

1 [Agreement for PGA Tour Championship Tournament to be held at Harding Park Golf  
2 Course.]

3 **Resolution Approving and Authorizing a Master Tournament Agreement with PGA**  
4 **Tour, Inc., for the Use of Harding Park Golf Course for the PGA Tour Championship**  
5 **Tournament.**

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8 WHEREAS, The City and County of San Francisco (the "City") owns the Lake Merced  
9 Tract, which property is under the jurisdiction of City's Public Utilities Commission ("PUC") and  
10 a portion of which contains Harding Park and Fleming Golf Courses (together, the "Golf  
11 Courses"). In PUC Resolution No. 10435, dated January 30, 1950, the PUC conferred upon  
12 the Recreation and Park Commission (the "Commission") the right to occupy, use and  
13 improve the Lake Merced Tract for park and recreational purposes and the right to grant  
14 concessions and leases for the use and patronage of the public; and,

15 WHEREAS, In July 1999, the Commission and the Recreation and Park Department  
16 (the "Department") began exploring methods to renovate the Golf Courses (the "Project"),  
17 which consists of upgrading the greens and fairways and improving and constructing new  
18 facilities related to the use and enjoyment by the public of the Golf Courses; and,

19 WHEREAS, The Commission and Department have determined after extensive public  
20 comment and numerous public hearings that the Project is best financed by using public  
21 financing available to the City; and,

22 WHEREAS, PGA Tour, Inc., (the "PGA Tour") has indicated that after the Project is  
23 completed, the PGA Tour will make Harding Park Golf Course the West Coast home of the  
24 PGA Tour Championship (the "Championship"), which will result in payment of a facility fee by  
25 the PGA Tour, in an infusion of revenues to the City generally from expenditures by

1 Championship attendees, and in an increased profile and demand for play at Harding Park  
2 from tourists willing to pay premium rates, thereby subsidizing resident greens fees; and,

3 WHEREAS, A copy of the proposed Master Tournament Agreement (the "Agreement")  
4 between the City and the PGA Tour under regarding holding the Championship at Harding  
5 Park is on file with the Clerk of the Board of Supervisors in File No. \_\_\_\_\_, which is hereby  
6 declared to be a part of this resolution as if set forth fully herein; and,

7 WHEREAS, the Agreement provides that upon completion of the Project by the City,  
8 the PGA Tour will hold the Championship at Harding Park three (3) times over the nine (9)  
9 year period beginning January 1, 2006, unless the PGA Tour permanently cancels the  
10 Championship, and provides for course closure for a short period of time before and during  
11 each Championship held at Harding Park; and,

12 WHEREAS, the initial term of the Agreement is from January 1, 2006, through  
13 January 1, 2015, with options to renew for three (3) additional nine (9) year terms, which the  
14 parties may exercise by mutual written agreement; and,

15 WHEREAS, the Agreement provides that the City and PGA Tour will enter into a  
16 mutually agreeable Tournament Facilities Agreement setting forth specific terms and  
17 conditions of the PGA Tour's use of Harding Park for each Championship during the initial  
18 term of the Agreement; and,

19 WHEREAS, the Agreement requires payment of the following fees to the City: (i) a  
20 base fee in the initial amount of \$250,000, which shall increase by increases in the Consumer  
21 Price Index; (ii) a fee to the local 1<sup>st</sup> Tee chapter at the Golf Courses in the initial amount of  
22 \$500,000, which shall increase by increases in the Consumer Price Index, provided, however,  
23 that in the event net revenues from any Championship held at Harding Park are less than  
24 \$500,000, the 1<sup>st</sup> Tee fee shall be limited to the amount of such net revenues; (iii) a \$250,000  
25 fee for improvements to the Golf Courses, which shall increase by increases in the Consumer

1 Price Index, provided, however, that in the event net revenues from any Championship held at  
2 Harding Park after payment of the 1<sup>st</sup> Tee fee are less than \$250,000, the fee for  
3 improvements shall be limited to the amount of such net revenues; and (iv) after payment of  
4 the foregoing fees, a fifty percent (50%) share of remaining net revenues for use by the City in  
5 connection with local golf or other recreation programs designated by the General Manager of  
6 the Recreation and Park Department (the "General Manager"); and,

7 WHEREAS, The Commission in its Resolution No. \_\_\_\_ approved the Agreement; now,  
8 therefore, be it

9 RESOLVED, That in accordance with the recommendation of the General Manager,  
10 the Board of Supervisors hereby approves the Agreement and the transactions contemplated  
11 thereby, including the options and the mutually agreeable Tournament Facilities Agreement,  
12 and authorizes the Commission, through the General Manager, to execute the Agreement on  
13 behalf of the City, in substantially the form presented to this Board; 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 Agreement  
16 (including, without limitation, the attached exhibits) that the General Manager determines are  
17 in the best interests of the City, do not materially decrease the revenue to the City  
18 contemplated in the Agreement or otherwise materially increase the obligations or liabilities of  
19 the City, and are necessary or advisable to complete the transactions contemplated in the  
20 Agreement and to effectuate the purpose and intent of this resolution; and, be it

21 FURTHER RESOLVED, That the Board of Supervisors authorizes the General  
22 Manager to agree with the PGA Tour to exercise any of the three (3) options to extend the  
23 Agreement and to enter into, with the approval of the City Attorney, a Tournament Facilities  
24 Agreement consistent with the terms set forth in the Agreement; and, be it

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1           FURTHER RESOLVED, That any prior actions taken by City employees or officials  
2 with respect to the Ground Lease are hereby ratified and affirmed.

3 RECOMMENDED:  
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6 General Manager,  
7 San Francisco Recreation and Park Department  
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