



City of Rochester Hills
AGENDA SUMMARY
NON-FINANCIAL ITEMS

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Legislative File No: 2016-0543

TO: Mayor and City Council Members
FROM: John D. Staran, City Attorney (248-731-3088)
DATE: December 6, 2016
SUBJECT: Pine Trace Golf Course Lease Amendment

REQUEST:

The operator of the Pine Trace Golf Club, Bylen Golf Company, LLC, requests City Council’s approval of an amendment to the Golf Course Lease Agreement to extend the lease term for approximately 2 additional years in order to facilitate their securing of favorable refinancing.

BACKGROUND:

The original Golf Course Lease Agreement between the City and Golf Concepts, Inc was for a 30 year term plus the Lessee has an option to extend for an additional 10 years. The Lease was subsequently amended to extend the base term to 39 years expiring on 12/31/2025 (plus the 10-year option to extend). In 2014, the Lease was assigned by Golf Concepts to Bylen Golf Company, LLC. So, upon exercise of the extension option, the golf course lease will have 19 years remaining. But, Bylen Golf represents that in order to secure favorable refinancing, and satisfy its lender’s requirements, it needs to further extend the lease term. So, Bylen Golf now requests an amendment of the Golf Course Lease to extend the base lease term an additional 27 months to March 31, 2028, with the 10 year extension option which, if exercised, would extend the lease term to March 31, 2038.

The City receives annual rent of 10% of gross for the remainder of the base term. During the 10 year optional extension, the City will receive 11% of gross.

RECOMMENDATION:

A proposed Eighth Amendment to the Golf Course Lease Agreement to extend the lease term is presented for the City Council’s consideration for approval. Unless, the City Council is either dissatisfied with the golf course operation or rent, or prefers to take over or go in a different direction concerning the golf course operation, it would be advisable to approve the proposed Lease Amendment.

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Mayor		

Deputy Clerk		
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