARSON CITY, NEVADA

Attest:

By: \_\_\_\_\_  
Robert L. Crowell, Mayor

By: \_\_\_\_\_  
Alan Glover, Clerk/Recorder