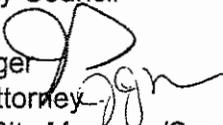


April 25, 2000

Att - F-9
5/1/00

TO: Honorable Mayor and City Council

FROM: John Szerlag, City Manager 
John J. Martin, III, City Attorney 
Gary Shripka, Assistant City Manager/Services 
Carol Anderson, Parks and Recreation Director 

SUBJECT: Camp Ticonderoga/Beer Consumption on Golf Course

For many years there was a long standing practice which allowed the restaurant tenant at Sylvan Glen to sell two beers to golfers for consumption on the golf course. In early 1998 it was discovered that this practice was prohibited by ordinance as well as the Lessees' liquor license. The practice was immediately stopped.

During the negotiation of the contract to operate the restaurant in 1995, the owners were informed that previous restaurant tenants had been allowed to sell two beers to golfers for consumption on the course. It is likely this contributed significantly to the successful negotiation of the lease since this represents the most profitable part of the business. The owners of the restaurant estimate they have suffered a loss of \$23,000 net annual income by the inability to sell beer to golfers. In addition, the inability to sell beer to golfers reduces the overall value of the business. In March 1999, City Council modified Chapter 30 (Municipal Golf Course) of the City Code to permit an MLCC licensee to sell two beers to golfers for consumption on the course. A copy of the revised ordinance is attached.

The MLCC requires a licensee to monitor alcohol consumption on the premises. Therefore, the attached addendum is necessary to enable Camp Ticonderoga to obtain a liquor license. The Second Addendum makes it explicit that the operation and control of normal golf course activities lies exclusively with the City, except for insuring compliance with the Liquor Control Code and MLCC Administrative Rules.

The owners of Camp Ticonderoga have been diligent in their efforts to monitor alcohol consumption. They have received no liquor violations. Golfers have expressed dissatisfaction with the inability to purchase beer for consumption on the course. The ability to purchase alcohol is a common practice for golfers at other courses.

Approval of this second amendment allowing the restaurant owner to sell two beers to golfers for consumption on the course will bring to conclusion council's previous actions.

CKA/mp

F-9

SECOND ADDENDUM TO THE LEASE

This Agreement is made on _____, 2000 between the City of Troy ("Lessor") and Gallatin, Inc., d/b/a Camp Ticonderoga ("Lessee").

Lessor and Lessee have entered into a Lease dated December 18, 1995, in which the Lessor, among other provisions, leased to the Lessee certain premises to be used and occupied for the purposes stated in the Lease, located at 5725 Rochester Road, Troy, Oakland County, Michigan, and adjacent to Sylvan Glen Golf Course ("Golf Course").

The City Council of Lessor passed an ordinance on March 29, 1999 to amend Chapter 30, of the Code of Lessor to permit golfers at the Golf Course to purchase two (2) beers per golfer at the clubhouse for consumption on the Golf Course but not permit the sale of alcoholic beverages on the Golf Course.

As a result of City Council's resolution on March 29, 1999, Lessee shall be permitted to sell to golfers a maximum of two (2) beers per golfer from the clubhouse on Lessor's premises for consumption on the Golf Course provided Lessee secures the necessary licenses from the Michigan Liquor Control Commission ("MLCC").

Lessor grants to Lessee limited use of the Golf Course during the period of the Lease for the purpose of controlling and monitoring beer consumption. Lessee shall have control and responsibility pursuant to this Lease for the sole purpose of enforcing MLCC regulations, and is responsible for the conduct of the employees of the Lessor only as it relates to the Liquor Control Code and Administrative Rules. The Lessee shall indemnify and hold harmless the Lessor from all claims

arising out of the sale of alcoholic beverages for consumption on the Golf Course. Lessor shall provide Lessee with a motorized golf cart at no charge for operation by Lessee's employees on the Golf Course in order to effect the monitoring of beer consumption. Lessee agrees to coordinate its operation of the golf cart with Lessor's Director of Golf Operations, and understands and agrees that Lessor may provide back up security for the monitoring of alcohol consumption on the Golf Course. Lessee recognizes and agrees that operation and control of normal Golf Course activities lies exclusively with Lessor, except for insuring compliance with the Liquor Control Code and Administrative Rules which is the responsibility of the Lessee.

CITY OF TROY

By: _____
Jeanne M. Stine, Mayor

By: _____
Tamara A. Renshaw, City Clerk

WITNESSES:

L. Grigg Blum
Lori Grigg Blum

GALATIN, INC.

By: Linda Egeland
LINDA EGELAND

By: President

Chapter 30 - Troy Municipal Golf Course (Sylvan Glen)

6. The rates established shall be in an amount which is estimated to be sufficient to provide for the payment of the expenses of administration and operation, such expenses for maintenance of the said Golf Course as are necessary to preserve the same in good repair and working order, to provide for the payment of the contractual obligations of the City to the Municipal Building Authority of Troy pursuant to the aforesaid Lease between said Authority and the City of Troy as the same become due, and to provide for such other expenditures and funds for said Golf Course as this Chapter may require. Such rates shall be fixed and revised from time to time as may be necessary to produce these amounts.

(Rev. 3-26-79)

7. The Golf Course shall be operated on the basis of an operating year commencing on July 1 and ending on the last day of June next following.

(Rev. 12-28-70)

8. The revenues of the Golf Course shall be set aside, as collected, and deposited in a separate depository account.

(Rev. 10-18-71)

9. The Golf Course is not a public park, and is not subject to the rules and regulations governing public parks.

(3-29-99)

10. Alcoholic beverages may be sold by the restaurant lessee, shall be restricted to two beers per golfer, sold only to golfers for consumption on the Golf Course, and shall be sold from the Clubhouse only with no sales being allowed on the golf course proper, under provisions established by City Council and incorporated in the lease, and provided the restaurant lessee has secured the necessary licenses for such sales from the Michigan Liquor Control Commission.

(3-29-99)