



Edwin M. Lee, Mayor
Philip A. Ginsburg, General Manager

Term Sheet
First Amendment B to Lease Agreement
Between CCSF and GGP:

Recitals:

A. City and Tenant entered into a certain Recreation and Park Department (“RPD”) Lease, dated as of December 1, 2004 (the “Lease”), for the lease of certain land and improvements commonly known as McLaren Park Golf Course or the Gleneagles Golf Course, as more particularly described in Section 1 of the Lease (the “Premises”), for the purpose of managing, maintaining and operating a 9-hole golf course located in McLaren Park in San Francisco, and all ancillary activities connected directly to the promotion and management of such golf course.

B. Unless otherwise referred to in this Amendment, capitalized terms shall have the meanings ascribed to them in the Lease.

C. Section 4.6 of the Lease provides Tenant with an option to extend the Term of the Lease for a nine (9) year period, subject to the approval of the Recreation and Park Commission and Board of Supervisors of the City and County of San Francisco, provided that Tenant has successfully completed, to City’s satisfaction, the proposed capital improvements described in Section 8.1 of the Lease and has operated the property and the business in a satisfactory manner. Section 4.6 of the Lease also authorizes the Parties to negotiate in good faith over additions, deletions or modifications to the terms and conditions of the Lease.

D. During the initial Lease Term, Tenant entered into an aggressive project addressing years of deferred maintenance, including performing major tree maintenance that addressed safety issues on the course and opened the greens and fairways to much-needed sunlight. Tenant invested additional funds for interior and exterior improvements to the clubhouse, greens renovations, improvements to cart paths, and new course maintenance equipment and golf carts, exceeding the capital improvement goals set forth in the Lease.

E. During the initial Lease Term, Tenant requested certain modifications to the terms and conditions of the Lease. The Parties reached agreement on the terms of a “First Amendment To Lease” which was approved the Recreation and Park Commission by Resolution 1306-009 on June 20, 2013 and submitted to the Board of Supervisors for approval (hereafter “**First Amendment A**”). Before any action by the Board of Supervisors, Tenant withdrew its agreement to the terms of First Amendment A and requested that the Board of Supervisors take no action on the amendment.

F. Before expiration of the Lease on November 13, 2013, Tenant requested and City approved Tenant’s continued occupancy on a month-to-month holdover basis in accordance with Section 24.13 of the Lease.

G. The Parties have continued to negotiate over potential modifications to the terms and conditions of the Lease for an extension period, subject to approval from the Recreation and Park Commission and the Board of Supervisors.

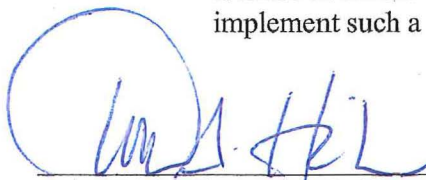


H. RPD will prepare and recommend to the Board of Supervisors legislation amending the San Francisco Park Code to enable Tenant to implement "Flexible Pricing" at Gleneagles on the same terms as the Code authorizes such pricing for Harding Park, Sharp Park, and Lincoln Park Golf Courses and to approve resident rates for golf fees at Gleneagles. Tenant acknowledges that golf fees are subject to approval by the Board of Supervisors and Mayor, each acting within their sole discretion. Tenant agrees to implement any resident rates for golf fees that may be approved by the Board of Supervisors and Mayor upon the effective date of such legislation.

Accordingly, the parties presently desire to amend the Lease to (i) extend the term of the Lease, (ii) update certain standard contractual provisions in the Lease, including provisions that became required after approval of First Amendment A and (iii) modify the Lease in certain other respects, all on the terms and conditions set forth below subject to approval from the Recreation and Park Commission and the Board of Supervisors as the approved terms will be more fully reflected in a First Amendment B to the Lease. All existing terms of the Lease not directly affected by First Amendment A or the agreements set forth below will remain in full force and effect.

1. The Parties reaffirm agreement with the provisions of First Amendment A as it was executed by Tenant and approved by the Recreation and Park Commission on June 20, 2013, provided that the Parties agree that First Amendment B will reflect additional changes to Section 5.8 of the Lease as described in Section 2(b) below.
2. The Parties agree that the following additional terms will be incorporated into First Amendment B for consideration by the Recreation and Park Commission and the Board of Supervisors:
 - a. Notwithstanding the terms of Section 9.29(a) of the Lease, upon approval and execution of First Amendment B, Landlord shall assume responsibility for 50% of San Francisco Public Utilities Commission charges for water usage on the Premises, provided that City shall not assume responsibility for the cost of more than 12,500 units annually. In addition, the Parties acknowledge that historic charges to Tenant for water delivered to the Premises may have included charges from the Leland meter attributable to City use at or in connection with the Herz Playground. Accordingly, Landlord shall assume responsibility for \$9,300 in Tenant's unpaid charges from the San Francisco Public Utilities Commission for water usage on the Premises prior to approval of First Amendment B.
 - b. Notwithstanding the terms of Section 9.2(a) of the Lease, upon approval and execution of First Amendment B, Landlord will assume responsibility to pay reasonable and customary charges for electricity (as measured by historic usage) as well as for sewer service delivered to the Premises after approval and execution of First Amendment B.


- c. The Parties acknowledge that the current condition of the Premises may reflect deferred maintenance needs that accrued before commencement of the Lease. Accordingly, notwithstanding the terms of Section 9 of the Lease, the Parties agree that Tenant, with prior written approval from the Commission, may deduct approved expenses for deferred maintenance or emergency repairs as rent credits, provided that such credit in any year shall not exceed Tenant's rent for the previous year.
- d. In the event the reasonably estimated cost of any particular extraordinary repair exceeds \$150,000 and Landlord and Tenant cannot agree on the necessity of such repair, the schedule for such repair, and responsibility for payment for such repair, Landlord will authorize Tenant to terminate the lease early, provided that Tenant delivers a written early termination notice to Landlord within 180 days after Landlord's receipt of Tenant's written request for the performance of such extraordinary repair.
- e. City recognizes and acknowledges the public purpose served by Tenant's collaboration with the First Tee of San Francisco and supports continuation of this collaboration consistent with the terms of the Lease and applicable law. Further, City recognizes the public purpose that could be served by Tenant's proposal to collaborate with the Laborers Community Training Fund / Local 261 to implement a pre-apprentice job training program, and RPD consents, in its proprietary capacity as Landlord, to implementation of such a program on the Premises consistent with the terms of the Lease and all applicable law and in accordance with a written annual operations plan approved in advance by the Department, provided that RPD retains discretion to terminate its consent to such implementation on the Premises to the extent it may be necessary to protect the public health, safety or welfare.
- f. Landlord will purchase a license at City's sole cost enabling Tenant to use the EZLinks tee-time reservation system on the same terms and schedule on which it is made available to other City-owned golf courses and Tenant agrees to implement such a reservation system within 30 days of receiving such license.



Tom Hsieh, Gleneagles Golf Partners, LP

8/19/14

Date



Philip A. Ginsburg, General Manager
San Francisco Recreation and Park Department

8/25/14

Date