

File No. 140979

Committee Item No. 2

Board Item No. 2

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date October 15, 2014

Board of Supervisors Meeting

Date October 28, 2014

Cmte Board

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OTHER (Use back side if additional space is needed)

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Recreation and Park Commission Resolution No 1468-608</u> |
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Completed by: Linda Wong Date October 10, 2014

Completed by: L.W. Date October 16, 2014

[Park Code - Flexible Pricing at Gleneagles Golf Course; Lease Amendment - Gleneagles Golf Partners, LP - Operation of Gleneagles Golf Course - Percentage of Gross Revenues]

Ordinance amending the Park Code to authorize flexible pricing at Gleneagles Golf Course in McLaren Park; approving the amendment and extension of a nine-year lease with Gleneagles Golf Partners, LP, for operation of the Gleneagles Golf Course commencing on the effective date of this Ordinance and ending November 30, 2022, for 7% of gross revenues, subject to conditions, incentives, participation rent, and rent credits; and affirming the Planning Department's determination under the California Environmental Quality Act.

NOTE: Unchanged Code text and uncodified text are in plain Arial font. Additions to Codes are in *single-underline italics Times New Roman font*. Deletions to Codes are in *strikethrough italics Times New Roman font*. Board amendment additions are in double-underlined Arial font. Board amendment deletions are in ~~strikethrough Arial font~~. Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco:

Section 1. The Planning Department has determined that the actions contemplated in this ordinance comply with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.). Said determination is on file with the Clerk of the Board of Supervisors in File No. 140979 and on the Board's website and is incorporated herein by reference. The Board affirms this determination.

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Section 2. The Park Code is hereby amended by revising Section 12.12 to read as follows:

1 **SEC. 12.12. GOLF FEES – GENERAL.**

2 (a) Authorization. The Recreation and Park Department (the "Department") is hereby
3 authorized to charge fees at the San Francisco municipal golf courses at Harding Park,
4 Fleming, Lincoln Park, Sharp Park, Golden Gate Park, and McLaren Park (collectively, the
5 "Golf Courses") in the manner and in conformance with the standards set forth herein. The
6 Department and the Controller shall adjust golf fees in accordance with Section 12.20 of this
7 Article.

8 * * * *

9 (d) Flexible Pricing. At Harding Park, McLaren Park, Sharp Park and Lincoln Park golf
10 courses only, the Department's General Manager or his or her designee may approve
11 temporary fee increases and/or decreases from time to time based on fluctuations in customer
12 demand at those three courses as follows:

13 (1) discounts of not more than 25 percent for greens fees;

14 (2) increases of up to 50 percent for all non-resident fees and tournament fees;

15 and

16 (3) increases of up to 25 percent for resident fees.

17 * * * *

18
19 Section 3. Approval of Lease Amendment for Gleneagles Golf Course.

20 (a) Findings.

21 (1) The City and Gleneagles Golf Partners, LP ("Tenant") entered into a lease
22 with the Recreation and Park Department, dated as of December 1, 2004 (the "Lease"), for
23 the lease of certain land and improvements commonly known as McLaren Park Golf Course
24 or the Gleneagles Golf Course (the "Premises"), for the purpose of managing, maintaining and

1 operating a nine-hole golf course and all ancillary activities connected directly to the
2 promotion and management of such golf course.

3 (2) The initial term of the Lease was scheduled to expire on November 30,
4 2013. Section 4.6 of the Lease provides Tenant with an option to extend the Term of the
5 Lease for a nine year period, subject to the approval of the Recreation and Park Commission
6 (the "Commission") and Board of Supervisors, provided that Tenant has successfully
7 completed, to the City's satisfaction, the proposed capital improvements described in Section
8 8.1 of the Lease and has operated the property and the business in a satisfactory manner.

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

15 (4) Due to Tenant's management of the golf course, Golf World mentioned
16 Gleneagles as one of the top 20 nine-hole courses in the United States in 2009, and the
17 course is regularly mentioned in golf publications citing its unique design and quality of play.

18 (5) Tenant has successfully cooperated with The First Tee of San Francisco's
19 satellite location at Visitacion Valley Middle School to offer course time for more advanced
20 students, who play at the course alongside seasoned golfers. Accordingly, Tenant not only
21 satisfied the requirement to perform the proposed capital improvements described in Section
22 8.1 of the Lease, but under Tenant's sound management the golf course has gone from being
23 an isolated space to being a lively and integrated part of McLaren Park and the surrounding
24 neighborhood.

1 (6) In addition to providing for the extension option, Section 4.6 of the Lease
2 also authorizes the parties to negotiate in good faith regarding additions, deletions or
3 modifications to the terms and conditions of the Lease in connection with an extension of the
4 Lease term. Prior to the expiration of the initial term of the Lease, Tenant exercised the
5 extension option and the parties commenced negotiations regarding potential modifications to
6 the terms and conditions of the Lease for the extension term.

7 (7) The negotiations regarding modifications to the terms and conditions of the
8 Lease for the extension term were not concluded by the scheduled November 30, 2013
9 expiration of the initial term of the Lease, so prior to such initial term expiration date Tenant
10 requested and the City approved Tenant's continued occupancy of the Premises on a month-
11 to-month holdover basis in accordance with Section 24.13 of the Lease.

12 (8) On August 21, 2014, the Commission approved terms and conditions for
13 extension and amendment of the lease held by Gleneagles Golf Partners, LP that
14 commenced December 1, 2004 for the option term, as contemplated in Section 4.6 of the
15 Lease, and authorized Recreation and Park Department staff to prepare a Lease amendment
16 for consideration and possible approval by Board of Supervisors, consistent with the approved
17 terms and conditions applicable to the extended term.

18 (9) Recreation and Park Department staff and Tenant have reached agreement
19 on modifications to the terms and conditions of the Lease consistent with the modifications
20 approved by the Commission for the extension term, subject to approval by the Board of
21 Supervisors, and presently desire amend the Lease to (i) extend the term of the Lease
22 through November 30, 2022, (ii) update certain standard contractual provisions in the Lease,
23 and (iii) modify the Lease to authorize rent credits for improvements, deferred maintenance
24 and emergency repairs requested and/or approved by the City, authorize Tenant to terminate
25 the Lease if the City and Tenant cannot agree on necessity, schedule or cost allocation for an

1 extraordinary repair estimated to exceed \$150,000, require Tenant to implement an
2 automated reservation system provided by the City on the same terms and schedule as other
3 City owned golf courses, approve City payment of 50% of Tenant's water charges up to a
4 maximum of 12,500 units annually, all as further explained in the First Amendment to Lease.

5 (b) The Board of Supervisors hereby approves and authorizes the execution of the First
6 Amendment to Lease in substantially the form on file with the Clerk of the Board of
7 Supervisors in File No. 140979, for the lease and operation of the Gleneagles Golf Course
8 through November 30, 2022.

9 (c) Within 30 days of the contract being executed by all parties, the Recreation and
10 Park Department shall submit to the Clerk of the Board of Supervisors a completely executed
11 copy for inclusion in File No. 140979. This requirement and obligation resides with the
12 Recreation and Park Department, and is for purposes of having a complete file only, and in no
13 manner affects the validity of the approved contract.

14
15 Section 4. Effective Date. This ordinance shall become effective 30 days after
16 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
17 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
18 of Supervisors overrides the Mayor's veto of the ordinance.

19
20 Section 5. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
21 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
22 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
23 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment

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additions, and Board amendment deletions in accordance with the "Note" that appears under the official title of the ordinance.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: 
Julia M. C. Friedlander
Deputy City Attorney

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LEGISLATIVE DIGEST

[Park Code - Flexible Pricing at Gleneagles Golf Course; Lease Amendment - Gleneagles Golf Partners, LP - Operation of Gleneagles Golf Course - Seven Percent Gross Revenues Per Conditions and Incentives]

Ordinance amending the Park Code to authorize flexible pricing at Gleneagles Golf Course in McLaren Park; approving the amendment and extension of a lease with Gleneagles Golf Partners, LP for operation of the Gleneagles Golf Course commencing on the effective date of this ordinance and ending November 30, 2022, for seven percent of gross revenues, subject to conditions, incentives, participation rent and rent credits, and affirming the Planning Department's determination under the California Environmental Quality Act.

Existing Law

1. Section 12.12 of the Park Code currently authorizes operators of the Harding Park, Sharp Park, and Lincoln Park golf courses to charge flexible fees when authorized by the General Manager of the Recreation and Park Department (RPD) in order to address fluctuations in customer demand.
2. Flexible fees may include discounts up to 25% for greens fees, increases up to 50% for non-residents and tournaments, and increases up to 25% for residents.

Amendments to Current Law

1. The proposed ordinance would extend authorization to charge flexible pricing to the McLaren Park or "Gleneagles" Golf Course.
2. The proposed ordinance would also approve extension through November 30, 2022, of the lease held by Gleneagles Golf Partners that was initially entered in December, 2004, and has been operated on a month-to-month basis since expiration of the initial nine year term in November, 2013.
3. The proposed ordinance would also approve modifications to the terms of the existing lease, which would go into effect on the effective date of this ordinance, to authorize certain rent credits, reduce Tenant responsibility for water charges, and require Tenant to implement an automated reservation if and when it is provided by RPD.

Background Information

At the request of the tenant, the Recreation and Park Department agreed to seek Board approval of flexible pricing during negotiations over the lease amendment and extension.

LEGISLATIVE DIGEST

[Park Code - Flexible Pricing at Gleneagles Golf Course; Lease Amendment - Gleneagles Golf Partners, LP - Operation of Gleneagles Golf Course - Seven Percent Gross Revenues Per Conditions and Incentives]

Ordinance amending the Park Code to authorize flexible pricing at Gleneagles Golf Course in McLaren Park; approving the amendment and extension of a lease with Gleneagles Golf Partners, LP for operation of the Gleneagles Golf Course commencing on the effective date of this ordinance and ending November 30, 2022, for seven percent of gross revenues, subject to conditions, incentives, participation rent and rent credits, and affirming the Planning Department's determination under the California Environmental Quality Act.

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Background Information

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Item 2
File 14-0979

Department:
Recreation and Park Department (RPD)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed ordinance would (a) amend the Park Code to authorize flexible pricing at Gleneagles Golf Course in McLaren Park; (b) approve the First Amendment to the existing lease, which exercises the option to extend the existing lease by approximately eight years with Gleneagles Golf Partners, for management, operation and maintenance of the Gleneagles Golf Course commencing on the effective date of this ordinance and ending November 30, 2022 at a base rent of seven percent of annual gross revenues, subject to conditions, incentives, participation rent and rent credits; and (c) affirm the Planning Department's determination under the California Environmental Quality Act (CEQA).

Key Points

- Based on a Request for Proposal (RFP) process, to which Gleneagles Golf Partners was the only respondent, on November 29, 2004, the Recreation and Park Commission approved a lease between RPD as landlord, and Gleneagles Golf Partners, as tenant, for management, maintenance and operation of the Gleneagles 9-hole golf course in McLaren Park.
- The original lease was for a nine-year term from December 1, 2004 through November 30, 2013, and included one nine-year option to extend. Due to ongoing negotiations over lease modifications between Gleneagles Golf Partners and RPD, the RPD General Manager approved a month-to-month extension of the lease effective December 1, 2013.

Fiscal Impact

- Base rent of 7% of annual gross revenues is to be paid by Gleneagles Golf Partners to RPD under the existing and proposed lease. Gleneagles Golf Partners realized total gross revenues of \$5,314,738 over the nine-year, seven-month existing lease from December 1, 2004 through June 30, 2014 and paid RPD total base rent of \$372,032 or an average of \$38,820 annually.
- Gleneagles Golf Partners is estimated to earn total gross revenues of \$4,420,756 from July 1, 2014 through November 30, 2022, and based on 7% of gross revenues would pay RPD an estimated \$309,453, or an average of \$36,767 annually. However, Gleneagles Golf Partners may deduct the cost of completing deferred maintenance from the base rent, with written approval from RPD Commission, such that RPD does not project to receive any base rent.
- In addition, RPD estimates expending approximately \$68,000 annually for water, sewer and electric charges, which are not currently being paid by RPD under the existing lease. Overall, RPD would incur an estimated average annual net loss of \$106,820.

Policy Consideration

- The FY 2014-15 RPD budget reflects projected expenditures exceeding revenues at each of the RPD's four other golf courses. The General Fund supports net losses to RPD's golf fund.

Recommendations

- Amend the title of the proposed ordinance to delete the words "nine year" on page 1, line 5.
- Approval of the proposed ordinance, as amended, is a policy decision for the Board of Supervisors.

MANDATE STATEMENT / BACKGROUND**Mandate Statement**

In accordance with City Charter Section 9.118(c), any lease exceeding ten years or that has anticipated revenue of \$1,000,000 or more is subject to approval by the Board of Supervisors.

Background

Based on a Request for Proposal (RFP) process, to which Gleneagles Golf Partners, LP (Gleneagles Golf Partners) was the only respondent, on November 29, 2004, the Recreation and Park Commission approved a lease between the Recreation and Park Department (RPD) as landlord, and Gleneagles Golf Partners, as tenant, for management, maintenance and operation of the Gleneagles 9-hole golf course in McLaren Park (Resolution #0411-010). According to Mr. Tom Hart, Property Manager at RPD, RPD provides maintenance at the other four¹ City golf courses with RPD staff, but does not provide maintenance at Gleneagles Golf Course in McLaren Park. Under this lease, Gleneagles Golf Partners is responsible for all of the following activities:

- Taking reservations;
- Registering players;
- Collecting greens fees;
- Providing golf instruction;
- Operating a golf shop and driving range;
- Providing building maintenance;
- Providing food and beverage services; and
- Providing maintenance of the golf course.

The original lease was for a nine-year term from December 1, 2004 through November 30, 2013, and included one nine-year option to extend, if the Gleneagles Golf Partners operated the property and business in a satisfactory manner and completed the following specified capital improvements at a minimum cost of \$250,000:

- Renovations to the clubhouse, kitchen, restrooms and adjacent patio;
- Renovations to the maintenance building;
- Purchasing course maintenance equipment and seven golf carts;
- Completing extensive fence repairs and installing a new front gate; and
- Performing extensive deferred tree work to eliminate safety hazards, to stem the spread of turf diseases and to bring needed sunlight and air to the playing surfaces.

Mr. Hart advises that all of the above capital improvements were completed at a cost of \$254,250 by Gleneagles Golf Partners. Mr. Hart notes that Gleneagles Golf Partners also completed a \$150,000 greens renovation project, for a total of \$404,250 in capital

¹ The other four City golf courses are Harding Park, Lincoln Park, Sharp Park and Golden Gate Park.

improvements. Mr. Hart also reports that Gleneagles Golf Partners significantly opened the Gleneagles Golf Course to youth programs, including First Tee, and the overall community.

Due to ongoing negotiations over potential lease modifications between Gleneagles Golf Partners and RPD, on November 21, 2013, the RPD General Manager approved a month-to-month extension of the lease effective December 1, 2013, in accordance with Section 24.13 of the existing lease terms.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would (a) amend the Park Code to authorize flexible pricing at Gleneagles Golf Course in McLaren Park; (b) approve the First Amendment to the existing lease, which exercises the option to extend the existing lease by approximately eight years with Gleneagles Golf Partners, for management, operation and maintenance of the Gleneagles Golf Course commencing on the effective date of this ordinance and ending November 30, 2022 at a base rent of seven percent of annual gross revenues, subject to conditions, incentives, participation rent and rent credits; and (c) affirm the Planning Department's determination under the California Environmental Quality Act (CEQA).

Park Code Amendment

The proposed ordinance would amend Section 12.12(d) of the City's Park Code to authorize temporary fee increases and/or decreases from time to time based on fluctuations in customer demand at Gleneagles Golf Course in McLaren Park, subject to approval by the Recreation and Park Department General Manager or his designee. As specified in the Park Code, such flexible pricing would include:

1. Discounts up to 25% for greens fees;
2. Increases of up to 50% for all non-resident fees and tournament fees; and
3. Increases of up to 25% for resident fees.

Currently, Park Code Section 12.12(d) authorizes such flexible pricing at Harding Park, Sharp Park and Lincoln Park golf courses. Mr. Hart advises that this flexible pricing provision is intended to allow more sensitive pricing to attract more users to City golf courses at less-than-peak or higher use times, in order to generate additional revenues. According to Mr. Hart, such flexible pricing has primarily been used at Harding Park to allow discounted fees to accommodate the aeration of the greens and to allow increased fees before and after tournaments are scheduled, when Harding Golf Course is in prime condition.

Mr. Hart anticipates that the proposed flexible pricing would likely be used at Gleneagles Golf Course, subject to approval by the RPD General Manager or his designee, to provide discounted fees if the weather is particularly cold and/or rainy, or at certain times of the day

when tee times would otherwise go unused, and to provide increased fees if another San Francisco golf course is closed for a tournament or undergoing maintenance.

Proposed Amendment and Extension of Lease

Table 1 below provides a summary comparison of the existing and proposed lease terms.

Table 1: Summary of Existing Nine-Year Lease and Proposed Nine-Year Lease Extension

| Provisions | Existing Lease | Proposed Lease Extension |
|-------------------------------|---|---|
| Term | <ul style="list-style-type: none"> 9 years (December 1, 2004 to November 30, 2013); Extended on month to month basis, effective December 1, 2013. | <ul style="list-style-type: none"> 8 years (December 1, 2014 through November 30, 2022) |
| Options to further extend | <ul style="list-style-type: none"> One nine-year option to extend | <ul style="list-style-type: none"> None |
| Adjacent Semi-Paved Lot | <ul style="list-style-type: none"> Part of leased premises for lessee to develop use | <ul style="list-style-type: none"> Deleted from leased premises for lessee's use; RPD assessing lot for another use. |
| Base Rent | <ul style="list-style-type: none"> 7% of annual gross revenues | <ul style="list-style-type: none"> 7% of annual gross revenues |
| Additional Participation Rent | <ul style="list-style-type: none"> 2% of annual gross revenues that exceed 20% over 2003; 3% that exceed 30%. | <ul style="list-style-type: none"> 2% of annual gross revenues that exceed 20% over 2003; 3% that exceed 30% |
| Rent Credits | If City requests improvements which lessee agrees to perform, with approval from RPD Commission, lessee may deduct such costs from base rent. | <ul style="list-style-type: none"> Same as existing lease. In addition, lessee, with written approval from RPD Commission, may deduct costs for deferred maintenance or emergency repairs from base rent. |
| Maintenance and Repairs | Lessee is responsible for all maintenance and repairs, at lessee's sole expense. | <ul style="list-style-type: none"> Same as existing lease. In addition, if extraordinary repairs exceed \$150,000 and RPD and lessee cannot agree on terms, RPD can authorize termination of lease early, with 180 days written notice. |
| Utilities and Janitorial | Lessee responsible for installing, maintaining and paying for all utilities, including gas, electric, water, sewer, telephone, trash and janitorial services. | <ul style="list-style-type: none"> RPD to assume 50% of water charges, up to 12,500 units annually. RPD to assume \$9,300 in prior unpaid water charges. RPD to assume all electric and sewer charges. |
| EZLinks System | Not applicable. | <ul style="list-style-type: none"> RPD to purchase EZLinks or a similar tee-time reservation system license at estimated cost of \$1,200 per month, to be used by lessee. |

Although the existing lease allows for one nine-year option to extend, given that the existing lease has already been extended on a month-to-month basis for approximately one year, the proposed lease extension would be for an additional eight years, commencing approximately December 1, 2014 through November 30, 2022. Therefore, the title of the proposed ordinance should be amended to delete the words "nine year" on page 1, line 5.

California Environmental Quality Act (CEQA)

The proposed ordinance would affirm the Planning Department's determination under CEQA.

FISCAL IMPACT

Gleneagles Golf Course Rates

Based on an increase of \$1 for each golf course rate effective on September 5, 2014, the current Gleneagles Golf Course Rates are shown in Table 2 below.

Table 2: Current Gleneagles Golf Course Rates

| | Weekdays | Weekend (Friday-Sunday) |
|-----------------------------|----------|----------------------------|
| Standard (9 holes) | \$20 | \$23.50 |
| Standard (18 holes) | 28 | 35.50 |
| Senior (65 years and older) | 16 | - |
| Junior | 16 | - |

Mr. Hart notes that all four of the other City golf courses currently charge different rates for San Francisco residents versus non-residents. Mr. Hart advises that RPD will evaluate and propose new resident and non-resident rates in 2015 for Gleneagles Golf Course, subject to approval by the RPD Commission and the Board of Supervisors.

Existing and Projected Base Rent

As shown in Table 1 above, the base rent of 7% of annual gross revenues to be paid by Gleneagles Golf Partners to RPD will remain the same as is being paid under the existing lease. According to Mr. Hart, the base rent of 7% of annual gross revenues was determined by the Gleneagles Golf Partners response pursuant to the RFP issued in 2004. Mr. Hart notes that prior to 2004, the previous operator of the Gleneagles Golf Course paid 6% of annual gross revenues to RPD. Mr. Hart states that the rents paid at Gleneagles Golf Course are not comparable to those paid at other RPD golf courses because the 9-hole Gleneagles Golf Course at McLaren

Park is the only golf course that is entirely maintained by the golf course operator and not by RPD staff.

As shown in Table 3 below, Gleneagles Golf Partners realized total gross revenues of \$5,314,738 over the nine-year, seven-month existing lease from December 1, 2004 through June 30, 2014. During this period, Gleneagles Golf Partners paid RPD total rent of \$372,032 or an average of \$38,820 annually.

**Table 3: Gleneagles Golf Course Gross Annual Revenues and Base Rent Paid to RPD
December 1, 2004 through June 30, 2014**

| Fiscal Year | Gross Annual Revenue | RPD Base Rent Revenue (7% of Annual Gross Revenues) |
|--------------|----------------------|--|
| 2004-05* | \$338,403 | \$23,688 |
| 2005-06 | 672,942 | 47,106 |
| 2006-07 | 712,113 | 49,848 |
| 2007-08 | 642,831 | 44,998 |
| 2008-09 | 662,408 | 46,369 |
| 2009-10 | 562,949 | 39,406 |
| 2010-11 | 381,718 | 26,720 |
| 2011-12 | 483,154 | 33,821 |
| 2012-13 | 443,071 | 31,015 |
| 2013-14 | 415,149 | 29,060 |
| Total | \$5,314,738 | \$372,032 |

*Reflects seven months from December 1, 2004 to June 30, 2005.

Although RPD does not audit the expenditures incurred by the lessee, according to Mr. Hart, Gleneagles Golf Partners advise that they expend approximately \$500,000 per year to operate and maintain the Gleneagles Golf Course. Mr. Hart advises that all City golf courses have experienced a decrease in revenues since 2009 as the golf industry nationwide realized less revenue during the slower economic times.

As shown in Table 4 below, Gleneagles Golf Partners is estimated to earn total gross annual revenues of \$4,420,756 from the Gleneagles Golf Course from July 1, 2014 through November 30, 2022, over the course of the extended lease. Based on the annual base rent of 7% of gross revenues payable by Gleneagles Golf Partners to RPD, this would result in an estimated \$309,453 in rent being paid to RPD, or an average of \$36,767 annually. Comparing actual revenues realized from FY 2004-05 through FY 2013-14 in Table 3 above to projected revenues to be realized from FY 2014-15 through FY 2022-23 as shown in Table 4 below indicates lower average projected gross revenues and base rent to be paid to RPD over the next eight years.

Table 4: Gleneagles Golf Course Estimated Total Revenues and RPD Base Rent for Fiscal Years FY 2014-15 through November 30, 2022

| Fiscal Year | Gross Annual Revenue | RPD Base Rent Revenue (7% of Annual Gross Revenues) |
|--------------|----------------------|--|
| 2014-15 | \$470,054 | \$32,904 |
| 2015-16 | 484,156 | 33,891 |
| 2016-17 | 498,680 | 34,908 |
| 2017-18 | 513,641 | 35,955 |
| 2018-19 | 529,050 | 37,034 |
| 2019-20 | 544,921 | 38,144 |
| 2020-21 | 561,269 | 39,289 |
| 2021-22 | 578,107 | 40,467 |
| 2022-23* | 240,878 | 16,861 |
| Total | \$4,420,756 | \$309,453 |

*Reflects five months from July 1, 2022 through November 30, 2022.

Participation Rent

As shown in Table 1 above, the existing and proposed lease includes additional participation rent of 2% of annual gross revenues that exceed \$793,954 (20% more than 2003 rent of \$661,628), and 3% of annual gross revenues that exceed \$860,117 (30% more than 2003 of \$661,628). However, Mr. Hart advises that under the existing lease, Gleneagles Golf Partners has never met the threshold to require payment of any participation rent to the RPD. Participation rent is also not expected to be paid under the proposed lease because the annual gross revenue thresholds are not expected to be met.

Maintenance and Repair Costs

Although Gleneagles Golf Partners is currently responsible for paying for all maintenance and repairs at the golf course, under the proposed lease extension, Gleneagles Golf Partners may deduct the cost of completing deferred maintenance or emergency repair costs from the base rent, up to the amount of the base rent, with written approval from RPD Commission. Given the level of deferred maintenance and repairs required at Gleneagles Golf Course, Mr. Hart estimates Gleneagles Golf Partners will request rent credits equal to the amount of the base rent that would otherwise be paid to RPD, as shown in Table 4 above.

In addition, if extraordinary repairs exceed \$150,000 and RPD and Gleneagles Golf Partners cannot agree on the terms for repairs and payments, RPD can authorize termination of the subject lease, with 180 days written notice.

Utility Expenses

While Gleneagles Golf Partners is currently responsible for all utility expenses, under the proposed lease, RPD will assume 50% of the San Francisco Public Utilities Commission (SFPUC) water charges, up to 12,500 units² annually as well as all sewer and electric charges. Mr. Hart advises that this change was included because SFPUC water rates increased from \$3.25 per unit to \$5.26 per unit on July 1, 2014, resulting in significant additional annual expense for the Gleneagles Golf Partners. Mr. Hart notes that RPD’s assumption of the sewer and electric expenses are not expected to be significant. Mr. Hart notes that currently RPD pays all maintenance expenses on all RPD golf courses, which includes water and sewer charges³, except Gleneagles Golf Course.

Depending on annual rainfall, Mr. Hart estimates that Gleneagles Golf Course will use approximately 30,000 units of water annually. Therefore, while RPD would pay up to 12,500 units of water, Gleneagles Golf Partners would be responsible for paying the balance of 17,500 units of water charges to the SFPUC. Assuming RPD is required to pay 12,500 annual units of water at the current rate of \$5.26 per unit of water, RPD anticipates expending \$65,750 annually for water. Including sewer and electric charges, RPD estimates expending a total of approximately \$68,000 annually, which is not currently being paid by RPD under the existing lease.

Based on a negotiated settlement, RPD will also pay \$9,300 in one-time prior water charges owed by Gleneagles Golf Partners to the SFPUC, due to a long dispute regarding leaks in two water lines into an adjacent RPD playground.

Overall Fiscal Impact

In summary, although the proposed negotiated lease extension provides for the same base rent of 7% of annual gross revenues to be paid by Gleneagles Golf Partners to RPD, RPD does not anticipate receiving any base rent revenues, because Gleneagles Golf Partners may deduct the cost of completing deferred maintenance or emergency repair costs from the annual base rent as rent credits up to the amount of the base rent, with written approval from RPD Commission. In addition, RPD estimates expending \$68,000 annually for water, sewer and electric charges. Overall, RPD would incur an estimated average annual net loss of \$106,820, as shown in Table 5 below.

Table 5: Annual Fiscal Impacts

| Gleneagles Golf Course | Current | Proposed | Total Annual |
|-------------------------------|-----------------|-------------------|---------------------|
| Average Base Rent | \$38,820 | \$36,767 | (\$2,053) |
| Rent Credits | | (36,767) | (36,767) |
| Water, Sewer & Electric | | (68,000) | (68,000) |
| Total | \$38,820 | (\$68,000) | (\$106,820) |

² One unit of water is equal to one hundred cubic feet (Ccf) of water.

³ Mr. Hart notes that responsibility for paying electric charges varies by RPD golf course.

This projected annual net loss of approximately \$106,820 to RPD, summarized in Table 5 above, is in comparison to the current average annual revenue of \$38,820 received over the past ten years from Gleneagles Golf Partners, as summarized in Table 3 above.

In addition, RPD will incur a one-time \$9,300 prior water charge to the SFPUC.

Mr. Hart notes that all RPD golf course revenues and expenses are supported through RPD's Golf Fund, such that any shortfall (expenditures in excess of revenues) resulting from the Gleneagles Golf Course will be funded by the City's General Fund.

POLICY CONSIDERATION

As shown in Table 6 below, the current FY 2014-15 RPD budget reflects projected expenditures exceeding revenues at each of the RPD's four other golf courses, ranging from \$41,167 at Golden Gate Park Golf Course to \$2,453,878 at Harding Park Golf Course.

Table 6: FY 2014-15 Budgeted Revenues and Expenditures for Four Other RPD Golf Courses

| RPD Golf Courses | Harding Park | Lincoln Park | Sharp Park | Golden Gate Park |
|------------------|---------------|--------------|-------------|------------------|
| Revenues | \$7,206,953 | \$900,000 | \$1,075,000 | \$260,000 |
| Expenses | (9,660,831*) | (1,393,362) | (1,301,169) | (301,167) |
| Annual Net Loss | (\$2,453,878) | (\$493,362) | (\$226,169) | (\$41,167) |

*Includes \$1,180,000 Open Space payment and \$330,000 capital fund set-aside.

If the proposed lease extension is approved, Gleneagles Golf Course will also operate at an annual net loss of approximately \$106,820 for RPD. As noted above, net losses in the Golf Fund are supported by the City's General Fund. Therefore, approval of the proposed ordinance is a policy decision for the Board of Supervisors.

RECOMMENDATIONS

1. Amend the title of the proposed ordinance to delete the words "nine year" on page 1, line 5.
2. Approval of the proposed ordinance, as amended, is a policy decision for the Board of Supervisors.



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.

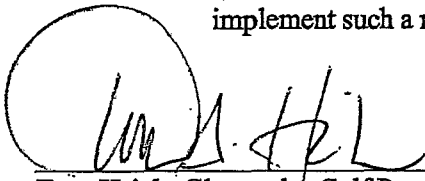
G. The Parties have continued to negotiate over potential modifications to the terms and conditions of the Lease for an extension period, subject to approval from the Recreation and Park Commission and the Board of Supervisors.

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.

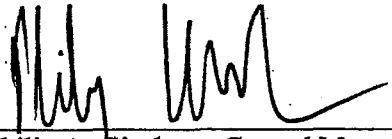
- c. The Parties acknowledge that the current condition of the Premises may reflect deferred maintenance needs that accrued before commencement of the Lease. Accordingly, notwithstanding the terms of Section 9 of the Lease, the Parties agree that Tenant, with prior written approval from the Commission, 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

FIRST AMENDMENT TO LEASE
(McLaren Park Golf Course, San Francisco, California)

THIS FIRST AMENDMENT TO LEASE (this "Amendment") is made as of _____, 2014, by and between CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, acting by and through the Recreation and Park Commission ("City" or "Landlord"), and GLENEAGLES GOLF PARTNERS, LP, a California limited partnership ("Tenant").

RECITALS

THIS AMENDMENT is made with reference to the following facts and circumstances:

A. City and Tenant entered into that certain Recreation and Park Department 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. The initial term of the Lease was scheduled to expire on November 30, 2013. 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 (the "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.

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. Due to Tenant's management of the golf course, Golf World mentioned Gleneagles as one of the top 20 9-hole courses in the United States in 2009, and the course is regularly mentioned in golf publications citing its unique design and quality of play. Further, Tenant has successfully cooperated with The First Tee of San Francisco's satellite location at Visitacion Valley Middle School to offer course time for more advanced students, who play at the course alongside seasoned golfers. Accordingly, Tenant not only satisfied the requirement to perform the proposed capital improvements described in Section 8.1 of the Lease, but under Tenant's sound management the golf course has gone from being an isolated space into being a lively and integrated part of McLaren Park and the surrounding neighborhood.

E. In addition to providing for the extension option, Section 4.6 of the Lease also authorizes the Parties to negotiate in good faith regarding additions, deletions or modifications to the terms and conditions of the Lease in connection with an extension of the Lease Term. Prior to the expiration of the initial term of the Lease, Tenant exercised the extension option and the Parties commenced negotiations regarding potential modifications to the terms and conditions of the Lease for the extension term. The negotiations regarding modifications to the terms and conditions of the Lease for the extension term were not concluded by the scheduled

November 30, 2013 expiration of the initial term of the Lease, so prior to such initial term expiration date Tenant requested and City approved Tenant's continued occupancy of the Premises on a month-to-month holdover basis in accordance with Section 24.13 of the Lease. On August 21, 2014, the Commission authorized Recreation and Park Department staff to prepare a Lease amendment for consideration and possible approval by Board of Supervisors, provided that agreement was reached with Tenant on the terms and conditions applicable to the extended term. Recreation and Park Department staff and Tenant have reached agreement on modifications to the terms and conditions of the Lease for the extension term, subject to approval by the Board of Supervisors.

F. Accordingly, the parties presently desire to enter into this Amendment to amend the Lease to (i) extend the term of the Lease through November 30, 2022, (ii) update certain standard contractual provisions in the Lease, and (iii) modify the Lease in certain other respects, all on the terms and conditions more particularly set forth below, subject to approval by the Board of Supervisors.

NOW THEREFORE, in consideration of the matters described in the foregoing Recitals, and for other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, City and Tenant agree as follows:

1. Extension of the Term; No Further Option to Extend or Terminate. Effective as of the Effective Date (as defined in Section 19 below) (i) the Term of the Lease is extended through November 30, 2022, (ii) Tenant shall have no further right to extend the term of the Lease under Section 4.6 of the Lease, and (iii) Section 4.7 of the Lease, which gave City a conditional right to terminate the Lease early, is deleted from the Lease. From and after the Effective Date, all references in the Lease and this Amendment to the "Term" or "term" shall refer to the Term as extended hereby.

2. No Use of Semi-Paved Lot Adjacent to Premises. Effective as of the Effective Date, the final two sentences of Section 3.1 (Leased Premises) of the Lease, which refer to Tenant's possible future use of the semi-paved parking lot adjacent to Sunnydale Avenue at the foot of the driveway leading to the course parking lot, shall be deleted.

3. Golf Course. Effective as of the Effective Date, (i) Exhibit C-1 attached to this Amendment is added to the Lease as Exhibit C, and (ii) the final sentence of Section 3.3 of the Lease is deleted and following provision is substituted therefor:

"Tenant shall comply with, cause Tenant's Invitees to comply with, and use reasonable good faith efforts to cause other customers and invitees using the Premises to comply with the Department's rules and regulations relating to its park property and to the golf course, as the same may change from time to time (the "Rules and Regulations"). Tenant may contact the Department's Park Patrol and, when warranted, the San Francisco Police Department for assistance in responding to a violation of the Rules and Regulations by parties other than Tenant's Agents and Invitees. A copy of the current Rules and Regulations can be downloaded from the City and County of San Francisco webpage using the following link:

http://www.amlegal.com/nxt/gateway.dll?f=templates&fn=default.htm&vid=amlegal:sanfrancisco_ca. Additionally, a separate list of golf course rules and regulations is attached to this lease as Exhibit C. The golf course rules are modified by City from time to time after consulting with the municipal golf course operators and considering Department input. Any changes in golf course rules must be approved by the Recreation and Park Commission prior to implementation. Tenant shall have the right to propose additional reasonable and non-discriminatory rules of fair play, conduct and behavior in connection with the operation of the golf course and shall have the right to require patrons of the golf

course to follow the approved, implemented golf course rules as a condition to being permitted access to the golf course facilities. ”

4. Rent Credit Request Procedures. Effective as of the Effective Date, the provisions of Section 5.8 (Rent Credits) of the Lease shall be deleted and the following provision shall be substituted therefor:

“5.8 Rent Credits.

(a) City-Directed Improvements. In the event City desires certain improvements to be made to the property, completes all required environmental review for the proposed improvements, and desires for Tenant to implement the improvements, and Tenant is willing to undertake the implementation of such improvements, Tenant, with prior written approval from the Commission, may deduct the pre-approved expenses for such improvements as rent credits from the monthly Base Rent payments required hereunder.

(b) Deferred Maintenance, Emergency Capital Repairs, Similar Capital Improvements. The Parties acknowledge that the current condition of the Premises may reflect deferred maintenance needs that accrued before commencement of the Lease Term. In addition to the provisions of Section 5.8(a) above, if Tenant desires to receive rent credit for deferred maintenance work to the golf course, emergency capital repairs to the Improvements or the course, or similar capital improvements, notwithstanding the provisions of Section 9.1 of this Lease, Tenant may request approval of such rent credit in writing from the General Manager, and if the Commission, in its sole discretion (following all required environmental review), approves such work and rent credit in writing, Tenant may deduct the pre-approved expenses for such work as rent credits from the monthly Base Rent payments required hereunder, provided that such credit in any year shall not exceed the Tenant’s rent under this Lease for the previous year.”

5. Reporting Requirement for Taxes and Assessments. Effective as of the Effective Date, Section 6.1(d) of the Lease is deleted and the following provision is substituted therefor:

“6.1(d) Reporting Requirement. San Francisco Administrative Code Sections 23.38 and 23.39 require that the City and County of San Francisco report certain information relating to this Lease, and any renewals thereof, to the County Assessor within sixty (60) days after any such transaction, and that Tenant report certain information relating to any assignment of or sublease under this Lease to the County Assessor within sixty (60) days after such assignment or sublease transaction. Tenant agrees to provide such information as may be requested by City to enable City to comply with this requirement.”

6. Pesticides Prohibition. Effective as of the Effective Date, Section 7.2(i) of the Lease is deleted and the following provision is substituted therefor:

“7.2(i) Pesticides Prohibition. Tenant shall comply with the provisions of Section 308 of Chapter 3 of the San Francisco Environment Code (the “Pesticide Ordinance”), which (i) prohibit the use of certain pesticides on City property, (ii) require the posting of certain notices and the maintenance of certain records regarding pesticide usage, and (iii) require Tenant to submit to the Department an integrated pest management (“IPM”) plan that (a) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Tenant may need to apply to the Premises during the terms of this Lease, (b) describes the steps Tenant will take to meet the City’s IPM Policy described in Section 300 of the Pesticide Ordinance, and (c) identifies, by name, title, address and telephone number, an individual to act as the Tenant’s primary IPM contact person with the City. In addition, Tenant shall comply with the requirements of Sections 303(a) and 303(b) of the Pesticide Ordinance.”

7. Golf Activities. Effective as of the Effective Date, the following provisions are added to the Lease as Sections 7.3 and 7.4:

“7.3 Greens Fees. Rates for all greens fees in all available categories offered by the golf course shall be set by the Commission, and are subject to the approval by the Board of Supervisors and the Mayor, each acting within their sole discretion. Tenant shall post for public view all pertinent greens fees and shall charge the approved rates at all times. Tenant shall implement any resident rates, flexible pricing or other changes in the rates for golf fees that may be approved by the Board of Supervisors and Mayor from time to time within thirty (30) days of the effective date of the applicable legislation. Tenant acknowledges that in the event a flexible pricing system is adopted for the golf course, Tenant shall not exercise any discretion in altering the fees that are subject to such system without the prior written approval from the General Manager.

“7.4 Tee Time Reservation System. City expects to acquire the EZ Links tee-time reservation system for implementation on its golf courses. If at any time during the term of this Lease City acquires the right to use EZ Links or any other system for tee time reservations on City golf courses, it will also purchase a license at City’s sole cost enabling Tenant to use the EZLinks or other tee-time reservation system on the same terms and schedule on which it is made available to other City-owned golf courses and Tenant shall implement such a reservation system within thirty (30) days of receiving such license.”

8. Support for Community Programming. 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 and subject to 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 Foundation/ Laborers Local 261 to implement a pre-apprentice job training program and consents, in its proprietary capacity as Landlord, to implementation of such a program on the Premises consistent with and subject to 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 the Department retains discretion to terminate its consent to such implementation on the Premises to extent it may be necessary to protect the public health, safety and welfare.

9. Tenant’s Maintenance and Repair Obligations; Extraordinary Maintenance and Repair. Effective as of the Effective Date, Section 9.1 of the Lease shall be deleted and the following provision shall be substituted therefor:

“9.1 Tenant Responsible for Maintenance and Repair; Termination Right.

(a) Tenant Responsible for Maintenance and Repair. Tenant assumes full and sole responsibility for the condition, operation, repair and maintenance and management of the Premises and any permitted Improvements from and after the Commencement Date, subject to the provisions of Section 9.1(b) below. Except to the extent expressly provided in Section 9.1(b) below, City shall not under any circumstances be responsible for the performance of any repairs, changes or alterations to the Premises or any adjoining property (including, without limitation, access roads, utilities and other infrastructure serving the Premises), nor shall City be liable for any portion of the cost thereof, except to the extent expressly provided in Section 5.8 above and subject to the terms and conditions thereof. Tenant shall make all repairs and replacements, interior and exterior, structural as well as non-structural, ordinary as well as extraordinary, foreseen and unforeseen, that may be necessary to maintain the Premises and any existing and permitted Improvements at all times in clean, safe, attractive and sanitary condition and in good order and repair, to City’s reasonable satisfaction. Tenant shall maintain in good condition and repair and its expense the existing fence, if any, along or about the property line of the Premises. If any

portion of the Premises or any of City's property located on or about the Premises is damaged by any of the activities conducted by Tenant or its Agents or Invitees hereunder, Tenant shall immediately, at its sole cost, repair any and all such damage and restore the Premises or City's property to its previous condition.

(b) Tenant's Right to Terminate On Account of Extraordinary Maintenance and Repair Above \$150,000 Threshold. Notwithstanding the provisions of Section 9.1(a) above, if at any time during the Term of this Lease Tenant identifies an item of extraordinary maintenance or repair that would be Tenant's responsibility under Section 9.1(a) above (other than repairs or maintenance necessitated by fire or other casualty, which shall be governed by Section 13 below, or necessitated as a result of damage by any of the activities conducted by Tenant or its Agents or Invitees, which shall be governed by the last sentence of Section 9.1(a) above), and Tenant reasonably and in good faith estimates that the cost of such extraordinary maintenance or repair (the "Extraordinary Repair") would exceed \$150,000, Tenant may give City written notice of the required Extraordinary Repair together with reasonable evidence of the estimated cost thereof (a "Extraordinary Repair Notice"). If City and Tenant have not agreed on the necessity of such Extraordinary Repair, the schedule for such Extraordinary Repair, and the responsibility for payment for such Extraordinary Repair within thirty (30) days after Tenant's Extraordinary Repair Notice, Tenant shall have the right to terminate this Lease on written notice to City ("Tenant's Termination Notice") in accordance with the terms and conditions of this Section 9.1(b). If City and Tenant reach agreement regarding the necessity for, timing of and payment for the Extraordinary Repair, then City and Tenant shall cooperate regarding the timing and performance of the Extraordinary Repair work and the payment for such work as provided in such agreement. If Tenant elects to terminate the Lease under this Section 9.1(b), then this Lease shall terminate on the date that is one hundred and eighty (180) days after the date of Tenant's Extraordinary Repair Notice or such other date as may be agreed by City and Tenant in writing (the "Early Termination Date"); provided, however, that all indemnification provisions contained in this Lease with respect to matters arising before the effective date of any such termination shall survive such termination."

10. Utilities.

9.1. City's One-Time Payment of Certain Outstanding Water Charges. 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, effective as of the Effective Date, City shall assume responsibility for \$9,300 in Tenant's unpaid water charges from the San Francisco Public Utilities Commission accrued prior to the date of this Amendment.

9.2. City's On-Going Responsibility for Certain Utility Charges. Notwithstanding the provisions of Section 9.2(a) of the Lease to the contrary, from and after the Effective Date (i) City shall assume responsibility for fifty percent (50%) of the San Francisco Public Utilities Commission charges for water usage on the Premises accruing on and after the Effective Date, provided that City shall not assume responsibility for the cost of more than 12,500 units annually, and (ii) City will assume responsibility to pay reasonable and customary charges for electricity (as measured by historic usage) as well as for sewer service provided to the Premises accruing on and after the Effective Date.

11. Revised General Provisions. Effective as of the Effective Date, Section 24.25, Section 24.27, Section 24.29, and Section 24.34 of the Lease shall be deleted and the following provisions shall be substituted therefor:

"24.25. Conflicts of Interest. Through its execution of this Lease, Tenant acknowledges that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 *et seq.* and Section 1090 *et seq.* of the Government Code of the State of California, and certifies that it does not know of any facts which would constitute a violation of such provisions, and agrees that if Tenant becomes aware of any such fact during the term of this Lease Tenant shall immediately notify City."

"24.27 Tropical Hardwood and Virgin Redwood Ban. Tenant shall not permit the use of any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product in or on the Premises or otherwise in the performance of this Lease. The City and County of San Francisco urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product. In the event Tenant fails to comply in good faith with any of the provisions of Chapter 8 of the San Francisco Environment Code, Tenant shall be liable for liquidated damages for each violation in any amount equal to Tenant's net profit on the contract, or five percent (5%) of the total amount of the contract dollars, whichever is greater."

"24.29 First Source Hiring Ordinance. The provisions of San Francisco Administrative Code Chapter 83, the First Source Hiring Program, are incorporated in this Section by reference, and are made a material part of this Lease as though fully set forth herein. As an essential term of, and consideration for, this Lease, unless exempted by the City's Office of Economic and Workforce Development, Tenant shall enter into a First Source Hiring Agreement with the City, on or before the effective date of the Lease. Tenant shall keep, and provide to the City, accurate records demonstrating its compliance with the First Source Hiring Program. Violation of the requirements of Chapter 83 is subject to an assessment of liquidated damages. The assessment of liquidated damages and the evaluation of any defenses or mitigating factors shall be made by the Office of Economic and Workforce Development."

"24.34 Notification of Limitations on Contributions. Through its execution of this Lease, Tenant acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the selling or leasing of any land or building to or from the City whenever such transaction would require approval by a City elective officer, the board on which that City elective officer serves, or a board on which an appointee of that individual serves, from making any campaign contribution to (a) the City elective officer, (b) a candidate for the office held by such individual, or (c) a committee controlled by such individual or candidate, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. Tenant acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. Tenant further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of Tenant's board of directors, and Tenant's chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than twenty percent (20%) in Tenant; any subcontractor listed in the contract; and any committee that is sponsored or controlled by Tenant. Additionally, Tenant acknowledges that Tenant must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. Tenant further agrees to provide to City the name of the each person, entity or committee described above."

12. Additional General Provisions. Effective as of the Effective Date the following provisions shall be added to Section 24 (General Provisions) of the Lease:

"24.36 Prevailing Wages for Theatrical Workers. Pursuant to San Francisco Administrative Code Sections 21.C-4 and 21.C-7, unless excepted, Contracts, Leases, Franchises, Permits, and Agreements awarded, let, issued or granted by the City and County of San Francisco for the use of property owned by the City and County of San Francisco shall require any Individual engaged in theatrical or technical services related to the presentation of a Show to be paid not less than the Prevailing Rate of Wages. Individuals engaged in theatrical and technical services include, without limitation, those engaged in rigging, sound, projection, theatrical lighting, videos, computers, draping, carpentry, special effects, and motion picture services. Capitalized terms in this Section that are not defined in this Lease shall have the meanings provided in Administrative Code Sections 21.C-4 and 21.C-7.

Tenant agrees to comply with and be fully bound by, and to require its Subcontractors to comply with and be fully bound by, the provisions of Administrative Code Sections 21.C-4 and 21.C-7, including, without limitation, the payment of any penalties for noncompliance and other remedies available to the City. The provisions of Administrative Code Sections 21.C-4 and 21.C-7 are hereby incorporated by reference and made a part of this Lease. Tenant shall cooperate fully with the Labor Standards Enforcement Officer and any other City official or employee, or any of their respective agents, in the administration and enforcement of the requirements of Administrative Code Sections 21.C-4 and 21.C-7, including, without limitation, any investigation of noncompliance by Tenant or its Subcontractors: Tenant agrees that the City may inspect and/or audit any workplace or job site involved in or related to the performance of this Lease, including, without limitation, interviewing Tenant's and any Subcontractor's employees and having immediate access to employee time sheets, payroll records, and paychecks for inspection.

Tenant may obtain a copy of the current Prevailing Rate of Wages from City by contacting its Office of Labor Standards Enforcement. Tenant acknowledges that the City's Board of Supervisors may amend such Prevailing Rate of Wages and agrees that Tenant and any Subcontractors shall be bound by and shall fully comply with any such amendments by the Board of Supervisors."

"24.37 Intellectual Property; Music Broadcasting Rights. Tenant shall be solely responsible for obtaining any necessary clearances or permissions for the use of intellectual property on the Premises, including, but not limited to musical or other performance rights. (Note to Tenant: To obtain the appropriate music performance license, you may contact the BMI Licensing Executive toll free at 1-877-264-2137 Monday – Friday, 9-5 p.m. (Central Time) and the American Society of Composers, Authors and Publishers ("ASCAP") at 1-800-505-4052 Monday – Friday, 9-5 p.m. (Eastern Time).)"

"24.38 Supervision of Minors.

(a) Records Request. If any person applies for employment or for a volunteer position with Tenant, or any subtenant or subcontractor, in which such applicant would have supervisory or disciplinary power over a minor or any person under such applicant's care, then Tenant, and any subtenant or subcontractors providing services at the Premises, shall request from the California Department of Justice records of all convictions or any arrest pending adjudication of such applicant involving the offenses listed in Welfare and Institution Code Section 15660(a), in accordance with the procedures established in California Penal Code Section 11105.3.

(b) Restriction on Hires for Recreational Sites. If Tenant, or any subtenant or subcontractor, is providing services under this Lease at a City park, playground, recreational center or beach (separately and collectively, "Recreational Site"), Tenant shall not hire, and shall prevent its subcontractors from hiring, any person for employment or a volunteer position to provide supervisory or disciplinary power over a minor or any person under his or her care if that person has been convicted of any offense listed in Welfare and Institution Code Section 15660(a).

(c) Notice Required for Sites Other Than Recreational Sites. If Tenant, or any of its subtenants or subcontractors, hires an employee or volunteer to provide services to minors at any location other than a Recreational Site, and that employee or volunteer has been convicted of an offense specified in Penal Code Section 11105.3(c), then Tenant shall comply, and cause its subtenant and subcontractors to comply, with Penal Code Section 11105.3(c) and provide written notice to the parents or guardians of any minor who will be supervised or disciplined by the employee or volunteer not less than ten (10) days prior to the day the employee or volunteer begins his or her duties or tasks. Tenant shall provide, or cause its subtenants or subcontractors to provide, City with a copy of any such notice at the same time that it provides notice to any parent or guardian, to the extent permitted by law.

(d) General Requirements. Tenant shall expressly require any of its subcontractors with supervisory or disciplinary power over a minor to comply with this Section of the Lease as a condition of its contract with the subcontractor. Tenant acknowledges and agrees that failure by Tenant or any of its subcontractors to comply with any provision of this Section of this Lease shall constitute an Event of Default. Tenant further acknowledges and agrees that such Event of Default shall be grounds for the City to terminate the Lease, partially or in its entirety, to recover from Tenant any amounts paid under this Lease, and to withhold any future payments to Tenant. The remedies provided in this Section shall not be limited to any other remedy available to the City hereunder, or in equity or law for an Event of Default, and each remedy may be exercised individually or in combination with any other available remedy. The exercise of any remedy shall not preclude or in any way be deemed to waive any other remedy."

"24.39 Public Transit Information. Tenant shall establish and carry on during the Term a program to encourage maximum use of public transportation by personnel of Tenant employed on the Premises, including, without limitation, the distribution to such employees of written materials explaining the convenience and availability of public transportation facilities adjacent or proximate to the Premises and encouraging use of such facilities, all at Tenant's sole expense."

"24.40 Preservative-Treated Wood Containing Arsenic. As of July 1, 2003, Tenant may not purchase preservative-treated wood products containing arsenic in the performance of this Lease unless an exemption from the requirements of Environment Code Chapter 13 is obtained from the Department of Environment under Section 1304 of the Environment Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniac copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Tenant may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of Environment. This provision does not preclude Tenant from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater."

"24.42 Resource Efficiency. Tenant acknowledges that the City and County of San Francisco has enacted San Francisco Environment Code Sections 700 to 707 relating to resource-efficient buildings and resource-efficient pilot projects. Tenant hereby agrees that it shall comply with all applicable provisions of such code sections."

"24.43 Food Service Waste Reduction Requirements. Tenant agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Lease as though fully set forth. This provision is a material term of this Lease. By entering into this Lease, Tenant agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine; further, without limiting City's other rights and remedies, Tenant agrees that the sum of \$100 liquidated damages for the first breach, \$200 liquidated damages for the second breach in the same year, and \$500 liquidated damages for subsequent breaches in the same year is reasonable estimate of the damage that City will incur based on the violation, established in light of the circumstances existing at the time this Lease was made. Such amount shall not be considered a penalty, but rather agreed monetary damages sustained by City because of Tenant's failure to comply with this provision."

"24.44 Graffiti Removal. Graffiti is detrimental to the health, safety and welfare of the community in that it promotes a perception in the community that the laws protecting public and private property can be disregarded with impunity. This perception fosters a sense of disrespect of the law that results in an increase in crime; degrades the community and leads to urban blight; is detrimental to property values, business opportunities and the enjoyment of life; is inconsistent with the City's property maintenance goals and aesthetic standards; and results in additional graffiti and in other properties becoming the target of graffiti unless it is quickly removed from public and private property. Graffiti results in visual pollution and is a public nuisance. Graffiti must be abated as quickly as possible to avoid detrimental impacts on the City and County and its residents, and to prevent the further spread of graffiti. Tenant shall remove all graffiti from the Property within forty eight (48) hours of the earlier of Tenant's (a) discovery or notification of the graffiti or (b) receipt of notification of the graffiti from the Department of Public Works. The term "graffiti" means any inscription, word, figure, marking or design that is affixed, marked, etched, scratched, drawn or painted on any building, structure, fixture or other improvement, whether permanent or temporary, including by way of example only and without limitation, signs, banners, billboards and fencing surrounding construction sites, whether public or private, without the consent of the owner of the property or the owner's authorized agent, and which is visible from the public right-of-way. "Graffiti" shall not include: (1) any sign or banner that is authorized by, and in compliance with, the applicable requirements of the San Francisco Public Works Code, the San Francisco Planning Code or the San Francisco Building Code; or (2) any mural or other painting or marking on the property that is protected as a work of fine art under the California Art Preservation Act (California Civil Code Sections 987 et seq.) or as a work of visual art under the Federal Visual Artists Rights Act of 1990 (17 U.S.C. Sections 101 et seq.). Any failure of Tenant to comply with this Section of this Lease shall constitute an Event of Default of this Lease."

"24.45 Sustainable Foods. Sustainable foods are those which, through their production, purchase, and consumption, enhance the health of the environment, producers and consumers through one or more of these methods: growing, processing and distributing locally; using low or no synthetic agricultural chemicals; fairly trading with developing countries; meeting animal welfare standards; processing minimally; no genetic modification; no unnecessary antibiotics; and no added growth hormones.

Tenant shall use commercially reasonable efforts to incorporate sustainable food concepts into everyday operations of the business on the Premises. City encourages Tenant to source sustainable foods by buying certified and/or locally produced food products. Acceptable sustainability certifications are limited to organic certification under the National Organic Standards Act ("USDA Organic), Fair Trade certification, Protected Harvest certification, Food Alliance certification, Rainforest Alliance certification, Certified Humanely Raised and Handled certification, American Humane certification, Marine Stewardship Council certification, and Salmon-Safe certification. Sustainability-related product claims that are acceptable under this clause include "grass-fed" claims, "not treated with artificial growth hormones (RBGH)" claims," produced without the nontherapeutic use of antibiotics" claims, and "raised without added hormones/no hormones added" claims.

Locally produced food products are produced within 200 miles of San Francisco including the following counties in the North Coast, Central Coast, Sacramento and San Joaquin Valleys: Alameda, Amador, Butte, Calaveras, Colusa, Contra Costa, El Dorado, Fresno, Glenn, Kern, Kings, Lake, Madera, Marin, Mariposa, Mendocino, Merced, Monterey, Napa, Nevada, Placer, Plumas, Sacramento, San Benito, San Francisco, San Joaquin, San Mateo, Santa Clara, Santa Cruz, Sierra, Solano, Sonoma, Stanislaus, Sutter, Tehama, Tulare, Tuolumne, Yolo, and Yuba counties.

Tenant shall also provide an annual report on each anniversary date of this Lease outlining how Tenant incorporated these sustainable food concepts into everyday operations of the food and beverage concession and how Tenant informed customers and the youth employed by the Tenant, if any, regarding sustainable foods. This report shall include the percentage of total sales that were products certified as sustainably produced.

"24.46 Wages and Working Conditions. Tenant agrees that any person performing labor on any "public work" at the Premises, which includes improvements, alterations, demolition, installation, maintenance and repair work if paid for in whole or part out of public funds (including rent credits), shall be paid not less than the highest prevailing rate of wages consistent with the requirements of Section 6.22(E) of the San Francisco Administrative Code, and shall be subject to the same hours and working conditions, and shall receive the same benefits as in each case are provided for similar work performed in San Francisco County. The terms "public work" and "paid for in whole or part out of public funds" as used in this Section are defined in California Labor Code Section 1720 et seq., as amended. Tenant shall include in any contract for such labor a requirement that all persons performing labor under such contract shall be paid not less than the highest prevailing rate of wages for the labor so performed. Tenant shall require any contractor to provide, and shall deliver to City upon request, certified payroll reports with respect to all persons performing such labor at the Premises.

"24.47 Local Hiring Requirements. If Tenant performs (or causes to be performed) improvements that require a building permit and the estimated cost of improvements set forth in the building permit is more than \$750,000, then, unless exempt, Tenant agrees to comply with the Local Hiring Policy set forth in San Francisco Administrative Code Section 6.22(G) (the "Local Hiring Policy") in the performance of the work."

13. No Joint Venture. This Amendment or any activity by City hereunder does not create a partnership or joint venture between City and Tenant relating to the Lease or otherwise. This Amendment does not constitute authorization or approval by City of any activity conducted by Tenant, and City shall in no way be responsible for the acts or omissions of Tenant on the Premises or otherwise.

14. **Attorneys Fees.** In the event a dispute arises concerning this Amendment, the party not prevailing in such dispute shall pay any and all costs and expenses incurred by the other party in enforcing or establishing its rights hereunder, including, without limitation, court costs and reasonable attorneys' fees. For purposes of this Amendment, reasonable fees of attorneys of City's Office of the City Attorney shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's services were rendered who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney.

15. **References.** No reference to this Amendment is necessary in any instrument or document at any time referring to the Lease. Any future reference to the Lease shall be deemed a reference to such document as amended hereby.

16. **No Third Party Beneficiaries.** This Amendment shall not be deemed to confer any rights or benefits on any party other than the parties to the Lease.

17. **Applicable Law.** This Amendment shall be governed by, construed and enforced in accordance with the laws of the State of California.

18. **Further Instruments.** The parties hereto agree to execute such further instruments and to take such further actions as may be reasonably required to carry out the intent of this Amendment.

19. **Effective Date.** This Amendment shall become effective as on the date (the "Effective Date") upon which (i) the Board of Supervisors passes a resolution approving this Lease, and the Mayor signs such resolution, and (ii) this Amendment is duly executed and exchanged by the parties hereto.

20. **Cooperative Drafting.** This Amendment has been drafted through a cooperative effort of both parties, and both parties have had an opportunity to have the Amendment reviewed and revised by legal counsel. No party shall be considered the drafter of this Amendment, and no presumption or rule that an ambiguity shall be construed against the party drafting the clause shall apply to the interpretation or enforcement of this Amendment.

21. **Miscellaneous.** Except as expressly modified herein, the terms, covenants and conditions of the Lease shall remain unmodified and in full force and effect. The Lease as amended by this Amendment constitutes the entire agreement of the parties concerning the subject matter hereof, and supersedes and conceals any and all previous negotiations, agreements, or understandings, if any, regarding the matters contained herein. The execution of this Amendment shall not constitute a waiver or relinquishment of any rights or remedies that City may have relating to the Lease. Tenant and City hereby ratify and confirm all of the provisions of the Lease as amended by this Amendment.

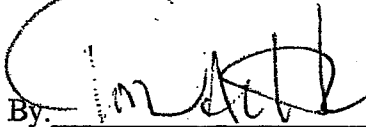
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In witness whereof, the parties hereto have executed this Amendment as of the date written above.

TENANT: GLENEAGLES GOLF PARTNERS, LP,
a California limited partnership

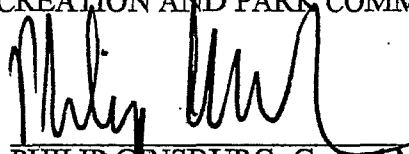
By: TwoHsieh, LLC, a California limited liability
company

Its: General Partner



By: _____
Tom Hsieh
Its Manager

LANDLORD: CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation, acting by and through its
RECREATION AND PARK COMMISSION



By: _____
PHILIP GANSBURG, General Manager
Recreation and Park Department

APPROVED BY:

RECREATION AND PARK COMMISSION

PURSUANT TO RESOLUTION
NO. 1408-008 DATED: Aug. 21, 2014

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney



By: _____
Anita L. Wood
Deputy City Attorney

EXHIBIT C-1 GOLF COURSE RULES

SAN FRANCISCO MUNICIPAL GOLF COURSES POLICIES AND RULES FOR PLAY

General Access:

1. All courses shall be open 365 days a year, with the exception of course or weather emergencies.
2. All courses shall be open for play from sunrise to sundown, unless special accommodations are necessary for course maintenance.
3. No play is allowed on any golf course or portion thereof which has been closed for any reason by the City.
4. The following holidays shall be observed and charged weekend rates: New Year's Day, Martin Luther King, Jr. Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and the day following, and Christmas Day. When a holiday is officially observed on a different day, the holiday rate will be charged for the observed date only.

Course Rules:

5. USGA and local rules govern all play.
6. All golfers with a reserved tee time must check in with the pro shop at least 20 minutes prior to their start time.
7. No warming up or practicing is allowed on the first tee or any tee surface; no chipping on any practice surface or putting green.
8. Sharing equipment is strictly prohibited; each player must have a set of clubs and bag.
9. All rounds must begin on the first tee unless otherwise specified by the starter.
10. No practicing or use of more than one ball per golfer is allowed on the course.
11. Groups of more than four persons are not allowed on the course unless directed by the pro shop.
12. Pace of play for each course shall be determined by the Course Manager. Golfers unable to keep that pace must let others play through.
13. Metal spikes on shoes are prohibited anywhere on the property.
14. Golfers are required to repair their own divots and ball marks with provided divot mix and must rake bunker sand upon exiting the bunker.
15. Pull carts and golf bags must be left off greens, collars and tees at all times.
16. Unless approved by the Course Manager, golf instruction on the course or any other area of the facility is strictly prohibited.
17. Alcoholic beverages consumed on the course must be purchased on the premises.

18. Dogs or other pets are not allowed on the course or in the clubhouse at any time. (Service dogs are allowed with prior approval from the pro shop.)

19. Non-golfers are not allowed on the course at any time unless:

- a person is accompanying a golfer on a cart and the applicable fee for such has been paid
- a golfer requires special assistance and pre-approval has been obtained through the pro shop
- local tournaments request additional presence on the course, which will require a waiver of liability to be signed by the tournament sponsor or the individual, in the case of spectators at high school tournaments. The Course Manager shall have the final authority administering this rule to allow for maximum public safety on his particular course.

20. Golfers may be refused playing privileges or may be removed from the course for:

- Submitting false information for the purpose of securing golfing privileges or discounts;
- Playing without paying a green fee or for not registering with the starter;
- Obvious inability to play golf;
- Failure to comply with existing rules and regulations;
- Intentionally hitting balls off the course into park areas or private property adjacent to the course;
- Flagrant violation of rules of etiquette, such as obnoxious behavior, intoxication, damaging to the course and facilities or failure to follow course design on a hole-to-hole basis.

Motorized Carts:

21. Golfers must be at least 18 years old and have a valid driver's license available at the time of renting a golf cart.

22. On course, carts must stay on cart paths at all times.

- "90 degree rule" is applicable only with approval from Course Manager. Daily status shall be posted at each course.
- Sharp Park shall never invoke the "90 degree rule" for any reason due to environmental concerns.
- For safety reasons, carts at Sharp Park are not allowed in the parking lot.

High School Teams:

23. AAA San Francisco public school teams must present a request for scheduled playing times at least 60 days prior to the beginning of the school golf season and that request shall be subject to the course manager's approval. If approved, the high school teams may

have free access on weekdays at a time negotiated with the Course Manager during the school golf season. The teams must be accompanied by their coach.

24. When not accompanied by their coach, individual team members may practice on a space available basis and shall be given a special rate providing that (a) they are listed on the team roster and (b) they have identification. These policies apply only to Sharp Park, Lincoln Park and Golden Gate Park.
25. All practice range/cage time must be approved in advance by the course manager on a space-available basis. Only one stall may be used per bucket of balls, Standard fees shall apply.

RECREATION AND PARK COMMISSION
City and County of San Francisco
Resolution No. 1408-008

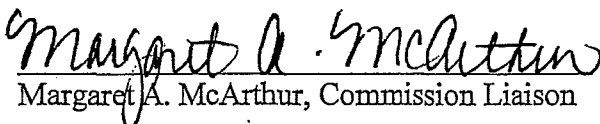
GLENEAGLES GOLF PARTNERS, LP

RESOLVED, That this Commission does (1) approve the terms and conditions for extension and amendment of the lease held by Gleneagles Golf Partners, LP that commenced December 1, 2004 for the nine year option term contemplated in Section 4.6 of the lease, as the proposed amended terms are reflected in the Term Sheet for the First Amendment B to Lease Agreement that was approved by Gleneagles Golf Partners on August 19, and (2) authorize the General Manager of the Recreation and Park Department to prepare the proposed First Amendment B consistent with the approved Term Sheet and forward the First Amendment B to the Board of Supervisors for consideration and possible approval.

Adopted by the following vote:

| | |
|--------|---|
| Ayes | 6 |
| Noes | 0 |
| Absent | 1 |

I hereby certify that the foregoing resolution
was adopted at the Recreation and Park
Commission meeting held on August 21, 2014.


Margaret A. McArthur, Commission Liaison

BOARD of SUPERVISORS



City Hall
Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

September 30, 2014

File No. 140979

Sarah Jones
Environmental Review Officer
Planning Department
1650 Mission Street, 4th Floor
San Francisco, CA 94103

Dear Ms. Jones:

On September 23, 2014, Supervisor Cohen introduced the following legislation:

File No. 140979

Ordinance amending the Park Code to authorize flexible pricing at Gleneagles Golf Course in McLaren Park; approving the amendment and extension of a nine year lease with Gleneagles Golf Partners, LP, for operation of the Gleneagles Golf Course commencing on the effective date of this Ordinance and ending November 30, 2022, for 7% of gross revenues, subject to conditions, incentives, participation rent, and rent credits; and affirming the Planning Department's determination under the California Environmental Quality Act.

This legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

A handwritten signature in cursive script, likely belonging to Angela Calvillo.

By: Linda Wong, Assistant Clerk
Budget and Finance Committee

Attachment

c: Joy Navarrete, Environmental Planning
Jeanie Poling, Environmental Planning

Statutory Exemption under CEQA Guidelines
Section 15273 Rates, Tolls, Fares and
Charges.

Joy
Navarrete

Digitally signed by Joy Navarrete
DN: cn=Joy Navarrete, o=Planning,
ou=Environmental Planning,
email=joy.navarrete@sfgov.org,
c=US
Date: 2014.10.09-16:43:43 -07'00'

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Linda Wong
S.F. BD OF SUPERVISORS (OFFICIAL NOTICES)
1 DR CARLTON B GOODLETT PL #244
SAN FRANCISCO, CA 94102

COPY OF NOTICE

Notice Type: GPN GOVT PUBLIC NOTICE
Ad Description: File No. 140979 - Fee Ad

To the right is a copy of the notice you sent to us for publication in the SAN FRANCISCO CHRONICLE. Please read this notice carefully and call us with any corrections. The Proof of Publication will be filed with the Clerk of the Board. Publication date(s) for this notice is (are):

10/05/2014 , 10/11/2014

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CNS 2674715

**NOTICE OF PUBLIC HEARING
BUDGET AND FINANCE COMMITTEE
SAN FRANCISCO BOARD OF SUPERVISORS
WEDNESDAY, OCTOBER 15, 2014 - 10:00 AM
LEGISLATIVE CHAMBER, ROOM 250 LOCATED AT CITY HALL, 1 DR. CARLTON B. GOODLETT PLACE, SAN FRANCISCO, CA**

NOTICE IS HEREBY GIVEN THAT the Budget and Finance Committee will hold a public hearing to consider the following proposal and said public hearing will be held as follows, at which time all interested parties may attend and be heard: File No. 140979. Ordinance amending the Park Code to authorize Flexible Pricing at the McLaren Park Gleneagles Golf Course; and making environmental findings. If the Ordinance passes, the General Manager of the Recreation and Park Department or his or her designee may approve temporary fee increases and/or decreases from time to time based on fluctuations in customer demand at McLaren Park Golf Course as follows: (1) discounts of not more than 25 percent for greens fees; (2) increases of up to 50 percent for all non-resident fees and tournament fees; and (3) increases of up to 25 percent for resident fees. In accordance with Administrative Code, Section 67.7-1, persons who are unable to attend the hearing on this matter may submit written comments to the City prior to the time the hearing begins. These comments will be made a part of the official public record in this matter, and shall be brought to the attention of the members of the Committee. Written comments should be addressed to Angela Calvillo, Clerk of the Board, Room 244, City Hall, 1 Dr. Carlton Goodlett Place, San Francisco, 94102. Information relating to the proposed fee is available in the Office of the Clerk of the Board. Agenda information relating to this matter will be available for public review on Friday, October 10, 2014. Angela Calvillo, Clerk of the Board



* A 0 0 0 0 0 3 5 5 9 9 3 2 *

Print Form

Introduction Form

By a Member of the Board of Supervisors or the Mayor

Time stamp
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion, or Charter Amendment)
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning "Supervisor [] inquires"
- 5. City Attorney request.
- 6. Call File No. [] from Committee.
- 7. Budget Analyst request (attach written motion).
- 8. Substitute Legislation File No. []
- 9. Reactivate File No. []
- 10. Question(s) submitted for Mayoral Appearance before the BOS on []

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use a Imperative Form.

Sponsor(s):

Cohen

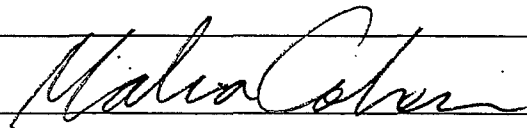
Subject:

Park Code - Authorizing Flexible Rates at McLaren Park (Gleneagles Golf Course)

The text is listed below or attached:

See attached

Signature of Sponsoring Supervisor:



For Clerk's Use Only:

Wong, Linda (BOS)

From: Board of Supervisors (BOS)
Sent: Wednesday, October 15, 2014 4:53 PM
To: BOS-Supervisors; Wong, Linda (BOS)
Subject: File 140979: Gleneagles Lease Renewal

-----Original Message-----

From: Kevin Brunner [<mailto:kevinbron@aol.com>]
Sent: Wednesday, October 15, 2014 10:17 AM
To: Board of Supervisors (BOS)
Subject: Gleneagles Lease Renewal

Dear Board of Supervisors members of the Budget and Finance Committee:

I strongly urge you to extend the lease of the current lessee at Gleneagles Golf Course in McLaren Park. The current operator has done a great job with the course, is a good neighbor to the people of Visitación Valley and a wonderful steward for the game of golf (see the NY Times Sports article Sept 26, 2014). Thank you for your consideration.

Sincerely,

Kevin Brunner

15 21st Ave

San Francisco, CA 94121

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

| | |
|---|---|
| City Elective Officer Information <i>(Please print clearly.)</i> | |
| Name of City elective officer(s): Members, Board of Supervisors | City elective office(s) held: Board of Supervisors |

| | |
|--|--|
| Contractor Information <i>(Please print clearly.)</i> | |
| Name of contractor: Gleneagles Golf Partners LP | |
| <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> | |
| Twosieh LP | |
| Tom A. Hsieh Family Trust, dated August 24, 2004 Tom Hsieh Nicole Hsieh | |
| Contractor address: 851 31 st Avenue, San Francisco, CA 94121 | |
| Date that contract was approved: August 21, 2014 – Recreation and Park Commission Res.No. 1408-008 | Amount of contract: Est. \$350,000 over 9 years |
| Describe the nature of the contract that was approved: Responsibility for full operations and management of Gleneagles Golf Course in McLaren Park | |
| 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 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

| | |
|---|---|
| Filer Information <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