

## CITY COUNCIL MEMORANDUM

**FROM:** The Office of the City Manager    **DATE:** February 11, 2019  
**SUBJECT:** Approve amendment No. 2 to the management agreement for Iron Horse Golf Course with Evergreen Alliance Golf Limited, L.P.  
**PRESENTER:** Vickie Loftice, Managing Director

### **SUMMARY:**

Consider amendment No. 2 to the management agreement with Evergreen Alliance Golf Limited, L.P. for three additional years of services at Iron Horse Golf Course.

### **GENERAL DESCRIPTION:**

The management services at Iron Horse Golf Course have been provided contractually since the course opened in 1992. The services have been provided through these years by Evergreen Alliance Golf Limited now known as ARCIS. The last management agreement was approved in March 2012. The term was five years with two 1-year renewals. The current agreement will expire in March 2019.

Staff is requesting an amendment to extend the existing agreement for three (3) additional years before issuing requests for proposals and/or renegotiating terms of a new agreement. Given that the golf course will be undergoing extensive renovation to the greens, tees, bunkers and drainage in FY 2019/20, staff believes that it is in the best interest of the city and the golf course to maintain management services with ARCIS during this transitional time. Recently a request for proposals was issued for engineering and design services for golf course improvements. Staff is currently evaluating the proposals and will bring a recommendation to Council at the February 25 Council Meeting.

The terms of the agreement will remain the same except for two sections: *Term of Agreement* and *Management Fees*. The Term of Agreement extends the agreement by three years beginning in March 2019 through March 2022. The Management Fee remains at 4.5% of monthly cash inflows but provides a provision in which an average monthly fee is provided if the golf course is closed for more than 14 days during a 30-day period. The average monthly fee during a closure of this duration would be based on the average revenue for past three (3) years during the same time period. This provision will allow ARCIS to maintain and manage the facility during the renovation period which will require at least a partial closure.

The changes are detailed as follows:



**Term of Agreement.** The term of this agreement shall begin on March 1, 2019 and shall end at 11:59 p.m. on the day proceeding the first (1st) anniversary of the start date, subject to the termination provisions of Sections 9 and 10 hereof. This agreement shall be automatically renewed for two (2) additional one (1) year terms, unless either party shall give notice in writing to the other party of its intent not to renew the contract at least ninety (90) days prior to the end of the applicable one year term.

**Management Fees.** The "Base Management Fee" shall be an amount equal to 4.5 percent (4.5%) of monthly cash inflows (as defined in Section 3.a.) less proceeds from the sale of assets, interest income, and non-business interruption insurance proceeds for the previous month. In any month in which more than two (2) holes are closed due to construction for a minimum of fourteen (14) days during a 30 day period, the management fee would be calculated by taking the average of the past three (3) years' monthly management fee paid to ARCIS for that respective month. This fee is due and payable on the fifteenth day of the following month. ARCIS is to provide detail of the calculation of management fee withheld from net operations with each monthly financial statement report submission to the city's finance department.

ARCIS shall deduct the payment for management fees from net operations of the golf course each reporting fiscal month. All fees paid to ARCIS parent company from Iron Horse operations shall be recorded and reported in separate budgeted line items on ARCIS's financial system labeled as "Management Fees."

City administration has been pleased with the successes of the golf course. During the years, Iron Horse Golf Course has been recognized multiple times as being one of the leading municipal golf courses both in the metroplex and across the state. These recognitions came under the direction and management of Evergreen Alliance Golf, and with the cooperation and assistance of the City of North Richland Hills. Iron Horse remains one of the few municipal golf courses that pays for its operational expenses in spite of limited capital improvements to the course over the past 30 years.

**RECOMMENDATION:**

Approve amendment No. 2 to the management agreement for Iron Horse Golf Course with Evergreen Alliance Golf Limited, L.P now known as ARCIS Golf.