

File No. 120287

Committee Item No. 11  
Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Sub-Committee      Date: May 2, 2012

Board of Supervisors Meeting      Date \_\_\_\_\_

#### Cmte Board

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| <input type="checkbox"/>            | <input type="checkbox"/> | Ordinance                                    |
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| <input type="checkbox"/>            | <input type="checkbox"/> | Introduction Form (for hearings)             |
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#### OTHER

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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>*Master Tournament Agreement plus Amendment 1, 2, and 3</u> |
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Completed by: Victor Young  
Completed by: Victor Young

Date: April 27, 2012  
Date: \_\_\_\_\_

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document is in the file.

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.

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

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

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

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

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

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

**Item 11**  
**File 12-0287**

**Department:**  
Recreation and Park

## EXECUTIVE SUMMARY

### Legislative Objective

- The proposed resolution would authorize the execution of a third amendment to the Master Tournament Agreement between the City, through the Recreation and Park Department (RPD), and the Professional Golf Association (PGA) Tour, Inc. (PGA Tour) for the use of Harding Park Golf Course (Harding Park) for certain professional golf tournaments.

### Key Points

- In addition to the four PGA Tour tournaments, which have already been held at Harding Park, the proposed third amendment would require the PGA Tour to hold at Harding Park the (a) 2013 Charles Schwab Championship; (b) 2016 PGA Tour Playoff Event, which includes four end-of season tournaments; and (c) one tournament to be held between 2017 and 2019, which could be either a PGA Tour Playoff Event, the Presidents Cup, or a World Golf.
- The proposed third amendment to the Master Tournament Agreement would also allow the PGA Tour the option to hold (a) a 2015 tournament, which could be either the Tour Championship or a Champions Tour Event, and (b) the 2021 Presidents Cup.
- If the PGA Tour decides to hold the 2021 Presidents Cup at Harding Park, the PGA Tour would have the option to hold a Champions Tour tournament from 2017 through 2019 rather than the currently scheduled tournament for that time period.

### Fiscal Impacts

- The PGA Tour has previously held four tournaments at Harding Park from 2005 through 2011, for which RPD has incurred a net loss of \$667,713.
- Under the proposed third amendment, depending on which tournament options that the PGA Tour selects, the Budget and Legislative Analyst estimates that RPD would realize a net gain in revenues from 2013 through 2021 ranging from \$521,270 to \$1,256,602.

### Policy Considerations

- RPD believes that, rather than placing emphasis on maximizing revenues to the City for the Master Tournament only, the City benefits by holding PGA Tour tournaments at Harding Park which result in an improved golf course. Harding Park's improved condition increases usage of Harding Park and allows RPD to charge higher rates than RPD is able to charge at other RPD golf courses, resulting in increased attendance and revenues at Harding Park.
- To ensure that RPD does not incur future losses from PGA Tour tournaments held at Harding Park, which would result in costs to the General Fund, RPD should report to the Budget and Finance Committee of the Board of Supervisors after each PGA Tour tournament is held with respect to (a) RPD's net gain or loss for the tournament, and (b) in the event a net loss is incurred by RPD, the actions that RPD can take to ensure that future tournaments do not result in a net loss.
- Although the Budget and Legislative Analyst estimates that approval of the subject proposed Third Amendment to the Master Tournament Agreement would result in a net gain to the City from 2013 through 2021, ranging from \$521,270 to \$1,256,602, there are no assurances that such a net gain will be realized by the City. Because the Golf Fund requires an annual General Fund

subsidy, any loss to the Golf Fund may directly impact the General Fund.

#### **Recommendations**

- Request that RPD submit a written report to the Budget and Finance Committee of the Board of Supervisors subsequent to the conclusion of each PGA Tour tournament held at Harding Park as to (a) RPD's net gain or loss resulting from the tournament, and (b) in the event that a net loss is incurred, the actions that RPD should take to ensure that future PGA Tour golf tournaments at Harding Park do not result in a net loss.
- Approval of the proposed resolution is a policy matter for the Board of Supervisors.

## **MANDATE STATEMENT / BACKGROUND**

### **Mandate Statement**

In accordance with City Charter Section 9.118(a), City agreements, or amendments to such City agreements, with anticipated revenue of \$1,000,000 or more are subject to approval of the Board of Supervisors.

### **Background**

#### **Harding Park Golf Course and the Golf Fund**

In 2002 the Board of Supervisors approved the establishment of the Golf Fund (File 02-0197). Under the Administrative Code, revenues from the Recreation and Park Department's (RPD) golf courses are deposited into the Golf Fund. The Golf Fund does not fully cover RPD's costs for operating and maintaining the golf courses, resulting in an annual General Fund subsidy to the Golf Fund.

When the Board of Supervisors approved establishing the Golf Fund, they also authorized spending \$16,627,627 in State Proposition 12<sup>1</sup> grant funds on the renovation of Harding Park Golf Course (Harding Park). Under the Administrative Code, revenues from the Golf Fund are to be used to reimburse the Open Space Fund for use of the State Proposition 12 grant funds to renovate Harding Park. To date, the Golf Fund has paid \$4,820,000 into the Open Space Fund.

#### **PGA Tour Master Tournament Agreement**

In 2002 the Board of Supervisors also approved a resolution approving and authorizing a Master Tournament Agreement between the Professional Golfers' Association (PGA) Tour, Inc. (PGA Tour) and the City, acting by and through the RPD, for the use of Harding Park by the PGA Tour to hold PGA Tour Championship tournaments (Resolution No. 219-02). Under the terms of the existing agreement, the PGA Tour was to hold a PGA Tour Championship Tournament at Harding Park three times over a nine-year period commencing on January 1, 2006.

<sup>1</sup> Proposition 12 authorized the issuance of State bonds from which the proceeds would be used in part to provide grants to local agencies to fund neighborhood parks, recreational facilities, and recreational programs located in historically underserved and economically disadvantaged communities.

Under the original Master Tournament Agreement, the PGA Tour would reimburse RPD \$250,000 for maintenance<sup>2</sup> costs incurred for each PGA Tour tournament. If RPD incurred maintenance costs in excess of \$250,000, the PGA Tour would reimburse RPD up to an additional \$130,000. The PGA Tour would also provide \$250,000 for golf course improvements. Therefore, RPD would be paid by the PGA Tour between \$500,000 and \$630,000 per tournament, with \$250,000 allocated to Harding Park course improvements. In addition, the First Tee Program<sup>3</sup> would receive \$250,000 per tournament.

### First Amendment

Before the first tournament took place, on March 16, 2004, the Board of Supervisors approved the First Amendment to the Master Tournament Agreement for the use of Harding Park. Instead of the PGA Tour having three tournaments over nine years, either the PGA Tour Championship Tournament, the American Express Championship Tournament or the NEC Invitational Tournament, five such PGA Tour tournaments were to be held over a 15-year period commencing in 2005 (Resolution No. 061-04).

Under the First Amendment, the PGA Tour made a one-time contribution of \$100,000 to defray the design costs for a new Harding Park clubhouse. In addition, the PGA Tour was to pay RPD \$500,000 per tournament, which would increase by the Consumer Price Index (CPI) from the date of the prior tournament. The PGA Tour was also to pay RPD 6.66% of the PGA Tour's gross operating revenues<sup>4</sup> exceeding \$10,000,000. Also, the PGA Tour would pay the First Tee Program \$500,000 per tournament.

The American Express Championship<sup>5</sup> was held at Harding Park in October 2005. According to the Budget and Legislative Analyst's 2006 management audit report, and as shown in Table 1 below, RPD's direct costs, including maintenance costs and lost revenue from the tournament, exceeded the PGA Tour payments, resulting in a net loss of \$141,619.

PGA Tour Facility Use Fee		\$500,000
Maintenance Costs	(329,900)	
Lost Revenue	(311,719)	
Less, Maintenance Costs and Lost Revenue		(641,619)
<b>RPD's Net Revenue (Loss)</b>		<b>(\$141,619)</b>

Source: Budget and Legislative Analyst

<sup>2</sup> RPD incurs maintenance costs to prepare Harding Park for the PGA Tour tournaments, comprised primarily of salaries, materials & supplies, and professional services.

<sup>3</sup> The First Tee Program is a nonprofit organization which provides golf programs designed to bring youth of all ethnic and socioeconomic backgrounds to the game of golf.

<sup>4</sup> Gross operating revenues are gross revenues from admissions, corporate hospitality, publications, on-site sponsorships and on-site concession, but not including any television revenues earned.

<sup>5</sup> The American Express Championship is one of the annual World Golf Championships, a group of four annual events for male professional golfers, and was the first Championship Tournament held at Harding Park in October of 2005. The name of the event was changed to the Cadillac Championship in 2011.

### Second Amendment

On May 1, 2007, the Board of Supervisors approved the second amendment to the Master Tournament Agreement, which increased the number of PGA Tour tournaments to be held at Harding Park from five to six, and changed the tournaments to be held at Harding Park by the PGA to the following six tournaments:

2005: American Express Championship

2009: Presidents Cup.<sup>6</sup>

2010: Charles Schwab Championship.<sup>7</sup>

2011: The Charles Schwab Championship.

2013 or 2014: PGA Tour Playoff event.

Between 2014 and 2020: Either (a) the Presidents Cup, (b) a PGA Tour Playoff event, (c) the Bridgestone Invitational<sup>8</sup>, (d) the Cadillac Championship<sup>9</sup> or, (e) the Accenture Match Play Championship<sup>10</sup> (Resolution No. 222-07).

Under the Second Amendment, the PGA Tour pays RPD an up-front facility use fee, which is equal to RPD's actual costs to host the PGA Tour tournaments up to \$1,000,000. Such tournament costs include Harding Park maintenance costs, and RPD's lost revenue from the closure of Harding Park during the tournaments. The PGA Tour was also to pay RPD 6.66% of PGA Tour's gross operating revenues exceeding \$10,000,000. The PGA Tour would continue to contribute \$500,000 per tournament to the First Tee Program.

According to Ms. Katie Petrucione, RPD Director of Finance and Administration, as shown in Table 2 below, based on the tournaments held to date under the Second Amendment, RPD's costs to host the PGA Tour tournament exceeded the PGA Tour payments to RPD, resulting in a net loss of \$526,094 for the 2009 President's Cup. Also, RPD did not receive 6.66% of gross operating revenues, as specified in the agreement between RPD and the PGA Tour, because PGA Tour's gross operating revenues were less than \$10,000,000. As shown in Table 2 below, RPD fully recovered its costs from the PGA Tour payments for the tournaments held in 2010 and 2011.

<sup>6</sup> The Presidents Cup is a four-day championship match, in which the United States team plays an international team selected from all countries with the exception of Europe.

<sup>7</sup> The Charles Schwab Championship is the championship tournament of the Champions Tour for PGA golfers, a series of events held annually in the United States and United Kingdom for golfers who are 50 years old or older.

<sup>8</sup> The Bridgestone Invitational is one of the annual World Golf Championships, a group of four annual events for male professional golfers.

<sup>9</sup> The Cadillac Championship is one of the annual World Golf Championships.

<sup>10</sup> The Accenture Match Play Championship is one of the annual World Golf Championships.

	<b>2009 Presidents Cup</b>	<b>2010 Charles Schwab Cup Championship</b>	<b>2011 Charles Schwab Cup Championship</b>
PGA Tour Facility Use Fee	\$1,000,000	\$806,392\$	548,988
RPD Maintenance Costs for Tournament	(848,757)	(555,383)	(314,321)
RPD Lost Revenue	(677,337)	(251,009)	(234,667)
RPD Maintenance Costs and Lost Revenue	(1,526,094)	(806,392)	(548,988)
<b>RPD's Net Revenue (Loss)</b>	<b>(\$526,094)</b>	<b>\$0</b>	<b>\$0</b>

Source: RPD

To date, RPD's net loss to the Golf Fund for hosting the PGA Tour tournaments is \$667,713 (\$141,619 under the First Amendment plus \$526,094 under the Second Amendment). As noted above, the Golf Fund requires an annual General Fund subsidy, so that any loss to the Golf Fund directly impacts the General Fund.

## DETAILS OF PROPOSED LEGISLATION

The proposed resolution would authorize the execution of the Third Amendment to the Master Tournament Agreement between the City, through the RPD, and the PGA Tour, Inc. (PGA Tour) for the use of Harding Park for certain professional golf tournaments.

### Proposed Revised Tournament Schedule

The proposed Third Amendment would (a) revise the current schedule of tournaments to be held by the PGA Tour at Harding Park, and (b) increase the number of tournaments to be held at Harding Park from six to seven, with two optional tournaments, bringing the total up to nine tournaments. The proposed Third Amendment would also revise the PGA Tour's facility use fees to reimburse RPD for RPD's costs to host the PGA Tour tournaments. These fees are discussed below in the Fiscal Impacts section of this report.

In addition to the four PGA Tour tournaments (see Table 1 and 2 above) that have already been held at Harding Park, the proposed Third Amendment would require the following three future tournaments be held at Harding Park:

2013: The Charles Schwab Championship

2016: One PGA Tour Playoff Event of the four events in the series of end-of-season events leading up to and including the Tour Championship<sup>11</sup>

2017 to 2019: One tournament, which could be either (1) a PGA Tour Playoff Event, (2) the Presidents Cup, or (3) a World Golf Championship<sup>12</sup> tournament

The proposed Third Amendment would also allow the PGA Tour to hold two optional

<sup>11</sup> The Tour Championship is the competition for the first official championship trophy for the PGA Tour season.

<sup>12</sup> A World Golf Championship event is one of four annual events for male professional golfers.



tournaments at Harding Park:

2015: One tournament, which could be either the Charles Schwab Championship or a Champions Tour Event other than the Charles Schwab Championship

2021: The Presidents Cup

Therefore, up to five additional tournaments would be held at Harding Park under the proposed Third Amendment.

Under the proposed Third Amendment, if the PGA Tour decides to hold the 2021 Presidents Cup at Harding Park, the PGA Tour would have the option to hold a Champions Tour tournament from 2017 through 2019 rather than one of the currently scheduled tournaments discussed above.

Under the proposed Third Amendment, the PGA Tour would contribute \$250,000 per tournament to the First Tee Program. The PGA Tour would also pay a percentage of gross operating revenues to the First Tee Program under identical terms to which the City would be paid a percentage of gross operating revenues, as specified in Table 3 below.

On March 15, 2012, the Recreation and Park Commission approved a resolution recommending that the Board of Supervisors approve the proposed third amendment to the Master Tournament Agreement (Resolution No. 1203-010).

## FISCAL IMPACTS

### Proposed Revised Facility Fee for Events

The proposed third amendment would establish revised facility use fees and obligate the PGA Tour to make the following payments to RPD (See Table 3 below and the Attachment to this report for details):

<b>Table 3: Proposed Facility Use Fees</b>			
<b>Year</b>	<b>Required/ Optional</b>	<b>Tournament Type</b>	<b>Facility Use Fee to be Paid to RPD by the PGA Tour</b>
2013	Required	The Charles Schwab Championship	<ul style="list-style-type: none"> <li>• The average Harding Park maintenance costs for the Championships in 2010 and 2011, increased by the CPI</li> <li>• The average lost revenue from the closure of Harding Park during the Championships in 2010 and 2011, increased by the CPI</li> <li>• \$200,000 capital investment to Harding Park</li> <li>• 6.66% of gross operating revenues exceeding \$8,000,000</li> </ul>
2015	Optional	The Charles Schwab Championship or one Champions Tour Event other than the Charles Schwab Championship	<ul style="list-style-type: none"> <li>• The average Harding Park maintenance costs for the Championships in 2010, 2011 and 2013, increased by the CPI</li> <li>• The average lost revenue from the closure of Harding Park for the Championships in 2010, 2011 and 2013, increased by the CPI</li> <li>• \$200,000 capital investment to Harding Park</li> <li>• 6.66% of gross operating revenues exceeding \$8,000,000</li> <li>• \$500,000 to RPD if the PGA Tour does not hold a tournament in 2015</li> </ul>
2016	Required	One PGA Tour Playoff Event of the four tournaments in the series of end-of-season tournaments leading up to and including the Tour Championship	<ul style="list-style-type: none"> <li>• \$1,100,000 reimbursement for Harding Park maintenance costs and lost revenues for the PGA Tour Playoff Event, increased by the CPI</li> <li>• A participation fee in the amount by which gross operating revenues exceed \$6,000,000, but not to exceed \$300,000</li> <li>• 6.66% of gross operating revenues exceeding of \$10,000,000</li> </ul>

Year	Required/ Optional	Tournament Type	Facility Use Fee to be Paid to RPD by the PGA Tour
2017 to 2019	Required	One tournament, which could be either: (1) a PGA Tour Playoff Event, (2) the Presidents Cup, (3) a World Golf Championship, or, (4) if PGA Tour decides to hold the 2021 Presidents Cup at Harding Park, a Champions Tour Event	<p><u>PGA Tour Playoff Event or a World Golf Championship:</u></p> <ul style="list-style-type: none"> <li>• \$1,100,000 reimbursement for Harding Park maintenance costs and lost revenues, increased by the</li> <li>• A participation fee in the amount by which gross operating revenues exceed \$6,000,000, but not to exceed \$300,000</li> <li>• 6.66% of gross operating revenues exceeding \$10,000,000</li> </ul> <p><u>Presidents Cup:</u></p> <ul style="list-style-type: none"> <li>• \$1,200,000 reimbursement for Harding Park maintenance costs and lost revenues, increased by the CPI</li> <li>• 6.66% of gross operating revenues exceeding \$10,000,000</li> </ul> <p><u>Champions Tour:</u></p> <ul style="list-style-type: none"> <li>• The average Harding Park maintenance costs for the Championships in 2010, 2011, 2013 and 2015, increased by the CPI</li> <li>• The average lost revenue from the closure of Harding Park for the Championships in 2010, 2011, 2013 and 2015, increased by the CPI</li> <li>• \$200,000 capital investment to Harding Park</li> <li>• 6.66% of gross operating revenues exceeding \$8,000,000</li> </ul>
2021	Optional	The Presidents Cup	<ul style="list-style-type: none"> <li>• \$1,200,000 reimbursement for Harding Park maintenance costs and lost revenues, increased by the CPI</li> <li>• 6.66% of gross operating revenues exceeding \$10,000,000</li> </ul>

The Attachment to this report, prepared by the Budget and Legislative Analyst, shows the estimated net gain (revenues exceeding expenditures) to be received by RPD under the proposed Third Amendment. Under the proposed Third Amendment, the PGA Tour is required to hold tournaments in 2013 and 2016, but has options for holding tournaments in Harding Park in 2015, 2017 to 2019, and 2021, as follows:

- The PGA Tour may hold a tournament in 2015 or may pay RPD a fee of \$500,000 in lieu of holding a tournament;
- The PGA Tour is required to hold a tournament between 2017 and 2019;
- If the PGA Tour does not hold a President’s Cup tournament in 2021, the PGA Tour will hold a PGA Tour Playoff, World Golf Championship or a President’s Cup during 2017 to 2019;
- If the PGA Tour holds a President’s Cup tournament in 2021, the PGA Tour will hold a Champions Tour during 2017 to 2019.

These options result in four different scenarios, as shown in the Attachment.

**RPD's Estimated Net Gain under the Proposed Third Amendment  
Range from a \$521,270 to \$1,256,602**

As shown in Table 4 below, under the proposed Third Amendment, from 2013 through 2021, RPD would realize a net gain in revenues ranging from \$521,270 to \$1,256,602, depending on which options the PGA Tour elects for holding tournaments in Harding Park.

<b>Table 4: Estimated Net Gain to RPD Under the Proposed Third Amendment</b>				
<b>Tournament</b>	<b>Net Revenue (Loss)</b>			
	<b>Option One</b>	<b>Option Two</b>	<b>Option Three</b>	<b>Option Four</b>
2013 Charles Schwab Cup Championship	\$91,148	\$91,148	\$91,148	\$91,148
2015 Charles Schwab or Other (Optional)		59,656		59,656
2015 No Tournament	500,000		500,000	
2016 PGA Tour Playoff Tournament	355,976	355,976	355,976	355,976
2017 PGA Tour Playoff or Other	309,478	309,478		
2017 Champions Tour Tournament			(5,372)	(5,372)
2021 President's Cup (Optional)			19,862	19,862
<b>Total</b>	<b>\$1,256,602</b>	<b>\$816,258</b>	<b>\$961,614</b>	<b>\$521,270</b>

Source: Budget and Legislative Analyst

RPD has never received a percentage of gross operating revenues from PGA Tour tournaments under the existing Master Tournament Agreement. According to Ms. Petrucione, the PGA Tour estimates that the 2016 tournament's gross operating revenues will exceed \$10,000,000 because of changes in the tournament format to include a Pro-Am tournament<sup>13</sup>. However, whether the 2016 tournament will generate gross operating revenues exceeding \$10,000,000, in which RPD would receive 6.66%, is uncertain.

## **POLICY CONSIDERATIONS**

According to Mr. Nick Kinsey, Acting Director of Property and Concession Management for RPD, RPD believes that, rather than placing emphasis on maximizing revenues to the City for the Master Tournament only, the City benefits by holding PGA Tour tournaments at Harding Park which result in an improved golf course. This would not be the case if PGA Tour tournaments were not held at Harding Park. Harding Park's improved condition increases usage of Harding Park and allows RPD to charge higher rates than RPD is able to charge at other RPD golf courses, resulting in increased attendance and revenues at Harding Park. In addition, Harding Park receives international publicity from the PGA Tour tournaments.

According to Ms. Petrucione, RPD has not conducted an economic analysis to date, quantifying the economic benefits of holding PGA Tour events at Harding Park, including increased tourism and the resulting economic activity. RPD should report to the Budget and Finance Committee

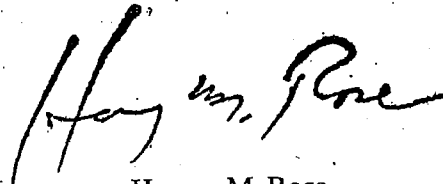
<sup>13</sup> Pro-Am tournaments match professional PGA Tour golfers with amateur golfers on a national scale. According to Ms. Petrucione, the fees paid by the amateur golfers, along with possible increased revenues from local admissions and concession sales associated with this extra event, are estimated to result in Gross Operating Revenues exceeding \$10,000,000.

of the Board of Supervisors after each PGA Tour tournament is held at Harding Park as to (a) RPD's net gain or loss resulting from the tournament, and (b) in the event a net loss is incurred by RPD, the actions that RPD should take to ensure that future tournaments do not result in a net loss to the City.

Although the Budget and Legislative Analyst estimates that approval of the proposed Third Amendment to the Master Tournament Agreement would result in a net gain to the Golf Fund from 2013 through 2021 ranging from \$521,270 to \$1,256,602 (See Table 4 above), there are no assurances that such a net gain will be realized by the City. Because the Golf Fund requires an annual General Fund subsidy, any loss to the Golf Fund may directly impact the General Fund.

## RECOMMENDATION

1. Request that RPD submit a written report to the Budget and Finance Committee of the Board of Supervisors subsequent to the conclusion of each PGA Tour tournament held at Harding Park as to (a) RPD's net revenues or loss for the tournament, and (b) in the event a net loss is incurred, the actions that RPD should take to ensure that future PGA Tour golf tournaments at Harding Park do not result in a net loss to the City.
2. Approval of the proposed resolution is a policy matter for the Board of Supervisors.



Harvey M. Rose

cc: Supervisor Chu  
Supervisor Avalos  
Supervisor Kim  
President Chiu  
Supervisor Campos  
Supervisor Cohen  
Supervisor Elsbernd  
Supervisor Farrell  
Supervisor Mar  
Supervisor Olague  
Supervisor Wiener  
Clerk of the Board  
Cheryl Adams  
Controller  
Kate Howard

Estimated Net Revenue (Loss) to RPD Under Proposed Third Amendment

Option One

	2013 Charles Schwab Championship	2015 (if No. Event)	2016 PGA Tour Playoff Event	2017-19 (if PGA Tour Playoff, or World Golf Championship is held)	Total
Facility Use Fee	\$677,691	\$500,000	\$1,100,000	\$1,100,000	\$3,377,691
Participation Fee	n/a	N/A	300,000	300,000	600,000
6.66% of Gross Operating Revenues	0	0	0	0	0
<b>Total PGA Tour Revenue</b>	<b>677,691</b>	<b>500,000</b>	<b>1,400,000</b>	<b>1,400,000</b>	<b>3,977,691</b>
RPD's Estimated Maintenance Costs	(328,409)	0	(485,680)	(504,261)	(1,318,350)
RPD's Estimated Lost Revenues	(258,134)	0	(558,344)	(586,261)	(1,402,739)
<b>Total RPD Maintenance Costs and Lost Revenue</b>	<b>(586,543)</b>	<b>0</b>	<b>(1,044,024)</b>	<b>(1,090,522)</b>	<b>(2,721,089)</b>
<b>RPD's Estimated Net Gain</b>	<b>\$91,148</b>	<b>\$500,000</b>	<b>\$355,976</b>	<b>\$309,478</b>	<b>\$1,256,602</b>

Prepared by Budget and Legislative Analyst  
Based on estimates provided by RPD

Option 2

	2013 Charles Schwab Championship	2015 Charles Schwab Championship or Other Champions Tour Event	2016 PGA Tour Playoff Event	2017-19 (if PGA Tour Playoff, or World Golf Championship is held)	Total
Facility Use Fee	\$677,691	\$679,674	\$1,100,000	\$1,100,000	\$3,557,365
Participation Fee	n/a	N/A	300,000	300,000	600,000
6.66% of Gross Operating Revenues	0	0	0	0	0
<b>Total PGA Tour Revenue</b>	<b>677,691</b>	<b>679,674</b>	<b>1,400,000</b>	<b>1,400,000</b>	<b>4,157,365</b>
RPD's Estimated Maintenance Costs	(328,409)	(348,974)	(485,680)	(504,261)	(1,667,324)
RPD's Estimated Lost Revenues	(258,134)	(271,044)	(558,344)	(586,261)	(1,673,783)
<b>Total RPD Maintenance Costs and Lost Revenue</b>	<b>(586,543)</b>	<b>(620,018)</b>	<b>(1,044,024)</b>	<b>(1,090,522)</b>	<b>(3,341,107)</b>
<b>RPD's Estimated Net Gain</b>	<b>\$91,148</b>	<b>\$59,656</b>	<b>\$355,976</b>	<b>\$309,478</b>	<b>\$816,258</b>

**Option 3**

	2013 Charles Schwab Championship	2015 (if No Event)	2016 PGA Tour Playoff Event	2017-19 (if Champions Tour is held)	2021 (if Presidents Cup is held)	Total
Facility Use Fee	\$677,691	\$500,000	\$1,100,000	\$679,673	\$1,200,000	\$4,157,364
Participation Fee	n/a	N/A	300,000	n/a	N/A	300,000
6.66% of Gross Operating Revenues	0	0	0	0	0	0
<b>Total PGA Tour Revenue</b>	<b>677,691</b>	<b>500,000</b>	<b>1,400,000</b>	<b>679,673</b>	<b>1,200,000</b>	<b>4,457,364</b>
RPD's Estimated Maintenance Costs	(328,409)	0	(485,680)	(389,610)	(564,564)	(1,768,263)
RPD's Estimated Lost Revenues	(258,134)	0	(558,344)	(295,435)	(615,574)	(1,727,487)
<b>Total RPD Maintenance Costs and Lost Revenue</b>	<b>(586,543)</b>	<b>0</b>	<b>(1,044,024)</b>	<b>(685,045)</b>	<b>(1,180,138)</b>	<b>(3,495,750)</b>
<b>RPD's Estimated Net Gain (Loss)</b>	<b>\$91,148</b>	<b>\$500,000</b>	<b>\$355,976</b>	<b>(\$5,372)</b>	<b>\$19,862</b>	<b>\$961,614</b>

Prepared by Budget and Legislative Analyst  
Based on estimates provided by RPD



Option 4

	2013 Charles Schwab Championship	2015 Charles Schwab Championship or Other Champions Tour Event	2016 PGA Tour Playoff Event	2017-19 (if Champions Tour is held)	2021 (if Presidents Cup is held)	Total
Facility Use Fee	\$677,691	\$679,674	\$1,100,000	\$679,673	\$1,200,000	\$4,337,038
Participation Fee	n/a	N/A	300,000	n/a	N/A	300,000
6.66% of Gross Operating Revenues	0	0	0	0	0	0
<b>Total PGA Tour Revenue</b>	<b>677,691</b>	<b>679,674</b>	<b>1,400,000</b>	<b>679,673</b>	<b>1,200,000</b>	<b>4,637,038</b>
RPD's Estimated Maintenance Costs	(328,409)	(348,974)	(485,680)	(389,610)	(564,564)	(2,117,237)
RPD's Estimated Lost Revenues	(258,134)	(271,044)	(558,344)	(295,435)	(615,574)	(1,998,531)
<b>Total RPD Maintenance Costs and Lost Revenue</b>	<b>(586,543)</b>	<b>(620,018)</b>	<b>(1,044,024)</b>	<b>(685,045)</b>	<b>(1,180,138)</b>	<b>(4,115,768)</b>
<b>RPD's Estimated Net Gain (Loss)</b>	<b>\$91,148</b>	<b>\$59,656</b>	<b>\$355,976</b>	<b>(\$5,372)</b>	<b>\$19,862</b>	<b>\$521,270</b>

Prepared by Budget and Legislative Analyst  
Based on estimates provided by RPD

## 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: \_\_\_\_\_  
Edward L. Moorhouse  
Co-Chief Operating Officer

**“City”**

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

By: \_\_\_\_\_  
PHILLIP A. GINSBERG, General Manager  
Recreation and Park Department

APPROVED BY  
RECREATION AND PARK COMMISSION  
PURSUANT TO  
RESOLUTION NO. \_\_\_\_\_ Dated \_\_\_\_\_

\_\_\_\_\_  
Margaret McArthur, Commission Liaison

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: \_\_\_\_\_  
Anita L. Wood  
Deputy City Attorney

## MASTER TOURNAMENT AGREEMENT

This Master Tournament Agreement ("Agreement") is made as of this 19<sup>th</sup> day of April, 2002, by and between the City and County of San Francisco, acting by and through its Recreation and Parks Commission ("City") and PGA TOUR, Inc., a Maryland corporation ("TOUR"), and for good and valuable consideration, the receipt of which is hereby acknowledged, City and TOUR hereby agree as follows:

1. Championship at Harding Park. On July 1, 1999, the TOUR and the City held a joint press conference to announce that the Harding Park municipal golf course complex in San Francisco ("Harding Park") would become a regular site of the TOUR Championship (the "Championship") if certain improvements to Harding Park were made. Subject to the terms and conditions of this Agreement, TOUR hereby agrees to hold the Championship at Harding Park three (3) times over the nine (9) year period beginning January 1, 2006 (the "Initial Term") or until the TOUR permanently cancels the Championship. TOUR and City shall have the option to renew for three (3) more nine-year terms on the same terms and conditions described herein, by written agreement no later than two (2) years prior to the expiration of the applicable term (each, a "Renewal Term"). TOUR shall have the option to terminate this Agreement by providing City with written notice thereof within (180) one hundred eighty days of the completion of any Championship held at Harding Park if, and only if, (i) at least three Championships have been held at Harding Park pursuant to this Agreement, (ii) average admissions, corporate hospitality sales, merchandise sales, and other gross revenues directly related to the most recent three (3) consecutive Championships held at Harding Park is less than ninety percent (90%) of the average of the gross revenue from the last three (3) Championships held at venues other than Harding Park (the "Revenue Target"), and (iii) TOUR used its good faith efforts to cause the Championships held at Harding Park to meet or exceed the Revenue Target. TOUR shall provide City with at least twelve months written notice of the next scheduled date for the Championship to be held at Harding Park. Notwithstanding the foregoing, if City performs its obligations set forth in Sections 2 and 3 of this Agreement in a timely fashion, TOUR agrees to use its good faith efforts to schedule the first Championship at Harding Park in the fall of 2006.
2. Course Upgrades. TOUR's obligation to hold the Championship at Harding Park is specifically conditioned upon City performing the course upgrades, facilities construction and other improvements to Harding Park as described in Exhibit A attached hereto to the satisfaction of TOUR.
3. Maintenance Standards. TOUR's obligation to hold the Championship at Harding Park is further conditioned upon Harding Park Golf Course achieving course conditions suitable for the Championship, as reasonably determined by the TOUR's Agronomy and Rules and Competitions Departments. The parties agree that the general and Championship-specific course conditioning plans described on Exhibit B attached hereto generally describe such suitable conditions, but that other more specific factors that directly relate to the suitability of the course for the Championship may also be taken into consideration.

**FORM SFEC-126:**  
**NOTIFICATION OF CONTRACT APPROVAL**  
(S.F. Campaign and Governmental Conduct Code § 1.126)

<b>City Elective Officer Information</b> <i>(Please print clearly.)</i>	
Name of City elective officer(s): Members, Board of Supervisors	City elective office(s) held: Members, Board of Supervisors
<b>Contractor Information</b> <i>(Please print clearly.)</i>	
Name of contractor: PGA TOUR, Inc.	
<i>Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.</i> See attached sheet	
Contractor address: 112 PGA TOUR Boulevard, Pnte Vedra Beach, FL 32082	
Date that contract was approved: <i>Subject to Board of Supervisors' and Mayor's approval</i>	Amount of contract: Not to Exceed \$7,000,000
Describe the nature of the contract that was approved: 3 <sup>rd</sup> amendment to Mater Tournament Agreement between the CCSF and PGA TOUR	
Comments:	

This contract was approved by (check applicable):

the City elective officer(s) identified on this form

a board on which the City elective officer(s) serves: San Francisco Board of Supervisors  
Print Name of Board

the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

<b>Filer Information</b> <i>(Please print clearly.)</i>	
Name of filer: Angela Calvillo, Clerk of the Board	Contact telephone number: ( 415 ) 554-5184
Address: City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102	E-mail: Board.of.Supervisors@sfgov.org

\_\_\_\_\_  
Signature of City Elective Officer (if submitted by City elective officer)

\_\_\_\_\_  
Date Signed

\_\_\_\_\_  
Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

\_\_\_\_\_  
Date Signed

**FORM SFEC-126**  
*Attached Sheet*

**PGA TOUR, INC.**

***Board of Directors***

Victor F. Ganzi	Chairman
G. Kennedy Thompson	Independent Director
John B. McCoy	Independent Director
Randall L. Stephenson	Independent Director
Davis M. Love, III	Player Director
Paul D. Goydos	Player Director
Steve C. Stricker	Player Director
Jim Furyk	Player Director
Allen Wronowski	PGA of America Director

***CEO, CFO & COO***

Timothy W. Finchem	Commissioner
Victor F. Ganzi	President
Ronald E. Price	Chief Financial Officer
Edward L. Moorhouse	Co-Chief Operating Officer
Charles L. Zink	Co-Chief Operating Officer

***Ownership***

PGA TOUR, Inc. is a nonprofit, nonstock 501(c)(6) membership organization. No individual has 20% or more ownership interest.

***Subcontractor***

There is no subcontractor listed in the contract.

***Political Committee***

PGA TOUR, Inc. does not sponsor or control any political committee.

