



**City of Coral Gables
CITY COMMISSION MEETING
May 11, 2010**

ITEM TITLE:

Resolution authorizing the execution of an Assumption of Liability and Guaranty Agreement by and among the City of Coral Gables ("City"), the Biltmore Hotel Golf Management, LLC ("Manager") and the Biltmore Hotel Limited Partnership ("Biltmore")

RECOMMENDATION OF THE CITY MANAGER:

Approval

BRIEF HISTORY:

In order to replace the current lease on golf carts for City golf courses including the Biltmore Golf Course expiring November 10, 2010, the Parks and Recreation Department and the Procurement Division of Finance obtained a "piggyback" lease agreement through the National Intergovernmental Purchasing Association (National IPA). This National IPA lease agreement is based on a competitive solicitation by the City of Tucson, Arizona and a subsequent amendment to the original bid price that allows the carts to be amortized over a 4 year lease term.

The National IPA lease agreement commenced on December 22, 2008 for an initial one (1) year term with an option to renew for four (4) additional years with the contract terminating on December 22, 2013. The "piggyback" lease term for the City of Coral Gables begins at the effective date of the execution of the lease. The interest rate on a four (4) year lease through this "piggyback" is fixed at 4.69%. The monthly rental payment under the piggyback is \$61.37 per golf cart, which is 2.5% lower than what the City currently pays monthly at \$62.91 under its present lease agreement.

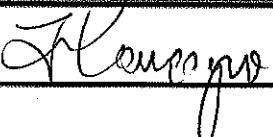
There will be two (2) "piggyback" lease agreements with Club Car, with one lease for the golf carts at the Granada Golf Course and the second lease agreement for the golf carts at the Biltmore Hotel. The four (4) year lease agreement for the Granada Golf Course will provide for the leasing of forty (40) golf carts at a total cost of \$161,830.40, while the lease agreement for the Biltmore Golf Course will provide for the leasing of ninety six (96) golf carts at a total cost \$388,392.96.

Section 2-978 of the Procurement Code authorizes the use of other governmental unit contracts, otherwise known as "piggyback" contracts for the purchase of supplies and services, which have resulted from a formal competitive bid process. "Piggyback" contracts of a value less than \$600,000.00 do not require the approval of the city manager or the city commission.

While the lease of the golf carts for the Biltmore Golf Course is signed by the City, as lessee, and, thus, is the financial responsibility of the City to pay the rent due thereunder, the City has obtained an "Assumption of Liability and Guaranty Agreement" from the Manager of the Biltmore Golf Course (The Biltmore Hotel Golf Management, LLC) and from the operator of the Biltmore Hotels (Biltmore Hotel Limited Partnership,

"Biltmore") to assume and pay the rent amount due under the Golf Cart Lease. The Manager is obligated to remit the rent payment to the City at least five (5) business days prior to the date specified for payment under the Golf Cart Lease. The Biltmore guarantees the performance by the Manager of this financial obligation. Should a default by Manager occur under the Assumption of Liability and Guaranty Agreement, then such default shall be deemed a default under the Management Agreement between the City and Manager and under the Biltmore Hotel Lease with the Biltmore. The Assumption of Liability and Guaranty Agreement does not relieve this City from the financial obligations under the Golf Cart Lease. However, the Manager has made all payments required under the prior golf cart lease without any contractual obligation to do so. The golf carts are a necessary part of the operation of the Biltmore Golf Course.

APPROVED BY:

Department/Director	City Attorney (If Applicable)	City Manager
		

Attachments

1. **Draft Resolution**
2. **Assumption of Liability and Guaranty Agreement**
3. **Lease Agreements**