

**CITY OF HOLLYWOOD
INTEROFFICE MEMORANDUM**

TO: Mayor and City Commissioners **DATE:** April 14, 2015

FROM: Jeffrey P. Sheffel, City Attorney

SUBJECT: Proposed One (1) year extension of the existing Third Amended and Restated Lease Agreement for the Hollywood Beach Golf and Country Club with Southern Golf Appraisals, Inc.

I have discussed the above Agreement with the participating Department/Office, and the proposed general business terms and other significant provisions are as follows:

- 1) Department/Division involved – Parks, Recreation and Cultural Arts
- 2) Type of Agreement – Extension of the Third Amended and Restated Agreement
- 3) Method of Procurement (RFP, bid, etc.) – n/a
- 4) Term of Contract
 - a) initial – 6/1/2011-5/31/2013. The Agreement was extended pursuant to Resolution No. 2013-120 for a two year period ending on May 31, 2015. **This item proposes to extend the agreement from 6/1/15 until 5/31/16 under the same terms and conditions.**
 - b) renewals (if any) - Yes, for a one (1) year period.
 - c) who exercises option to renew – At the sole discretion and option of the City.
- 5) Contract Amount – SGA will pay base rent of \$150,000 for the one year extension period and supplemental rent of 10% of gross revenues in excess of \$2,400,000 for the first 12 months. As well as 10% of gross revenues in excess of \$2,400,000 for the last months. The minimum guaranteed rent for the entire term is \$150,000. **(The base rent will be offset by the total amount of \$25,000 spread over the one (1) year extension period due to an operational capital expenditure increase relating to the golf cart lease which will be memorialized in a Letter of Agreement between the parties).**
- 6) Termination rights – For cause only.
- 7) Indemnity/Insurance Requirements – Each party will indemnify the other, and SGA will provide insurance.
- 8) Scope of Services – The City will lease Hollywood Beach Golf & to SGA for the operation of a public golf course for a one (1) year extension period.
- 9) City's prior experience with Contractor (if any) – Yes.

TERM SHEET FOR HOLLYWOOD BEACH GOLF AND COUNTRY CLUB

- 10) Other significant provisions – If Hollywood Beach Golf and Country Club is determined to be subject to ad valorem taxation, the parties will attempt to renegotiate the agreement. If the negotiations are unsuccessful, the agreement will terminate and each party will pay 50% of the taxes.

cc: Wazir A. Ishmael, Ph.D., City Manager