

From prior discussions:

Joe Simonson's Presentation Questions:

- Should the City of Lemoore consider the selling of the golf course? If not, are there other options for operations and maintenance?

*The Council has received an offer from Rhoad's Golf to lease the course, which will be discussed later this evening during Closed Session.*

- Should the City consider multiple management models and the pros and cons of each before considering the sale of the golf course? Does the value of owning and controlling the golf course outweigh the risk of future capital costs and/or future competition?

*No answer given.*

- Why would the City sell an asset that they would eventually own?

*The City is in a position to sell the course for more than its worth and more than is owed on it. If there is competition from a new golf course, the course will be worth less than what is owed on it and less than what it's worth today.*

- Where would the money go, if the golf course was sold?

*The use of the funds will be determined by Council; however the money would be deposited into the General Fund Reserves.*

- Who benefits from the sale?

*The people of Lemoore are relieved of the debt and liability of the golf course, and any repairs or improvements will not compete against any general fund services.*

- Who is giving the City Council financial advice concerning the sale?

*Staff and the City Attorney.*

- Will California code section 73420-37430 be followed?

*Code section 73420-37430 is one alternative process that can be followed for the sale of real property there are other processes available, including the surplus property rules, which require only a majority vote for the sale. The process of the sale of the property will be determined by Council as this process moves forward.*

- Will the property always remain a public golf course?

*[Answer on behalf of the Representative of the Tachi Palace] Yes.*

- Will the new owners continue to have monthly passes for individuals, families and seniors and will the current rates remain the same?

*[Answer on behalf of the Representative of the Tachi Palace] Lemoore residents will continue to receive special discounted rates.*

- Will the new owners keep the current staff at their current positions and for how long?

*[Answer on behalf of the Representative of the Tachi Palace] Current golf course employees will be interviewed and receive special preference in hiring.*

- What type of immediate capital improvements will be made at the golf course?

*[Answer on behalf of the Representative of the Tachi Palace] Immediate capital improvements are being studied.*

- Would the buyer commit to continuing to promote youth golf? And commit to the relationship with the Lemoore Junior open?

*[Answer on behalf of the Representative of the Tachi Palace] We would promote youth golf and continue to promote the Junior Open.*

- Will the current relationship with the West Hills College, Lemoore, Riverdale and Washington Union High Schools be honored?

*[Answer on behalf of the Representative of the Tachi Palace] All current relationships with the West Hills College, Lemoore, Riverdale and Washington Union High Schools will be honored.*

- Will the course still be available for numerous community groups and services/organizations for annual fundraising tournaments?

*[Answer on behalf of the Representative of the Tachi Palace] The course will be available to community groups and services/organizations for fundraising tournaments. The tribe is committed to making the Lemoore Golf Club the best golf course in our area.*

#### Questions from Council to Cheryl Sylva:

- Is the payment obligation paid off in 2027 if we don't have to refinance the Redevelopment obligation? Once the Redevelopment obligation triggers its \$300,000 per year.

*The 2027 date is if the golf course could make those \$300,000 debt payments.*

- The course would have to increase its revenue by 50% to make that obligation correct?

Yes.

- The funding from the Redevelopment; that was for the year things were running in the red correct?

Yes.

- [Question from audience: unclear]

*50% of \$200,000 is \$100,000 add that to \$200,000 that becomes \$300,000 it's a 50% increase of what you're making now, on top of what you're making.*

#### Questions/Comments from Audience:

- Buzz Felleke - Lemoore can't handle two golf courses, and Tachi will eventually put one up, so lets do it now.

- Ron Meade - To the City Council; please make a business decision and not an emotional decision.

- Karen Osterland -

(To the Council, answered by Council)

- Will the Tachi tribe pay for the golf course immediately or over time?

*That is still being negotiated; the first terms were over time.*

- How much time?

*14 years.*

- What kind of protections will be in the sale of the contract? Will there be re-zoning needed if the Tachi Tribe decides to turn it into a strip mall or housing development? [Siegel re-words the question: Will there be zoning changes necessary if they decided to do that and what kind of restrictions will be put on the sale?]

*It is in the citizens' best interest to have that recreational opportunity from now on. If we own the golf course, it will remain a golf course. If we were to sell the golf course, we'd most certainly hear from the public that we want it to remain a golf course. That is a negotiating term that we haven't begun with the Palace at this time.*

- I know it counts as green space now, since it wouldn't remain public land anymore, what is the City of Lemoore going to do to create more park space and at what cost?

*The golf course is not currently counted in regards to the amount of park square footage in to population. Taking away the golf course is not going to affect today's averages.*

- Is this our most valuable asset? Is this the most valuable property we have in the city? *In finances only – we'd have to put that up against the equipment for Fire, P.D. or the buildings or anything that has real numbers to them. If you look at it from a social standpoint, we're trying to decide tonight if it offsets any financial costs. Public Safety is more valuable than the golf course.*

- Dan Gudgel – The course is a tangible asset to the community and the NAS.

- Councilmember Gordon

- If the course sold, could the City own an easement on the course of itself as far as any future development?

*The City could restrict the use of the property that would include a covenant running with the land that would require it to be used as a public golf course. Unsure about putting an 'easement' on the property but it can be looked into.*

- Could the covenant run with the City itself as opposed to the property, because what if, in the future, it's not feasible to have the course in its current location and it would have to be moved, the covenant would be with the City itself.

*That is something to look at as this matter moves forward.*

- Robert Beede -

(To the Council, answered by Council)

- Is Rhoads presently meeting the \$300,000 annual? Only \$154 of that?

*It has never been able to meet the \$300,000 mark. To assure that the City didn't incur an expense to the general fund based on the current profits of the business, we refinanced that debt out of the General Fund in a \$1.4 million loan against the General Fund to pay off that debt and then structured the payment so that it was underneath what it was steadily getting under Rich Rhoads' management..*

- So, in simple terms, you've restructured the debt in order to meet the income that is presently being generated by the course on an annual basis, without all of the maintenance things concerning...?

*It will meet the net profit. The income, revenue and expenses all get managed in Rich Rhoads' management what is left over is the City's responsibility.*

- At the present debt schedule, it would be 2027 if the payments were made as they are presently?

Yes.

- And that is given the present income that is generated by the course w/o any increases in fees that might occur?

*After 8 years of this loan when the restriction on the part of the debt that went strictly to General Fund ends, around 2020, the Redevelopment Agency portion of the debt obligation begins for the next 7-8 years where payments will be approximately \$300,000 annually out of the General Fund.*

- Starting at 2020, you have to come up with \$300,000 a year in order to stay in the black as far as servicing your debt on the course?

*Yes. That does not include any major malfunctions of a well or the greens dying. Anything else on top of that, also comes out of the General Fund.*

- If the property goes private, unless you make some kind of contingencies, can they do whatever they want with the property?

*To a point; if someone has a private property and wants to build something the City doesn't want them to build, it is very difficult.*

- Can you provide the audience with what powers you have within the City to meet the audience's needs, should this course go private?

*It sounds like a covenant can be placed in the transfer of the title. In order for the title to transfer to another party, it can do so, as long as certain conditions are met. As long as those conditions are met that person still retains the title, if they are not met, ownership immediately transfers back to the City of Lemoore.*

- So you have the power, then to provide some contingencies, if this goes private?

Yes.

- The course is appraised at \$3 million by a certified California Real Estate Appraiser and they're offering \$5 million, how does that work?

*It is unknown if the person is a Certified Real Estate Appraiser. They were hired by the Tachi Palace to advise them whether or not to make an offer on the golf course. They were advised that it's worth \$3 million based on a business principle. The course is making money so it increases the value as a multiplier. If it were losing money, it would be significantly less.*

- Is it my understanding that they if they pay \$5 million and the schedule of payment is 14 years, they would have to generate \$360,000 a year on a course that is only now generating half of that?

*Council cannot comment for the Tachi.*

- How many acres are in the course?

*The front nine is approximately 75 acres, unsure whether that includes the clubhouse and parking lot. The back nine is approximately 74 acres.*

- Mark Craver – There is no guarantee that citizens of Lemoore will have availability to play.  
(To Tachi Representative, answered by Tachi Representative)

  - It was said that Lemoore would get a discount rate but if the tee times are booked and tournaments are held every Saturday and Sunday, will there be availability to play?  
*If we are booked up everyday, then we're very successful.*
  - There is a discount rate but no promise of availability to play on the course?  
*It is a public course, the question is hypothetical.*

(To the Council, answered by the Council)

  - It was stated that the debt restructuring was not part of Parks and Recreation, what department owns the golf course debt other than the General Fund?  
*The City of Lemoore owns the golf course; the golf course is not under a specific department. At one time the City did the day- to-day operation which is why Mr. Simonson was asked to give the presentation.*
  - You mentioned a covenant with the potential sale and contract; is the council willing to say publically that it will remain a golf course forever if it's sold?  
*Information needs to be gathered and assessed as to what public demands are. If it is public demand that it is in best interest of the community, privately and socially, that this remain in a public golf course forever, that covenant would be put in the sale or into a City Ordinance. The document should say in writing that it will remain public or it's not valid.*
  - Are there any inducements that the City has offered to the Tachi Palace for the intent of purchasing the golf course?  
*The City has offered them nothing; the City did not solicit the offer. The Tachi presented an offer to Mr. Laws who was obligated to bring it to the Council in closed session and Council decided to hold public meetings.*
  - Are there inducements subsequent to the initial offer of the contract?  
*There has been nothing up to this date; there have been no real negotiations up to this date.*
- Kelly Gilfry – The golf course Lemoore's greatest asset.  
(To the Council, answered by the Council)

  - Do you have a financial expert going over the contract and is it going to be beneficial? Mr. Rhoads has submitted a tentative proposal to you, have you looked that over as an alternative?  
*Mr. Laws can only give it over to the council. The Council will make the final decision. Mr. Rhoads' proposal is a one page outline. It is recommended that we should hire our own appraiser to appraise the golf course. But if the Council decided not to sell the golf course, then there would be no reason to hire an appraiser.*
- Glen Blackwell -  
(To the Council, answered by the Council)

  - Lemoore citizens will receive discounts but what about those who live in Hanford, Visalia, Tulare and the Island District?  
*The golf rates are based on supply and demand and run like a private business, most of the time, rates are presented by the golf course to City Council.*

(To the Mayor, answered by the Mayor)

- You being a golfer yourself, how often do you play the City of Lemoore Golf Course?  
*Usually only in tournaments.*

▪ Don Whitlow -

(To Tachi Representative, answered by Tachi Representative)

- What would you do if the golf course lost money and to keep it, you have to privatize it?

*We are committed to keeping it as a public golf course.*

- Would you put your contract, just prior to the sale, in writing the in the Hanford Sentinel and state exactly how the guarantee would state that the golf course would stay public?

*We're committed to keeping this a public golf course. We've submitted a letter of intent to the City Manager. Everything else is going to be negotiated later. Whatever language the City Council will require to make it remain a public golf course, we will accept, because that is our intention.*

▪ Jerry Zwickle -

(To the Council, answered by the Council)

- Mr. Rhoads' proposal should be taken seriously.

*The Council is taking the proposal seriously and will discuss it in closed session along with the input from the public.*

▪ Jane Dart -

(To Tachi Representative, answered by the Council)

- If the golf course stops making money, and the Tachi council decides they don't want the golf course, Lemoore couldn't get their money back, what would happen then?

*If there is a way to write a document stating that, if the course cannot remain a public course, it returns to the City, then the City Council will have it written.*

▪ Unknown Speaker

(To the Council, answered by the Council)

- Does the property have taxes on it?

*The City does not pay taxes on the property.*

- The City nor County has not attempted to appraise it?

*No. It has not been assessed by the Kings County Assessor; that would happen if there is a sale. If there was a sale, and becomes private property, taxes would be collected on it then.*

▪ Tom Reed -

(To Tachi Representative, answered by Tachi Representative)

- Has the Tribe tried to get a \$5 million dollar loan through a bank to build a golf course?

*We structured the \$5 million dollar offer to meet the obligations that the City needs to pay.*

- Could the Tribe get a loan for \$5 million dollars and give the money to the City for the course?

*(Answered by the Tachi Representative.) I do not know how that would work for the City.*

*(Answered by the Mayor.) It is still a negotiation point at this time.*

(To the Council, answered by the Council)

- Could the ordinance/covenant/agreement stating that the course stays a golf course at some future date be changed?

*If the Ordinance were put into the covenant of sale listed in the title of the property, possibly not. A City can change an the Zoning Ordinance, Codes, General Plan etc. but it would be difficult to change those on a private property owner unless it was reversed through a court of law. A covenant running with the land is recorded as part of the sale document of the golf course and that is a requirement that would not be able to be changed by a future Council.*

▪ Council Member Willard Rodarmel

- What would stop the Tachi Tribe from filling with the Federal Indian Bureau to have that land adopted to Tribal land thus negating the covenant?

*In Northern California, that issue like currently is going to ballot measure and referendum. There has been no determination made at this point. That scenario will be looked into.*

▪ Tom Reed -

(To the Council, answered by Council)

- If something breaks down at Soccer Field or the Recreation center, which are operated out of the general fund, are those repairs made out of the general fund?

*The Soccer Complex is self sustaining; the City only helps with Water. The City used to supply \$15,000 per year, but the City cut discretional funding.*

▪ Craig Pederson - This is a public asset that serves more than the Lemoore Area, for the community and youth.

(To Tachi Representative, answered by Tachi Representative)

- The Tribe stated that they would honor all current relationships; they should state that they “will” honor current and future relationships.

*A tribe up North bought a private golf course that was bankrupt and turned it into a public course. It was good business to open it up to community and youth and give special rates to seniors. Similar to a hotel, its easy to fill up on Saturday and Sunday, but what about weekdays? It's better to have a \$5 green fee paying than a \$25 green fee not paying.*

- Why does the Tachi Palace not use the Lemoore Golf for their annual tournament?

*I have not been here long enough to answer why we've been using the Kings course.*

- Do you have an estimate of, when people come to stay at the motel, how many of them are interested in playing a round of golf and can you equate that into rounds of golf per year that might come to the course?

*No, but we think it will be profitable; otherwise we would not be doing this.*

▪ Shanae Cain – The gold course means too much to the hearts of the citizens of Lemoore.

(To the Tachi representative, answered by Tachi representative)

- Other than it being good business, why do you want the golf course? With how much it costs, and with the \$5 million, why not build your own?

*It is not easy to build a golf course. It is very expensive to build a golf course from scratch and very risky. We're asking the City, “do you want this liability?” because we are willing to take on this liability.*

- Carol Campbell – [Read all questions aloud and asked Council to submit written answers. Provided a copy to Council.]
  - Who is stepping up and making the financial choices for the City? Are they qualified to make sure this is a beneficial decision?  
*The City Council, your elected officials are the ones making the decisions.*
  - How is the payment plan figured over a period of time? How many years does the tribe have to pay for the course?  
*[To be answered by the Tachi Representative.]*
  - Is the City still holding the note over those years, in case of default, is the City still at risk? Will the city earn interest if they are holding the note?  
*This is yet to be determined.*
  - If these payments are over a long period of time why would the City want to lose ownership if they are on a long term loan now?  
*The reason for this is that the City would not be responsible for any major repairs or shortfalls.*
  - How does the City plan on spending the money for the sale?  
*The money will be deposited into the General Fund reserves and the elected officials will determine how the money will be spent.*
  - Property sold for housing, where did the profit go? [Surely, not all the money was used for streets, gutters, sidewalks and so-on.] Why would the City sell that property and not make any profit? Did the developer pay for the streets, gutters and sidewalks? Was land sold to the developer and the developer gave the City money each time they sold a house?  
*The sale money went to make the principle payment on the golf course, the rest of the answers are unknown.*
  - In the late 90's and early 2000's golf was booming, the City had to have made money, what did the City do with it? I asked Rich how business was back then and he informed me, that business was good and he remembers a year or so, with 55,000-plus rounds per year.  
*The City has never made money from the course. Rich Rhoads' original 2010 management plan projected 39,000 rounds of golf per year.*
  - Has the course been appraised by someone other than the potential buyer's appraiser? What was paid for the course originally? What was paid when the back nine and pro shop were added?  
*\$3.82 million was originally paid for the course.*
  - People that bought houses on the back nine of the course probably did so because it was a City course. Have they been given consideration on the possible transaction?  
*We have issued public meeting notices. It is up to each individual to attend the meetings and participate.*

- Will there be two different sets of rules? Preferred rules for tribal members and a different set for the citizens of Lemoore and others around the area, provided persons from around the area are allowed to use the course?

*[To be answered by the Tachi Representative.]*

- The course is in very good condition, if privately owned wouldn't there be concern about the condition it could get in? They could decide they could have another casino here or have gambling machines in the club house, which could mean more alcohol and the things that come with it. This of course, could mean more activity for the City police to respond to.

*All City rules will still apply to the course. They would have to follow the proper procedures.*

- If sold, to Tachi, or any private party, they could also sell the property to someone else for some other use than a golf course later on.

*Whoever owned the golf course could sell the property, but the covenant running with the land will require the property to remain a golf course.*

- Why sell this park, while building other parks, Frisbee parks, Frisbee golf parks, skate parks and other type of parks of that nature?

*The golf course is not a park. Unlike a park, there is a fee to use it. People cannot go there to eat lunch on the grass and roam around.*

- We receive rental revenue from three city parks; the City park on Fox & Bush, Lion's Park and Heritage Park.

*Rental revenue from the past three years is as follows:*

*2010-2011: \$12,080*

*2011-2012: \$14,245*

*2012-2013: \$14,487*

*The current year to date revenue is \$3,990.*

- Why sell such an important asset and why the big hurry?

*No one is in a hurry, and there is no guarantee that we will sell this asset until we hold enough public hearings to discuss it.*

- Isn't the City proud to have a golf course? Why would the City not want to maintain ownership and do everything possible to do so?

*We are proud to have it however, maintaining the course has become a liability to the General Fund.*

- Why was it decided years ago to have a City course? Isn't it the only public course in the county?

*It is the only public course in Kings County; we do not have record of the reasoning behind the original purchase of the golf course.*

- Doesn't the City have surplus funds now?

*Yes, about \$5 million in reserves.*

- Is there anyone on the City Council or the Mayor that will be receiving a finder's fee or negotiating fee if this transaction takes place, or getting funds added to any campaign fund?

*No one will receive a finders/negotiators fee or donations to campaign funds because it would be a violation of the law.*

- Has anyone on the City Council or the Mayor solicited anyone from the Tachi Yokut Tribe to purchase the golf course?

*No.*

- Has the golf course been advertised for anyone else that might be interested in making an offer?

*No, because it was never put up for sale.*

- If the City is so desperate, or worried, about future funds, why not put a for-sale sign on the golf course?

*If the council directed that a for-sale sign be placed on the course, it would be done.*

- Why did the City not sell to the Navy years ago when they wanted to buy the course?

*We do not have a record of the reasoning behind the City not selling the course to the Navy.*

[Spoken questions, not on the written list.]

- What's wrong with the plan? The City refinanced once, if there is a problem in 6 or 7 years, why can't the City refinance again to bring the payment down if the course can't make the balloon payment?

*The City has refinanced more than once.*

- What if Tachi defaults in their payments?

*The golf course would revert back to the City.*

- What if there's something else that's big in the City that goes out and has to be paid for?

*We have asset replacement funds to pay for those things that do not come out of the General Fund.*

- Explain the Quimby Act and what part of it pertains to the possible sale of the golf course?

*The 1975 Quimby Act (California Government Code §66477) states that Cities and Counties can pass Ordinances that require developers to set aside land for parks, donate conservation easements, or pay fees for park improvements. These fees are imposed on developers as a condition of public agency approval of tentative maps or parcel maps. Any revenue to the City by the Quimby Act cannot be used for the operation and maintenance of park facilities, but can be used to make park improvements or build new parks. The goal of the Quimby Act is to require developers to help mitigate the impacts of property improvements and has been used by public agencies to develop parkland and recreational facilities. Cities and counties are required to show a strong direct relationship between the park fee exactions and the proposed project, they must be accountable. The Ordinances must include definite standards for determining the proportion fees or land donated.*

*It is not relevant to the sale of the golf course because the golf course is not a park. If the course were considered a park, Quimby funds are not allowed to be used for operation and maintenance, the main financial issue of the course, negating the relevancy of the Quimby Act as it pertains to the golf course.*

(To the Tachi Representative) *[To be answered by the Tachi Representative.]*

- Who approached you?
- When was the first time the Tribe contacted the City about the purchase?
- Why do you want to buy this course?
- If you want to create a package; is it possible to deal with Mr. Rhoads, for people to stay at the hotel and golf at the City owned golf course?
- What experience in management of a golf course does the Tachi Tribe have?

(To the Council, answered by Council)

- Is there a timeline as to when a decision will be made, will it be a fast decision?  
*There is an offer presented with a timeline and it was through March. There is no vote going on at this time, in closed session we will discuss what we've heard from the public.*
- (Answered by the Tachi Representative) *We stated in the offer that we would like to close in March.*

▪ Ted Levine – Against

▪ Karen Osterland - (To the Council, answered by Council)

- When is the vote going to be taken? Do we have a time line for that? Do you anticipate it will be at the end of the next meeting?  
*We would not even have a contract drawn by the next meeting, nor even a list of demands or stipulations that we want.*
- How will the public be kept informed as to after this next study session in two weeks when the council is going to vote on this issue?  
*We will discuss this in closed session later this evening. Once it is time, a qualified attorney or agent will write the contract. It will be made public and voted on publicly.*

▪ Lee Walters -

(To the Council, answered by Council)

- It's been stated several times by people on the council that the golf course wasn't for sale prior to this offer being made, so why wasn't that the answer when they were approached; "The golf course is not for sale."?  
*If someone approached you and asked if your home was for sale and you said, "no, it's not for sale" but they still wanted to take a look and said they'd like to make you an offer, would you say no? Or would you say, "go ahead"? If they made you an offer that was significantly more than your house was worth, you'd have to consider it. If someone walked up to you and asked you if your house was for sale, and after you saying "no", they said, "I'll pay you double for it". Would you not move?*
- Could you say "yes, buy my house, but I wish to use the pool whenever I want"?  
*We have that opportunity.*

▪ Jeff Cardoza - The only business deal that makes sense for the city is a cash offer. There are other cities that own golf courses, ask them what they've done to help their golf courses survive.