

AN ORDINANCE

2012-06-21-0499

APPROVING AN AMENDMENT TO THE MANAGEMENT AGREEMENT WITH THE MUNICIPAL GOLF ASSOCIATION – SAN ANTONIO ADJUSTING THE REVENUE SHARING PROVISIONS TO PROVIDE FOR THE RETIRING OF THE GOLF FUND DEFICIT.

* * * * *

WHEREAS, the City and the Municipal Golf Association - San Antonio (MGA-SA), a 501c3 non-profit organization responsible for management of the City-owned golf courses, entered into a Golf Course Management Agreement for the management of the municipal golf facilities on May 3, 2007; and

WHEREAS, it also stated that the City would be paid 50% excess revenue with each semi-annual report and that MGA-SA would retain the remaining 50% excess revenue to be reserved for capital improvements; and

WHEREAS, on May 31, 2007, MGA-SA and the City entered into a funding agreement, for capital improvements to the City's golf facilities over a five (5) year term with total payments by the City of \$9.4 million to be matched with a \$3.3 million contribution by MGA-SA for a total of \$12.7 million; and

WHEREAS, MGA-SA accepted the funding offered by the City as well as the responsibilities and duties necessary to fully implement and manage the capital improvements; and

WHEREAS, the previously approved Management Agreement was to result in improved operations of the facilities and MGA-SA being able to generate sufficient revenue to retire the existing Golf Fund deficit balance; and

WHEREAS, the current Golf Fund deficit balance is \$1,795,859 and MGA-SA has proposed to dedicate a \$150,000 annual lease payment to the City for five years for the Golf Fund in exchange for City contributing funding to meet the goal of eliminating the Golf Fund deficit balance in five (5) years; and

WHEREAS, MGA-SA is willing to commit any excess funds to the funding of capital improvements on the City-owned golf facilities in fulfillment of its obligations under the funding agreement; and

WHEREAS, MGA-SA and the City now wish to amend the funding agreement to further expedite the paying off the Golf Fund deficit balance generated from operations in place prior to and during transition of MGA-SA's managing of the City's golf courses and incentivize the further capital improvements required under the funding agreement; **NOW THEREFORE:**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The City Manager or her designee is hereby authorized to execute an amendment to the Management Agreement with the Municipal Golf Association – San Antonio adjusting the revenue sharing provisions to provide for the retiring of the golf fund deficit. A copy of the amendment is attached hereto and incorporated herein for all purposes as **Attachment I**.

SECTION 2. Funds generated by this ordinance will be deposited in Fund 29090000, Internal Order 280005400001 and General Ledger 4407725.

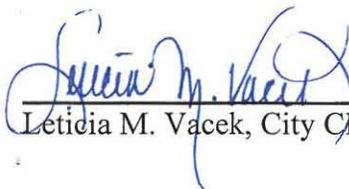
SECTION 3. The financial allocations in this Ordinance are subject to approval by the Director of Finance, City of San Antonio. The Director of Finance may, subject to concurrence by the City Manager or the City Manager's designee, correct allocations to specific SAP Fund Numbers, SAP Project Definitions, SAP WBS Elements, SAP Internal Orders, SAP Fund Centers, SAP Cost Centers, SAP Functional Areas, SAP Funds Reservation Document Numbers, and SAP GL Accounts as necessary to carry out the purpose of this Ordinance.

SECTION 4. This ordinance is effective immediately upon the receipt of eight affirmative votes; otherwise, it is effective ten days after passage.

PASSED AND APPROVED this 21st day of June, 2012.

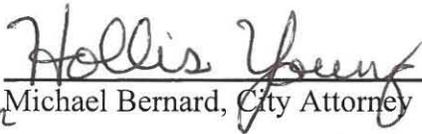

M A Y O R
Julián Castro

ATTEST:



Leticia M. Vacek, City Clerk

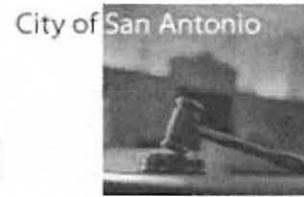
APPROVED AS TO FORM:



for Michael Bernard, City Attorney



Request for
**COUNCIL
ACTION**



Agenda Voting Results - 45

Name:	45						
Date:	06/21/2012						
Time:	11:39:04 AM						
Vote Type:	Motion to Approve						
Description:	An Ordinance approving an amendment to the Management Agreement with the Municipal Golf Association – SA adjusting the revenue sharing provisions to provide for the retiring of the golf fund deficit. [Sheryl Sculley, City Manager; Pat DiGiovanni, Deputy City Manager]						
Result:	Passed						
Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Julián Castro	Mayor		x				
Diego Bernal	District 1		x				
Ivy R. Taylor	District 2		x				
Leticia Ozuna	District 3	x					
Rey Saldaña	District 4		x				
David Medina Jr.	District 5		x				
Ray Lopez	District 6		x				
Cris Medina	District 7		x				
W. Reed Williams	District 8		x				
Elisa Chan	District 9		x			x	
Carlton Soules	District 10		x				x

STATE OF TEXAS §
 § **AMENDMENT TO MANAGEMENT AGREEMENT**
COUNTY OF BEXAR §

This AMENDMENT TO GOLF COURSE MANAGEMENT AGREEMENT (“Amendment”) is hereby made and entered into by and between the CITY OF SAN ANTONIO (hereinafter referred to as "CITY"), a Texas municipal corporation, acting by and through its City Manager pursuant to Ordinance No. 2012-_____ dated _____, 2012, and the Municipal Golf Association-San Antonio (hereinafter referred to as "MGA-SA"), a Texas non-profit corporation, acting by and through its President, hereto duly authorized.

WHEREAS, CITY and MGA-SA entered into a Golf Course Management Agreement (“Agreement”) for the Management of the Municipal Golf Facilities (“Facilities”) facility pursuant to Ordinance No. 2007-05-03-0479, passed and approved by the City Council of the City of San Antonio on May 3, 2007; and

WHEREAS, CITY and MGA-SA entered into a FUNDING AGREEMENT pursuant to Ordinance No. 2007-05-31-0638 dated May 31, 2007 which authorized the CITY to contribute funds towards the renovation of the Facilities; and

WHEREAS, MGA-SA accepted the funding offered by CITY as well as the responsibilities and duties necessary to fully implement and manage the Project including the requirement of providing at least a \$3.3 million match to the CITY funding;

WHEREAS, the intent of the parties was to utilize the improved operations under the Management Agreement to generate sufficient revenue to retire the existing Golf Fund deficit balance; and

WHEREAS, the current Golf Fund deficit balance is one million seven hundred ninety-five thousand eight hundred fifty-nine dollars (\$1,795,859); and

WHEREAS, MGA-SA has proposed to dedicate a one hundred fifty thousand dollar (\$150,000) annual lease payment to the CITY for five years for the Golf Fund deficit balance in exchange for CITY contributing funding to meet with the goal of eliminating the Golf Fund deficit balance in five (5) years; and

WHEREAS, MGA-SA is willing to commit any excess funds to the funding of capital improvements on the CITY owned golf facilities in fulfillment of its obligations under the Funding Agreement; and

WHEREAS, MGA-SA and CITY now wish to amend the Agreement to further expedite the paying off the Golf Fund deficit balance generated from operations in place prior to and during transition of MGA-SA's managing of the CITY'S Golf Courses and incentivize the further capital improvements required under the funding agreement;

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein the parties hereby agree to amend the Management Agreement as follows:

1. Article 2: Article 2 is amended to reflect that MGA-SA has assumed management of all the listed golf facilities in full compliance of the Agreement. Sections 2.2 and 2.3 are hereby deleted.
2. Section 4.2: CITY grants MGA-SA a five (5) year extension to the term of the agreement.
3. Section 6.1: Section 6.1 is amended to read as follows:
 - 6.1. Excess Revenue: Excess Revenue shall mean the amount by which Gross Receipts exceed Expenses. Gross Receipts ("Gross Receipts") shall be defined as all revenue received by MGA-SA, excluding only required taxes and merchandise or services which are refunded to the customer. Expenses ("Expenses") shall be defined as all costs associated with the management and operation of the Golf Courses, excluding golf course capital improvement costs, but including debt service, and fees associated with the purchase and/or leasing of furniture, fixtures, and equipment. The amount by which the Gross Receipts exceed the Expenses shall, for purposes of this Agreement, be referred to as the Excess Revenue ("Excess Revenue").
4. Section 6.1C: Section 6.1C is amended to reflect that MGA-SA shall retain 100% of Excess Revenue. The City waives any claim for any payments not yet received under the previous Section 6.1C in consideration of the Golf Fund Deficit Balance Payments to be made under Section 6.1D
5. Section 6.1D: the beginning section of Section 6.1 D is amended to read as follows:
 - 6.1D. Golf Fund Deficit Balance Payment. MGA-SA shall pay to CITY annual lease payments of one hundred fifty thousand dollars (\$150,000) on or before May 15 each year of this Agreement for five years beginning in fiscal year 2012. CITY shall contribute an amount sufficient to the Golf Fund to ensure that the Golf Fund deficit balance is eliminated by fiscal year 2017.
6. Section 6.2 Line of Credit: Section 6.2 is deleted.
7. Section 6.3: Section 6.3 is deleted as all referenced personal property has already been transferred.

8. Section 7.1: Section 7.1 is deleted as MGA-SA has assumed management of all the golf courses.
9. Section 7.2: Section 7.2 is amended to reflect that the required budget report shall be delivered on or before October 1 of each year.
10. Section 7.4: Section 7.4 is deleted as the referenced pro forma business plan was produced in compliance with the contract.
11. Section 8.2: Section 8.2 is deleted as the referenced Catering by Rosemary contract has ended.
12. Section 8.3: Section 8.3 is deleted as the referenced Pepsi contract has ended.
13. Section 8.9: Section 8.9 is deleted as there are no remaining golf employees to be interviewed.
14. Section 8.12: Section 8.12 regarding Student Play golf is deleted.
15. Section 12.1: The last two sentences of Section 12.1 are deleted as the parties have already entered into the contemplated funding agreement.

EXECUTED IN DUPLICATE ORIGINALS, each of which shall have the full force and effect of an original this the ___ day of _____, 201__.

CITY OF SAN ANTONIO

MUNICIPAL GOLF ASSOCIATION-SA

By: _____
 Sheryl Sculley
 City Manager

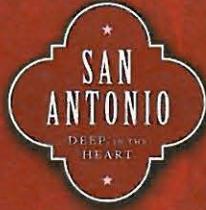
By: _____

ATTEST: _____
 CITY CLERK

APPROVED AS TO FORM:

 CITY ATTORNEY

CITY COUNCIL ITEM #45



**Municipal Golf Association
San Antonio
Amendment to Management
Agreement**

City Manager's Office
June 21, 2012

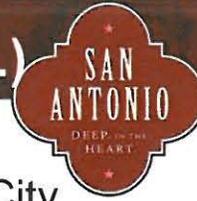
MGA SA



**MUNICIPAL GOLF ASSOCIATION-
SAN ANTONIO (MGA SA)**

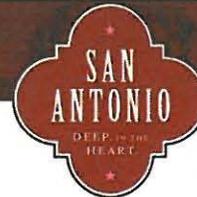
A Texas Non-Profit formed
to enhance and operate
San Antonio's
Municipal Golf Courses

MGA SA Background (Cont.)



- May 31, 2007, MGA-SA and the City entered into a Funding Agreement for capital improvements
- Five (5) year term
 - \$12.7 million total; \$9.4 million City; matched with a \$3.3 million MGA-SA
 - MGA-SA accepted the responsibilities and duties necessary to fully implement and manage the capital improvements

Amendment



- MGA SA requesting to amend the Management Agreement to allow MGA-SA to generate the necessary financial capacity to complete capital improvements while eliminating the Golf Fund deficit balance
- Current Golf Fund deficit balance is \$1,795,859

Recommendation



- Staff recommends approval of the proposed amendments to the Management Agreement with MGA-SA.