



# CITY COUNCIL STAFF REPORT

DATE: June 20, 2012

CONSENT CALENDAR

SUBJECT: EXTENSION OF THE MANAGEMENT AGREEMENT WITH CGPM MANAGERS, LLC AND THE CITY OF PALM SPRINGS FOR THE MANAGEMENT AND OPERATION OF THE CITY-OWNED LEGENDS AND RESORT GOLF COURSES FOR A PERIOD OF FIVE YEARS, BEGINNING JULY 1, 2012 THROUGH JUNE 30, 2017

FROM: David H. Ready, City Manager

BY: Thomas J. Wilson, Assistant City Manager

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## SUMMARY

On October 29, 2008, the City Council approved an Agreement with CGPM Managers, LLC, for the management and operation of the city-owned Legends and Resort Golf Courses. On June 16, 2010, the Mayor and Council extended the Agreement, with all of its provisions remaining in full force and effect, to June 30, 2012.

To date, CGPM Managers, LLC has successfully managed and operated the two golf courses, and have more than successfully fulfilled all of the terms of the Agreement. For the last two years the play on the golf courses has almost been 100,000 rounds per year, producing income which has been able to fund operations and extensive improvements to the golf courses and clubhouse facilities. CGPM Managers, LLC has provided stable leadership and is proposing no increase in its fee of \$225,000 per year for the new five-year period.

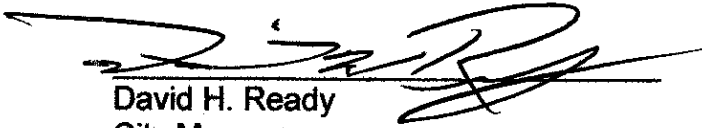
Finally, the Agreement provides that either the City or CGPM Managers, LLC has the right to terminate the agreement upon sixty days notice without cause.

## RECOMMENDATION:

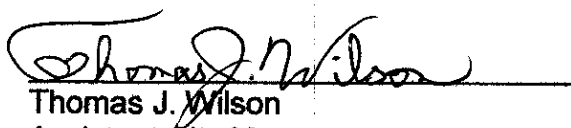
Approve an Amendment to extend the Agreement with CGPM Managers, LLC for five years beginning July 1, 2012, for the operation of City owned golf courses, at the original fee of \$225,000 per year and with no other changes to the terms of the Management Agreement.

**FISCAL IMPACT:**

No new fiscal impact. The management fee remains \$225,000 per year.



David H. Ready  
City Manager



Thomas J. Wilson  
Assistant City Manger



Douglas C. Holland  
City Attorney

Attachments: Amendment No. 2 - Management Agreement

**AMENDMENT NO. 2  
MANAGEMENT AGREEMENT**

THIS AMENDMENT NO. 2 TO MANAGEMENT AGREEMENT ("Amendment") is made and entered into this 20th day of June, 2012 by and between the City of Palm springs, a California charter city ("City") and CGPM Managers, LLC ("Manager")

**RECITALS**

A. City and Manager entered into a Management Agreement for the purpose of managing the Legends and Resort Golf Courses on October 29, 2008.

B. The term of the Management Agreement provides that Management Agreement currently expires on June 30, 2012.

C. It is the desire of the Parties that the Management Agreement be extended for a period of five years until June 30, 2017.

**AGREEMENT**

1. The foregoing Recitals are true and correct.

2. Section 2.3 of the Management Agreement is amended to read, in its entirety, as follows:

2.3. **Term.**

The term of this Agreement shall begin on October 29, 2008 and shall expire at the close of business on June 30, 2017 and shall automatically renew on a monthly basis thereafter unless or until either the City or the Manager provides the other Party with at least thirty (30) days written notice of its intent to not renew the Agreement. Notwithstanding the foregoing or any other provision of this Agreement, either the City or Manager shall have the right to terminate this Agreement early without cause upon 60 days written notice delivered to the other party.

3. Except as expressly provided above, all other terms and conditions of the original Management Agreement shall remain unchanged and in full force and effect.

**City of Palm Springs  
"CITY"**

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
David H. Ready, City Manager

APPROVED AS TO FORM:

ATTEST:

By: \_\_\_\_\_  
Douglas C. Holland  
City Attorney

By: \_\_\_\_\_  
James Thompson  
City Clerk

**CGPM MANAGERS, LLC  
"Manager"**

\_\_\_\_\_  
Date

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_