



April 16, 2009

Mr. Allan Roeder
 City Manager
 City of Costa Mesa
 77 Fair Dr.
 Costa Mesa, Ca 92628

Subject: Lease Extension Agreement

Dear Allan:

Mesa Verde Partners is requesting a ten year contract extension on the management Agreement for the Costa Mesa Public Golf Course and Country Club. We have been operating Costa Mesa Country Club for the past 17 years and have maintained an excellent relationship with the golfing public, local community and city staff. Our major capital improvements and high level of ongoing maintenance have not only increased the value of the facility but generated excellent revenue for the City during the term of the lease Agreement. It is to the mutual benefit of the City and Mesa Verde Partners to extend the contract Agreement, thereby solidifying the continuity and vision developed and shared by both parties.

The extension would include a reallocation of Capital Improvement Project funding, a lump-sum payment from the Capital Improvement Project fund, minimum rent restructure, and other modifications to the agreement as detailed below:

1. Capital Improvement Project funding- we would reduce the 5% Golf Course CIP allocation to 2 ½% for Golf Course Capital Improvement projects and allocate the remaining 2 ½% to the City to be disbursed at the direction of the City Manager (an estimated annual increase to the city of \$115,000).
2. Lump-sum Payment – the existing CIP fund has a balance of \$650,000 with \$250,000 allocated to the Golf Course Entryway project and \$150,000 for other planned projects. The remaining balance can be paid to the City to be disbursed at the direction of the City Manager.
3. Other Terms – these items will be determined as the current agreement is updated to more accurately depict the current operation. One example is the development of a City Corp Yard agreement which was requested by city maintenance supervisor Bruce Hartley.

This is a wonderful opportunity for Mesa Verde Partners and the City of Costa Mesa to continue a great partnership, increase revenues to the City and provide a superior affordable product for our residents.

Please call with any questions.

Sincerely,


 Mesa Verde Partners