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Meeting Date
<b>December 15, 2015</b>



AGENDA	
Section	Unfinished Business
Item No.	IC

**AGENDA REPORT**  
BREVARD COUNTY BOARD OF COUNTY COMMISSIONERS

SUBJECT:	Approval of Agreement RE: Integrity Golf Company, LLC. – District 2 and District 3 Fiscal Impact of the Lease Agreement and Management Agreement: <ul style="list-style-type: none"> <li>• The Lease Agreement for Spessard Holland and Savannahs, the County will receive the greater of \$67,000 or 3% of revenue collection annually during years 1-5</li> <li>• An escalation of the percentage to 5% for years 6-10 of the ten (10) year initial agreement.</li> <li>• The two five (5) year renewal options provide the greater of \$67,000 or a negotiated percentage of up to 7% in total revenue collection.</li> <li>• The Management Agreement for Habitat, the County will receive \$33,000 or 3% of the total revenue collection annually during years 1-5 of the ten (10) year agreement with the percentage escalating to 5% during years 6 -10; if the renewal options are exercised, Brevard County will receive the greater of \$33,000 or a negotiated percentage up to 7%.</li> </ul>
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DEPT/OFFICE:	Community Services Group / Parks and Recreation Department
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Requested Action:

It is requested the Board of County Commissioners approve the agreement with Integrity Golf Company, LLC. and affiliates, for the leasing of Spessard Holland & Savannahs Golf Courses and the management of Habitat Golf Course and authorize the Chairman to execute said agreement. It is further requested the Board authorize the Chairman to execute all associated documents related to this action.

Summary Explanation & Background:

The history of Brevard County Golf Operations clearly indicated a decreasing trend in annual rounds played and, therefore a decrease in yearly revenue collection. Nationwide, the golf industry, both public and private, has experienced the same trend. Therefore, it was determined the operation would not be sustainable based on this downward trend in rounds, the reduction in course revenues and the exhaustion of both reserves and balance forward. Additionally, the inability to fund capital improvements for the courses, a necessary and essential operational element ensuring a high quality golfing experience for the patrons contributed to this negative trend.

Staff completed extensive research in reviewing all available options to address and prudently manage the fiscal condition of the County owned golf courses. The results of the research indicated the advantages of leasing the courses would transfer the primary responsibility for golf course operations and development to a private lessee, the lessee would be responsible for the operating cost of the courses and capital improvements, and a private firm assuming the operations would shift a significant portion of the risk away from the taxpayer.

In regular session on September 3, 2015, the Board authorized the Parks and Recreation Department to solicit Request for Proposals (RFP) for the Leasing of the County's three Golf Courses. Two responsive proposals were received by Purchasing Services and on November 10, 2015, both companies made presentations to the Selection Committee. The Committee reviewed, evaluated and ranked both companies and unanimously recommended the highest ranked company, Integrity Golf Company, LLC. (IGC), to the Negotiating Committee. On November 19, 2015, the Committee and IGC met to negotiate terms and conditions for the agreement.

(continued on next page)

Clerk to the Board Instructions:

Exhibits Attached

<b>Contract /Agreement (If attached):</b>	Reviewed by County Attorney	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	PR	<input type="checkbox"/>
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County Manager	Assistant County Manager,	Jack Masson, Parks & Recreation Department Director jack.masson@brevardparks.com; 683-2046
Stockton Whitten	Assistant County Manager, Venetta Valdengo	

## AGENDA REPORT continued

Approval of Agreement, RE: Integrity Golf Company, LLC. – District 2 and District 3

Notable specifics for the lease agreement for Spessard Holland & Savannahs include an initial term of ten (10) years with options of two five (5) year renewals; annual payment to Brevard County will be the greater of \$67,000 or 3% of total revenues in years 1-5; the greater of \$67,000 or 5% of total revenues in years 6-10; the greater of \$67,000 or a negotiated percentage of up to 7% of the total revenues if the optional renewal periods are exercised; IGC will be responsible for funding all capital projects & improvements during the term(s) of the agreement; IGC will reserve 1.5 % of the total revenues annually for special projects; IGC will prepare a plan, on an annual basis, to include an annual budget, business plan, marketing strategy, a rate schedule and agronomic plan that will be reviewed and approved by Brevard County; IGC will develop strong community/neighborhood outreach programs to include local schools and colleges, youth and junior golf programs, and charitable partnerships. IGC will continue to employ all existing Board employees of the courses during a 90 day mutual evaluation basis.

The management agreement for Habitat includes a ten (10) year initial term with two five (5) year renewal options; Habitat has seven (7) years remaining on the lease with Valkaria Airport and in 2022, the County is able to request a renewal of this lease, which will be subject to FAA approval of the lease fee, which is calculated on property value. The FAA may require an appraisal to be completed at that time, resulting in a variation of the lease fee. As a result, Brevard County will allow IGC to terminate the Agreement with Brevard County (for Habitat) if the lease fee exceeds 10% of that current year lease fee. Brevard County will receive annually the greater of \$33,000 or 3% of total revenues in years 1-5; the greater of \$33,000 or 5% in years 6-10; the greater of \$33,000 or a negotiated percentage of up to 7% of the total revenues if the renewal options are exercised. IGC will be responsible for the funding of all capital projects and improvements during the term of the agreement; IGC will reserve 1.5% of the total revenues annually for special projects; IGC will prepare an annual business plan to be reviewed and approved by Brevard County with the same inclusions in the plan (above) as Spessard Holland and Savannahs. IGC will develop strong community/neighborhood outreach programs. IGC will continue to employ all existing Board employees during a 90 day mutual evaluation period.

Integrity Golf Company, LLC has a proven financial and operational record of successful partnerships with privately owned and governmental operated golf courses and will continue to provide an excellent golfing experience to the resident and visitor of our Brevard County courses.

The remaining debt from the Qualified Tax Exempt Obligation for The Savannahs (Series 2010) and The Habitat (Series 2009B) is a combined \$2.238M dollars and will be retired in FY 2019. Early defeasance of the remaining debt will allow the County to proceed with immediate leasing of golf operations and would not require additional general fund resources. An internal loan will be utilized for the debt defeasance. The General Fund will continue to make the remaining payments.