

THIRD AMENDMENT TO MASTER TOURNAMENT AGREEMENT

THIS THIRD AMENDMENT TO MASTER TOURNAMENT AGREEMENT (this "**Amendment**"), dated for reference purposes only as of March 1, 2012, by and between **PGA TOUR, INC.**, a Maryland corporation ("**TOUR**"), and the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, acting by and through its Recreation and Park Commission ("**City**").

RECITALS

A. TOUR and City are parties to that certain Master Tournament Agreement dated as of April 19, 2002 (the "**Original Tournament Agreement**"), for the conduct of a certain number of championships at the Harding Park municipal golf course complex in San Francisco, California ("**Harding Park**"), with TOUR paying certain fees set forth therein (collectively, the "**Facility Fees**") for each championship held at Harding Park, on, and subject to, the terms and conditions set forth in the Original Tournament Agreement. The Original Tournament Agreement provided for a nine (9) year initial term with three (3) 3-year renewal options and an early termination option in favor of TOUR.

B. TOUR and City modified and amended the Original Tournament Agreement by (i) that certain First Amendment to Master Tournament Agreement dated April 1, 2004 (the "**First Amendment**"), pursuant to which the parties, among other things, redefined the term "Championship," revised the number of events to be conducted at Harding Park during the initial term of the agreement, and revised the Facility Fees payable pursuant to the agreement, all of the foregoing on, and subject to, the terms and conditions set forth in the First Amendment; and (ii) that certain Second Amendment to Master Tournament Agreement dated May 1, 2007 (the "**Second Amendment**"), by which the parties, among other things, again redefined "Championship," again revised the number of events to be conducted at Harding Park during the initial term, and again revised the Facility Fees, all of the foregoing on, and subject to, the terms and conditions set forth in the Second Amendment. The Original Tournament Agreement, as amended by the First Amendment and the Second Amendment, is referred to hereafter as the "**Tournament Agreement.**"

C. Pursuant to the terms of the Tournament Agreement, TOUR has held the following events at Harding Park: the 2005 American Express Championship, The 2009 Presidents Cup, the 2010 Charles Schwab Cup Championship, and the 2011 Schwab Cup Championship.

D. In accordance with the terms of the Tournament Agreement, City and TOUR entered into that certain Multiple Championships Tournament Facilities Agreement, dated January 20, 2005 (the "**Facilities Agreement**"), setting forth specific terms and conditions regarding the use of Harding Park for each championship event held at Harding Park pursuant to the Tournament Agreement during the initial term of the Tournament Agreement.

E. TOUR and City have agreed that certain events will be held at Harding Park in 2013 and 2016, and once during the 2017-2019 period, and that certain other events may, at TOUR's option, be held at Harding Park in 2015 and in 2021, and have agreed on the fees payable with respect to such events and the fees payable in consideration of TOUR's options if TOUR does not elect to conduct the optional events.

F. Accordingly, TOUR and City presently desire (i) to amend the Tournament Agreement to modify Section 1 and Section 8 of the Tour Agreement to eliminate references to the initial term and the option terms, describe the schedule of events to be held pursuant to the Tour Agreement after the date of this Amendment, set forth the fees payable in connection the events and options, and modify the Agreement in certain other respects, on the terms and conditions set forth below, and (ii) to clarify that the Facilities Agreement will be applicable to the events held at Harding Park pursuant to the Tournament Agreement, as amended by this Amendment, even though the events to be held pursuant the amended Tournament Agreement include events not originally described in the Original Tournament Agreement or the original Facilities Agreement.

NOW THEREFORE, in consideration of the mutual promises, covenants, and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, TOUR and City hereby agree as follows:

1. **Definitions.** Capitalized terms used herein that are not specifically defined herein will have the same meaning as set forth in the Agreement.

2. **Effective Date; No Amendment of Prior Rights and Obligations.** The date on which this Amendment shall become effective (the "Effective Date") is the date upon which all of the following shall have occurred: (a) City's Recreation and Park Commission, in their sole discretion, shall adopt a resolution approving this Amendment, (b) City's Board of Supervisors, in their sole discretion, shall adopt a resolution approving this Amendment in accordance with all applicable laws, and (c) this Amendment is duly executed by the parties hereto. The rights and obligations of TOUR and City accruing under the Tournament Agreement prior to the Effective Date shall be governed by the Tournament Agreement without regard to the provisions of this Amendment.

3. **TOUR Events at Harding Park.** Effective as of the Effective Date, Section 1 of the Tournament Agreement (as amended by the First Amendment and the Second Amendment) is hereby deleted and the following provision is substituted therefor:

“1. **TOUR Events at Harding Park.**

(a) **Schedule of Events at Harding Park.** Subject to the terms and conditions of this Agreement, TOUR and City agree as follows:

(i) **Required Events.** The following Events shall be held at Harding Park pursuant to this Agreement during the respective years indicated below:

2013: The Championship.

2016: One (1) PGA TOUR Playoff Event (as defined below).

2017 – 2019: One (1) Event during the 2017-2019 period, which shall be either a PGA TOUR Playoff Event, The Presidents Cup, or a WGC Event (as defined below), at TOUR's election; provided, however, in the event that TOUR notifies the City by the start of The 2017 Presidents Cup that TOUR elects to hold The 2021 Presidents Cup at Harding Park (as provided in Section 1(a)(ii) below), TOUR may at its sole option elect to either (A) nevertheless hold one of such above-listed Events at Harding Park during the 2017-2019 period, or (B) hold a Champions Tour Event (as defined below) at Harding Park during such period in lieu of such listed Event.

(ii) Optional Events. TOUR shall have the option to conduct the following Events at Harding Park pursuant to this Agreement during the respective years indicated below

2015: One (1) Event, which, if held, shall, at TOUR's option, be either the Championship or a Champions Tour Event.

2021: The Presidents Cup.

(b) Definitions. For purposes of this Agreement:

(i) “**Championship**” shall mean the Charles Schwab Cup Championship;

(ii) “**WGC Event**” shall mean a World Golf Championship event;

(iii) “**Champions Tour Event**” shall mean a Champions Tour golf tournament other than the Championship;

(iv) “**PGA TOUR Playoff Event**” shall mean one (1) of four (4) in the series of end-of-season events leading up to and including the TOUR Championship by Coca-Cola that determine the winner of the FedExCup, for which players qualify based upon their accumulated FedExCup points prior to the start of such events;

(v) “**Event**” shall mean the Championship, a WGC Event, The Presidents Cup, Champions Tour Event, and/or a PGA TOUR Playoff Event; and

(vi) “**Harding Park**” and “**Harding Park Golf Course**” will mean the Harding Park municipal golf course complex in San Francisco, California, which is a licensed TPC facility.

(c) Permitted Substitutions. The parties agree that another event may be substituted for an Event specified in Section 1(a) above by the mutual agreement of the TOUR and City, provided that the substituted event is comparable to the listed Event's Current Event Status (as defined below). The parties understand and agree that the Facility Fees and other consideration payable under this Agreement were established based on the expectation that the prize money, eligibility requirements (including “strength of field”), and television coverage for the Events listed above would remain generally comparable during the term of this Agreement to the status of those Events as of January 1, 2011 (the “**Current Event Status**”).

4. Facility Fee; Consideration for TOUR's Option Rights. Effective as of the Effective Date, Section 8 of the Tournament Agreement is hereby amended by deleting such Section in its entirety and inserting the following in lieu thereof:

“8. Facility Fee. For each Event held at Harding Park, TOUR shall pay the respective Facility Fees set forth below:

(a) 2013 Championship. For the 2013 Championship, TOUR will make payments as follows:

(i) An amount equal to (A) the average of the additional cost of maintaining the Harding Park Golf Course for the Championship in 2010 and 2011 *plus* (B) the average of the 2010 and 2011 lost revenue amounts from the closure of Harding Park during the Championship, which amount shall be increased in the same percentage as the increase, if any, in the CPI from the Index in effect at the time of the 2011 Championship;

(ii) Two Hundred Fifty Thousand Dollars (\$250,000) to the local First Tee Chapter; and

(iii) Two Hundred Thousand Dollars (\$200,000) in mutually agreed upon course reinvestment.

(b) 2015 Event; Election to Not Hold 2015 Event. For the 2015 Event, TOUR will make payments as follows:

(i) If TOUR exercises its option to play the Championship or a Champions Tour Event at Harding Park in 2015, TOUR will pay the City:

(A) the average of the additional cost of maintaining the Harding Park Golf Course for the Championship in 2010, 2011 and 2013 *plus* the average of the 2010, 2011 and 2013 lost revenue amounts from the closure of Harding Park for the Championship, which amount shall be increased in the same percentage as the increase, if any, in the CPI from the Index in effect at the time of the 2013 Championship; and

(B) Two Hundred Fifty Thousand Dollars (\$250,000) to the local First Tee Chapter; and

(C) Two Hundred Thousand Dollars (\$200,000) in mutually agreed upon course reinvestment at Harding Park.

(ii) If TOUR does not exercise its option to play the Championship or a Champions Tour Event at Harding Park in 2015, TOUR will pay the City Five Hundred Thousand Dollars (\$500,000) (the "**2015 Option Payment**") on or before December 31, 2015.

(c) 2016 PGA TOUR Playoff Event. For the 2016 PGA TOUR Playoff Event, TOUR will make (or cause to be made by the PGA TOUR Playoff Event's host organization) payments as follows:

(i) One Million One Hundred Thousand Dollars (\$1,100,000) as compensation for both the lost revenues from the closure of Harding Park and the additional cost of maintaining the Harding Park Golf Course for the PGA TOUR Playoff Event, which amount will be increased in the same percentage as the increase, if any, in

the CPI from the Index in effect at the time of the previous Event held at Harding Park; and

(ii) Two Hundred Fifty Thousand Dollars (\$250,000) to the local First Tee Chapter; and

(iii) A participation fee in the amount by which "Gross Operating Revenues" exceeds Six Million Dollars (\$6,000,000); provided, however, that in no event shall such participation fee exceed Three Hundred Thousand Dollars (\$300,000). For purposes of this Agreement, "**Gross Operating Revenues**" shall mean cash revenues actually received by TOUR or the applicable host organization for the applicable Event, derived from the following categories: admissions, corporate hospitality, publications and on-site sponsorships (other than title, presenting or umbrella sponsorships) and on-site concessions. Gross Operating Revenues shall not include any television or any other revenues relating to the PGA TOUR Playoff Event.

(d) Event Held in the 2017-2019 Period.

(i) If a PGA TOUR Playoff Event or a WGC Event is Held. If a PGA TOUR Playoff Event or a WGC Event is held at Harding Park in the 2017-2019 period, TOUR will make (or cause to be made by the Event's host organization) payments as follows:

- (A) One Million One Hundred Thousand Dollars (\$1,100,000) as compensation for both the lost revenues from the closure of Harding Park and the additional cost of maintaining the Harding Park Golf Course for the Event, which amount will be increased in the same percentage as the increase, if any, in the CPI from the Index in effect at the time of the previous Event held at Harding Park; and
- (B) Two Hundred Fifty Thousand Dollars (\$250,000) to the local First Tee Chapter; and
- (C) A participation fee in the amount by which "Gross Operating Revenues" exceeds Six Million Dollars (\$6,000,000); provided, however, that in no event shall such participation fee exceed Three Hundred Thousand Dollars (\$300,000).

(ii) If a President's Cup Event is Held. If a President's Cup Event is held at Harding Park in the 2017-2019 period, TOUR will make (or cause to be made by the Event's host organization) payments as follows:

- (A) One Million Two Hundred Thousand Dollars (\$1,200,000) as compensation for both the lost revenues from the closure of Harding Park and the additional cost of maintaining the Harding Park Golf Course for the Presidents Cup, which amount will be increased in the same percentage as the increase, if any, in the CPI from the Index in effect at the time of the previous Event held at Harding Park; and

(B) Two Hundred Fifty Thousand Dollars (\$250,000) to the local First Tee Chapter.

(iii) If a Champions Tour Event is Held. If TOUR notifies the City by the start of The 2017 Presidents Cup that TOUR elects to hold The 2021 Presidents Cup at Harding Park and elects to hold a Champions Tour Event at Harding Park in the 2017-2019 period as provided in Section 1(a)(i) above, TOUR will make (or cause to be made by the Event's host organization) payments as follows:

- (A) the average of the additional cost of maintaining the Harding Park Golf Course for the Events in 2010, 2011, 2013 and 2015 *plus* the average of the 2010, 2011, 2013 and 2015 lost revenue amounts from the closure of Harding Park for the Events, which amount shall be increased in the same percentage as the increase, if any, in the CPI from the Index in effect at the time of the from the previous Event held at Harding Park; and
- (B) Two Hundred Fifty Thousand Dollars (\$250,000) to the local First Tee Chapter; and
- (C) Two Hundred Thousand Dollars (\$200,000) in mutually agreed upon course reinvestment at Harding Park.

(e) The 2021 Presidents Cup. If TOUR elects to hold The 2021 Presidents Cup at Harding Park, TOUR will make (or cause to be made by the Event's host organization) payments as follows:

(i) One Million Two Hundred Thousand Dollars (\$1,200,000) as compensation for both the lost revenues from the closure of Harding Park and the additional cost of maintaining the Harding Park Golf Course for The Presidents Cup, which amount will increased in the same percentage as the increase, if any, in the CPI from the Index in effect at the time of the previous Event held at Harding Park; and

(ii) Two Hundred Fifty Thousand Dollars (\$250,000) to the local First Tee Chapter.

(f) Additional Payments to City; First Tee Payments. On or before the date which is one hundred twenty days (120) after each Event held at Harding Park, other than the Championship or Champions Tour Event, TOUR shall pay (or cause the Event's host organization to pay) the City and contribute (or cause the Event's host organization to contribute) to the local First Tee Chapter each an amount equal to six and two-thirds percent (6.66%) (the "**Multiplier**") of any Gross Operating Revenues earned by TOUR (or the applicable host organization) for such Event, as applicable, in excess of Ten Million Dollars (\$10,000,000), with such amount increased for each successive Event, as applicable, by an amount equal to the cumulative increases in the Consumer Price Index from the date of the prior Event, as applicable (as so increased, the "**Gross Operating Revenue Threshold**"). For purposes of any Championship or Champions Tour Event held at Harding Park, all of the provisions of this Section 8(f) shall apply, except that the Gross Operating Revenues Threshold shall be set at Eight Million Dollars (\$8,000,000), with such amount increased for each successive

Championship or Champions Tour Event by an amount equal to the cumulative increases in the Consumer Price Index from the date of the prior Championship or Champions Tour Event.

(g) Credits Against First Tee Obligation. TOUR will receive a credit against its obligation to pay and/or contribute money to the local First Tee Chapter under this Agreement equal to each and every amount of money that a purchaser of corporate hospitality at a Championship pays and/or contributes directly to the local First Tee Chapter or that TOUR contributes to the local First Tee Chapter pursuant to the TICKETS Fore CHARITY™ or similar program during the year in which the applicable Event was held.

(h) CPI Adjustments. For the purposes of this Agreement, "**Consumer Price Index,**" "**CPI**" or "**Index**" means the Consumer Price Index Urban Wage Earners and Clerical Workers (base years 1982-1984 = 100) for San Francisco-Oakland-San Jose area published by the United States Department of Labor, Bureau of Labor Statistics published most immediately preceding the date in question. If the Index is changed so that the base year differs from set forth above, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the term of this Agreement, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised. "

5. Course Closure. Effective as of the Effective Date, Section 4 of the Tournament Agreement shall be deleted and the following provision shall be substituted therefor:

"4. Course Closure. For each Event held at Harding Park, Harding Park will be partially or completely closed for public play for a period of up to two (2) weeks ending on the day after an Event is completed, as provided by the Multiple Championships Tournament Facilities Agreement entered into by City and TOUR, as amended from time to time."

6. Facilities Agreement. City and TOUR agree that effective as of the Effective Date, the Facilities Agreement will be interpreted in a manner consistent with the Tournament Agreement, as amended by this Agreement, and that references in the body of the Facilities Agreement to a "Championship" or to "Championships" shall be generally understood to refer to an Event or to Events, as defined in Section 1(b) of the Tournament Agreement (as amended by this Amendment).

7. Reconfirmation of the Agreements / Conflict. Except as amended and modified herein, the Tournament Agreement and Facilities Agreement remain in full force and effect. In the event of a conflict between the Tournament Agreement or the Facilities Agreement and this Amendment, the terms of this Amendment will control.

8. Binding Agreement. This Amendment will be binding upon and inure to the benefit of TOUR and City, and their respective heirs, successors, assigns, personal representatives, and legal representatives.

9. **Counterparts.** This Amendment may be executed by the parties hereto in two (2) or more counterparts, each of which will be an original, and all of which will constitute one and the same instrument.

[No further text this page.]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to be effective as of the Effective Date.

“TOUR”

PGA TOUR, INC., a Maryland corporation

By: [Signature]
Edward L. Moorhouse
Co-Chief Operating Officer

APPROVED
Chief Financial Officer [Signature]
General Counsel [Signature]

“City”

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, acting by and through its Recreation and Park Commission

By: [Signature]
PHILIP A. GINSBERG, General Manager
Recreation and Park Department

APPROVED BY
RECREATION AND PARK COMMISSION
PURSUANT TO
RESOLUTION NO. 1203-010 Dated 6/29/12
[Signature] for Margaret McArthur
Margaret McArthur, Commission Liaison

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney
By: [Signature]
Anita L. Wood
Deputy City Attorney

RECREATION AND PARK COMMISSION
City and County of San Francisco
Resolution No. 1203-010

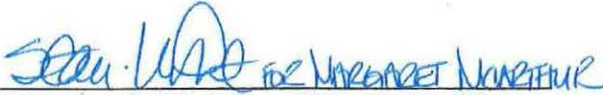
**PGA TOUR, INC. – THIRD AMENDMENT TO MASTER TOUR
AGREEMENT**

RESOLVED, That this Commission does approve a resolution recommending that the Board of Supervisors approve the Third Amendment to Master Tournament Agreement with the PGA TOUR, Inc., for the use of Harding Park Golf Course.

Adopted by the following vote:

Ayes	7
Noes	0
Absent	0

I hereby certify that the foregoing resolution was adopted at the Special Meeting of the Recreation and Park Commission held on March 15, 2012.


Margaret A. McArthur, Commission Liaison

1 Third Amendment to Master Tournament Agreement - PGA TOUR, Inc.]

2
3 **Resolution approving and authorizing the execution of a Third Amendment to the**
4 **Master Tournament Agreement with PGA TOUR, Inc., for the use of Harding Park Golf**
5 **Course for certain professional golf tournaments.**
6

7 WHEREAS, On April 19, 2002, the City and County of San Francisco (the "City"),
8 acting by and through its Recreation and Park Commission (the "Commission"), entered into a
9 Master Tournament Agreement (the "Master Tournament Agreement") with the PGA TOUR,
10 Inc., (the "PGA TOUR") to host various PGA Tour Championship events at Harding Park Golf
11 Course ("Harding Park"); and,

12 WHEREAS, In April 2004 the City and the PGA Tour entered into a First Amendment to
13 the Master Tournament Agreement (the "First Amendment"), which amended the specific golf
14 events to be held at Harding Park and other related matters; and,

15 WHEREAS, In May 2007 the City and the PGA TOUR entered into a Second
16 Amendment to the Master Tournament Agreement (the "Second Amendment"), which again
17 amended the specific golf events to be held at Harding Park and other related matters; and,

18 WHEREAS, The City and the PGA TOUR wish to further amend the Master
19 Tournament Agreement pursuant to the terms and conditions the Third Amendment to Master
20 Tournament Agreement (the "Third Amendment"), which along with copies of the Master
21 Tournament Agreement and the First Amendment and the Second Amendment is on file with
22 the Clerk of the Board of Supervisors in File No. 120287, which is hereby declared to be a
23 part of this resolution as if set forth fully herein; and,

24 WHEREAS, The Third Amendment provides for a revision of the schedule and of the
25 specific tournaments to be held at Harding Park; and,

FILE NO.

RESOLUTION NO.

1 WHEREAS, The Third Amendment further provides for the addition of two more
2 tournaments than required in the Second Amendment; and,

3 WHEREAS, The Third Amendment further provides for an increase in fees to the City
4 for certain tournaments; and,

5 WHEREAS, The Third Amendment extends the Master Tournament Agreement an
6 additional year to 2021 if, by 2017, The PGA TOUR designates Harding Park to be the host of
7 The Presidents Cup in 2021; and,

8 WHEREAS, At its meeting on March 15, 2012, the Recreation and Park Commission
9 recommended that the Board of Supervisors approve the Third Amendment; now, therefore,
10 be it

11 RESOLVED, That the Board of Supervisors hereby approves the Third Amendment
12 and authorizes the General Manager of the Recreation and Parks Department (the "General
13 Manager") to execute the Third Amendment on behalf of the City; and, be it

14 FURTHER RESOLVED, That the Board of Supervisors authorizes the General
15 Manager to enter into any additions, amendments or other modifications to the Third
16 Amendment that the General Manager determines are in the best interests of the City, do not
17 materially decrease the revenue to the City contemplated in the Agreement or otherwise
18 materially increase the obligations or liabilities of the City, and are necessary or advisable to
19 complete the transactions contemplated in the Agreement and to effectuate the purpose and
20 intent of this resolution.



City and County of San Francisco
Tails
Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 120287

Date Passed: May 08, 2012

Resolution approving and authorizing the execution of a Third Amendment to the Master Tournament Agreement with PGA TOUR, Inc., for the use of Harding Park Golf Course for certain professional golf tournaments.


May 02, 2012 Budget and Finance Sub-Committee - RECOMMENDED

May 08, 2012 Board of Supervisors - ADOPTED

Ayes: 11 - Avalos, Campos, Chiu, Chu, Cohen, Elsbernd, Farrell, Kim, Mar, Olague and Wiener

File No. 120287

I hereby certify that the foregoing
Resolution was ADOPTED on 5/8/2012 by
the Board of Supervisors of the City and
County of San Francisco.


Angela Calvillo
Clerk of the Board


Mayor


Date Approved