Ordinance No. 123406

Council Bill No. 116970

AN ORDINANCE relating to the City's municipal golf courses; authorizing the Superintendent of the Seattle Department of Parks and Recreation to enter into a management contract with Premier Golf Centers LLC for the operation of the City's municipal golf courses located at Jefferson Park, Jackson Park, West Seattle, and Interbay; authorizing the Superintendent to set golf fees consistent with that agreement and authorizing the Department to collect such fees.

CF No. _____

Date Introduced: Sept. 13, 2010	
Date 1st Referred: Sept. 13, 2010	To: (committee) Parks and Seattle Center
Date Re - Referred:	To: (committee)
Date Re - Referred:	To: (committee)
Date of Final Passage: 9.20.10	Full Council Vote: 8-0
Date Presented to Mayor: 9.22.10	Date Approved: 9/28/10
Date Returned to City Clerk: 9/29/10	Date Published: T.O. ✓ F.T. ___
Date Vetoed by Mayor:	Date Veto Published:
Date Passed Over Veto:	Veto Sustained:

The City of Seattle - Legislative Department

Council Bill/Ordinance sponsored by: Sally Bagshaw, Councilmember

Committee Action:

9/16/10 APPROVE 3-0 TR, BH, SB

9.20.10 Passed 8-0 Excused: SC

This file is complete and ready for presentation to Full Council. Committee: Sgb (initial/date)

Law Department

Law Dept. Review	OMP Review	City Clerk Review	Electronic Copy Loaded	Indexed

ORDINANCE 123406

AN ORDINANCE relating to the City's municipal golf courses; authorizing the Superintendent of the Seattle Department of Parks and Recreation to enter into a management contract with Premier Golf Centers LLC for the operation of the City's municipal golf courses located at Jefferson Park, Jackson Park, West Seattle, and Interbay; authorizing the Superintendent to set golf fees consistent with that agreement and authorizing the Department to collect such fees.

WHEREAS, the agreement with the current operator, Premier Golf Centers, LLC, expired at the end of 2009 and the Department of Parks and Recreation (DPR) decided to issue Premier a one-year extension while it explored potential opportunities with interested operators for the City courses that would be complementary and support the City's investment to the golf courses; and

WHEREAS, DPR initiated a Request for Proposal ("RFP") process in late 2009 that was designed to ensure stability and financial viability of the golf operations, possibly achieve a better financial arrangement, make some operation improvements in golf operations, and secure a long-term operator for the four City golf courses; and

WHEREAS, DPR completed the RFP in late June and selected Premier Golf Centers, LLC, to be retained as the operator of the City courses; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The Superintendent of the Department of Parks and Recreation ("Superintendent"), or his designee, is authorized to enter into a ten-year management agreement for the City's four golf courses (Jackson Park, Jefferson Park, West Seattle, and Interbay) with Premier Golf Centers, LLC, substantially in the form of the Golf Course Management Agreement between the City of Seattle and Premier Golf Centers, LLC, Attachment 1 to this ordinance.

Section 2. The Superintendent is authorized to renew and extend the term of the agreement for up to five years at the Superintendent's option.

Section 3. The Superintendent is authorized to establish greens fees, driving range fees, and miniature golf fees and to set other golf fees consistent with the agreement entered into

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pursuant to the authority granted in Section 1. The Department is authorized to charge and collect all golf-related fees as provided for in Section 3.

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Section 4. This ordinance shall take effect and be in force 30 days from and after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the 20th day of September, 2010, and signed by me in open session in authentication of its passage this 20th day of September, 2010.

President _____ of the City Council

Approved by me this 28th day of September, 2010.

Michael McGinn, Mayor

Filed by me this 29th day of September, 2010.

City Clerk

(Seal)

Attachment 1: Golf Course Management Agreement between the City of Seattle and Premier Golf Centers, LLC

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THE CITY OF SEATTLE DEPARTMENT OF PARKS AND RECREATION GOLF COURSE MANAGEMENT AGREEMENT

THIS GOLF COURSE MANAGEMENT AGREEMENT ("Agreement") is entered into by and between the City of Seattle ("City"), a municipal corporation of the State of Washington, acting by and through its Department of Parks and Recreation ("Department") and the Superintendent thereof, and Premier Golf Centers, LLC ("Operator"), a California limited liability company.

RECITALS:

WHEREAS, pursuant to Article XI of the Seattle Charter, the Superintendent has the responsibility for the operation and control of the parks and recreation system of the City; and

WHEREAS, the City owns the Jackson, Jefferson, Interbay, and West Seattle Golf Courses and related facilities ("Golf Courses"); and

WHEREAS, the City desires to enter into an agreement with an experienced public and/or municipal golf course operator to provide for the overall management and operation of golf services, collect fees on behalf of the City, and to ensure the highest quality of golf programs and related benefits for the public while operating within the budget approved by the City; and

WHEREAS, the Department issued a request for proposals in order to select a golf course operator and Premier Golf Centers, LLC submitted the successful proposal;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. DEFINITIONS.
The following terms shall be defined as follows for the purposes of this Agreement:

1.1 "Adjusted Gross Revenue" means Gross Revenue earned from the operation of the City's Golf Courses reduced only by a) Washington State sales taxes and other tax imposed by any government agency on sales, b) admissions taxes collected, c) lease payments from other parties to the City for cellular tower(s) placed on Department property, and d) revenue collected from the sale or surplus of equipment associated with golf course maintenance.

1.2 "Annual Budget" means the annual budget for all Golf Courses. The proposed Annual Budget shall be delivered by the Operator to the City by June 1 of each year.

1.3 "Approved Annual Budget" means the Golf Courses budget that is approved by the City.

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1.4 "Capital Expenditure" means any expenditure for new or replacement capital equipment or improvements to the Golf Courses that have an anticipated useful life equal to or greater than one year and a cost of no less than $5,000 (Five Thousand Dollars).

1.5 "City" means the City of Seattle, a municipal corporation, and its elected officials and any department or subdivision thereof.

1.6 "Dark" means ½ hour after sunset until ½ hour before sunrise.

1.7 "Department" means the City of Seattle's Department of Parks and Recreation.

1.8 "Direct Cost" means any cost which is directly related to the normal and ordinary staffing, operations, or routine maintenance of the Golf Courses as approved by the City in the Annual Budget as further defined in Section 7.1.

1.9 "Director" means the Golf Director in the Department of Parks and Recreation responsible for the management of the Golf Course Management Agreement and the overall operations of the City Golf Courses.

1.10 "Driving Range(s)" means the golf practice driving range facilities located at the Jefferson Golf Course and Interbay Golf Course and any other practice driving range facility that may be operated at the Golf Courses during the Term of this Agreement.

1.11 "Effective Date" means the date the Agreement is executed by both parties following authorization by an effective ordinance of the City of Seattle.

1.12 "Executive" means any person who has a financial interest in Premier Golf Centers, LLC or any officer of the company with the title of Chief Executive, Chief Financial, or Director.

1.13 "Fees and Charges" means the fees and charges for use of the Golf Courses (greens fees and cart rental fees) as approved by the Department for the applicable Operating Year.

1.14 "First Tee Agreement" means the Lease between the Department and Seattle Junior Golf Foundation, D/B/A First Tee of Greater Seattle, a Washington nonprofit corporation, attached hereto as Exhibit B.

1.15 "Golf Course Manual(s)" means the manual for the operation of the Golf Courses attached hereto as Exhibit A, and all reasonable revisions thereto promulgated by the Department from time to time made after written notice to and consultation with Operator.

1.16 "Golf Courses" means all of the buildings, grounds, fixtures, structures, restrooms, equipment, computers, tools, vehicles, fencing, and all appurtenances thereto at the

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Interbay, Jefferson, Jackson, and West Seattle Golf Courses, more particularly described on Exhibit E, which is attached and incorporated herein.

1.17 "Golf Lessons" means the professional golf instruction given at the Golf Courses by either the Class "A" PGA Golf Professional or qualified golf instructors as approved by the Department and employed or subcontracted by the Operator.

1.18 "Gross Revenue" means any and all income received from the operation of the City's Golf Courses and business conducted from or at the Golf courses, including but not limited to the proceeds from all retail and wholesale sales; sale of food and beverages; sales from vending devices; mail or telephone orders received or filled on or from the Golf Courses; all deposits not refunded to purchasers; orders taken although filled elsewhere; and fees. The term "Gross Revenue" does not mean or include the amount of money refunded to, and not merely credited to the account of, customers who return or do not accept merchandise sold by Operator; any exchange of merchandise between locations or the central warehouses where such exchange is made solely for the convenient operation of Operator's business; returns to shippers or manufacturers; any discount allowed by Operator to customers; or business conducted by Operator from the Operator Offices or Premises on behalf of non-City entities.

1.19 "Operating Year" means:

A. The first Operating Year shall commence on the Effective Date and end on December 31, 2011 at 11:59 p.m.

B. Each Operating Year thereafter shall comprise the period of 12 (twelve) full calendar months.

1.20 "Operator" means Premier Golf Centers, LLC (the professional golf course operating company selected to operate the City's Golf Courses.)

1.21 "Operator Offices " means space located at Interbay Golf Clubhouse in the office area limited to 400 square feet.

1.22 "Prepaids" means money received on account as a credit available towards customers or groups. Gift cards are accessed by a physical card and good for any item. Credit books are designated by number and are generally for merchandise only unless they are temporary accounts set up for prepaid deposits on banquets or tournaments.

1.23 "Pro Shops" means the golf and merchandise facilities located at the Golf Courses.

1.24 "Restaurants" means the food and beverage dining facilities located at the Golf Courses. Vending machines, remote food carts, and other food-related activities on the Golf Courses are included in the definition of "Restaurants." "Property" means

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the real property upon which the Golf Courses are located. The Property is described in Exhibit E hereto.

1.25 "Superintendent" means the Superintendent of the Department of Parks and Recreation or his designee.

2. RETENTION OF OPERATOR.
The City hereby retains the Operator for the management and operation of the Golf Courses and all related facilities and services, including, but not limited to, the Golf Courses, Pro Shops, Restaurants, Driving Ranges, Golf Cart Rentals and Barns, restrooms, and all other buildings located at the Golf Courses, excluding the golf course maintenance buildings.

3. ACCEPTANCE.
Prior to the Effective Date of this Agreement, the Operator has made an inspection of the Golf Courses, the Operator Offices, and related fixtures and facilities and hereby accepts the condition of them for purposes of this Agreement on an "as is" basis.

4. TERM.

4.1 Term of Agreement. The initial term of this Agreement shall be for a period of Ten (10) years, beginning on the Effective Date and terminating at 11:59 pm Pacific Standard Time (PST) on December 31, 2020. The City shall have the option to extend this agreement by five years.

4.2 Transfer. Upon termination or expiration of the Agreement, all employees and agents of the Operator shall vacate the premises of the Golf Courses and the Operator's Offices and shall have no further rights or duties thereon, except to ensure and organize a proper transfer of the premises, equipment and property, records, all inventories, Prepaids (credit books and gift cards), and change funds of the Golf Courses back to the City. The Operator will maintain a current list of contracts and leases for the benefit of the golf courses and surrender it to the City upon transfer.

4.3 Termination or Convenience. Either party to this Agreement shall have the right to terminate this Agreement by delivering to the other party written notice of its intention to terminate at least 90 (ninety) days prior to the effective date of the termination.

5. OPERATOR'S BASIC SERVICE OBLIGATIONS.

5.1 Golf Management Services. The Operator shall sell, rent, lease, store, and repair golf equipment, sell golf-related clothing and supplies, provide instructional services in the playing of golf, and operate the Golf Courses, Pro Shops, Golf Cart Rentals, and Driving Ranges consistent with the standards and conditions in this Agreement. The Operator shall employ managers, golf professionals, and other personnel at the Golf Courses, subject to the approval of the City.

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5.1.1 Merchandise. The Operator is authorized to make purchases in order to provide and maintain in the Pro Shops such inventory of golf merchandise as deemed necessary within the Department's Approved Annual Budget to adequately meet the expectations of the public. If the revenue from merchandise sales exceeds the amount in the Approved Annual Budget, the Operator may exceed the merchandise purchasing amount in the Approved Annual Budget by 66% of the actual revenue in excess of the budgeted amount. After written notice to and consultation with the Operator, the Department shall have the right to prohibit the sale and rental of any item of merchandise if the Department, in its sole discretion, determines that the item(s) is of such inferior quality as to not be in the public interest to be offered for sale or that such item(s) is not necessary or desirable for proper service to the public. Unless otherwise approved by the Director, the Operator will maintain minimum/maximum inventory levels for sale in the pro shops as follows:

- At Interbay a minimum of $80,000 (Eighty thousand dollars) to a maximum of $275,000 (Two hundred seventy five thousand dollars).
- At Jackson, Jefferson, and West Seattle courses a minimum of $25,000 (Twenty five thousand dollars) each to a maximum of $100,000 (One hundred thousand dollars) each.
- In the event that a new facility is built or retail shop expanded, Director and Operator shall set new minimum and maximum inventory levels for that facility.

5.1.2 Tournament Credit Books. The Operator shall keep a system of accounts for prepaid books (credit books) of tournament winnings awarded at each course for tournament play. The course manager shall control the credit book accounts such that he or she can only increase or decrease winners' book accounts. The system will only allow a total increase to winners' book accounts by no more than the total available in the tournaments' credit book account. The Operator shall be able to run reports for all tournaments at all courses and to check all credit book balance sheets. Credit book holders shall be able to spend funds at any of the City facilities.

5.1.3 Golf Lessons. The Operator shall provide for Golf Lessons by employing qualified instructors accredited by the PGA, LPGA, and the PGA, LPGA apprentice program. The Operator shall cause all golf instructors, including Class "A" PGA Golf Professionals, to comply with the rules and regulations of the Golf Course Manual.

5.1.4 Golf Programs. Operator shall implement and promote golf programs as provided in the Golf Course Manual by providing group lessons, range balls, and general golf instruction, and by conducting tournaments for men's and women's clubs, junior and senior groups, leagues, and outings. The Operator shall comply with the terms of the First Tee Agreement.

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5.1.5 Minimum Hours of Operation. At a minimum, the facilities shall initially be open and available to the public in accordance with the schedule attached as Exhibit C - Initial Hours of Operation. Thereafter the days of operation and daily hours of operation shall be as recommended by the Operator and as approved by the Department.

5.1.6 Restaurants. The Operator shall provide Restaurant services at the Golf Courses. The Operator shall submit menus and menu prices for approval by the Department annually or by the schedule established by the Department. Initially, the hours of operation shall be as shown in Exhibit - C Initial Hours of Operation. The Restaurant services operation shall be used as an enhancement to the golf programs administered by the Operator, and will be coordinated with golf events sponsored by (1) the daily clientele visiting the facilities, (2) recognized clubs as defined in the Golf Manual, attached as Exhibit A, and (3) corporate groups. Tournament packages shall include special menu selections for events of 16 (Sixteen) or more golfers. In situations where the food and beverage required to be purchased exceeds the budget due entirely because the revenue for food and beverage exceeds the revenue budget, operator shall be entitled to exceed the food and beverage purchasing budget by 35% of the over budgeted revenue amount.

5.1.7 Quality Control. Operator shall regularly retain a qualified "shopping" service from an outside vendor to use trained shoppers to anonymously evaluate customer service, operations, employee integrity, merchandising, and product quality. All reports from the provider shall be forwarded to the City. These costs will be reimbursed by the City.

5.2 Building and Equipment Maintenance Services. Throughout the term of this Agreement, the Operator shall keep and maintain in good, operable, usable, and sanitary order and repair the interiors and hard surface exteriors contiguous to the club houses, driving ranges, and parking lots of the Golf Courses, including, but not limited to, the Pro Shops, restrooms, storage spaces, the driving ranges, mini golf course, golf cart rentals, and restaurants, and all buildings, structures, improvements, fixtures, equipment, and utility systems, which may now or hereafter exist on or in the Golf Courses. Excluded are golf course grounds and grounds maintenance buildings maintained by the City. The Operator shall provide for such ordinary repairs, replacements, rebuilding, and restoration as may be required to maintain the Golf Courses in compliance with this Agreement. All replacements, rebuilding, and restoration, other than ordinary repairs, shall be approved in writing by the City prior to implementation. Maintenance that would exceed the Annual Approved Budgeted amount shall be approved in writing by the City prior to implementation.

5.3 Capital Improvements and Small Construction Projects. Under the direction of the City, Operator is authorized to manage the design and construction of small construction projects under $7,000. The Director will approve all conceptual designs

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using the standard City procedures for small public works projects. Parks reserves the right of inspection during construction. All work must be approved by Parks prior to start of use by Operator or general public.

The Operator shall not undertake any major improvements, additions, alterations, or changes that cost in excess of $5,000 (collectively, "Improvements") to the Golf Courses or appurtenant facilities without the prior, written approval of the Department. All work is subject to the Operator securing applicable permits, and compliance with all terms and conditions imposed by the Department in its sole discretion. Improvements shall be reimbursable under this Agreement.

5.4 Department Ownership. Except for leased equipment and proprietary property of the Operator, the ownership of all Golf Courses structures, buildings, equipment, or improvements thereto or thereon, merchandise, golf hand carts, and Golf Course maintenance equipment constructed or acquired by the Department, or by Operator on behalf of the Department, and all alterations, additions, or betterments thereto, shall remain with and be owned by the City.

5.5 Inventories. The Operator and the Department shall jointly inventory City-owned equipment following a mutually agreeable schedule.

5.6 Inspections. The City may conduct both scheduled and unscheduled inspections of the Golf Courses without interrupting the normal operations. The City shall retain a written report of such inspections for reference and a copy of the report shall be forwarded to the Operator. The Operator shall review the report and prepare a written response to the noted exceptions and findings within 15 (fifteen) days of the receipt of the report, including contemplated courses of action to correct the noted exceptions and findings. After consulting with the Superintendent, the Operator shall take corrective action suggested by the Superintendent.

5.7 Operator Offices. Operator has a license to use the Operator Offices for the purpose of managing the City's Golf Courses and for incidental office use. The license to use the Operator Offices will automatically cease with the termination or expiration of this Agreement.

6. OPERATING RESPONSIBILITIES.

6.1 Annual Budget. The Operator shall submit to the City, for its review and approval, the Annual Budget for each Operating Year of this Agreement. The Annual Budget for the first Operating Year will be provided by the City. Beginning in 2011, the Operator will submit a proposed Annual Budget no later than June 1 of each year under the Agreement for the upcoming calendar year (by way of example, the proposed Annual Budget for Operating Year/calendar year 2012 by June 1 of 2011). The City shall approve, disapprove, and adjust the proposed Annual Budget by December 1 of each year as part of its annual budget process. Each proposed Annual Budget shall be in a format acceptable to the City and shall include, but not be limited

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to, proposed Fees and Charges, the projected number of Operator employees, the projected number of rounds of golf played and Driving Range buckets of golf balls purchased, and all projected revenues by source and golf course and the proposed Direct Costs and expenses, identifying those that are paid by the Operator and reimbursed by the City. After consultation with Operator, the Superintendent shall have the authority to negotiate changes to the proposed Annual Budget including, but not limited to, the projected revenue, projected costs, and the method of cost allocation, marketing plans, and advertising.

6.2 Reports

6.2.1 Annual Reports. Beginning on or before February 15, 2012, and thereafter on or before February 15 of each Operating Year during the Term, the Operator shall submit to the Superintendent, for his or her review and approval, an annual report ("Annual Report"). Each Annual Report shall include a description of the physical condition of the Golf Courses and list any repairs or improvements made during the most recently concluded Operating Year. Each Annual Report also shall include a detailed revenue, cost, and expense report in a form acceptable to the City. Annual Reports will be submitted by the Operator in electronic media using mutually agreeable software and in hard copy when requested. If the Superintendent doesn't approve the Annual Report, the Operator shall take all corrective action and submit a revised report to the Superintendent for review and approval. A report of all inventories (including prepaids and change funds) as of December 31 of each year shall be submitted to the City by January 15 to the Parks Accounting Manager.

6.2.2 Monthly Reports. The Operator shall submit to the Department, for its review and approval, on or before the twentieth day of the month following each month of operations under this Agreement, a detailed and complete report regarding the prior month's operations in a form acceptable to the Department ("Monthly Report) (See Exhibit D - Sample Monthly Report Template). Each Monthly Report shall include a summary regarding the physical condition of the Golf Courses and any major repairs or improvements made during the most recently concluded month, as well as a monthly inventory. Each Monthly Report also shall include a summary of the financial condition of the Golf Courses including the revenue by category and course, the categorized costs, and other financial data as may be required by the Department. The Operator shall provide additional information and documentation relating to any expense or income entry as the Department may require. Monthly Reports will be submitted by the Operator in electronic media using mutually agreeable software and in hard copy when requested.

6.2.3 Loss Reports. A Loss Report shall be submitted to the Parks Accounting Manager within 48 hours for any loss of any asset, including cash but not

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including inventory, valued at $100 or more per occurrence, and the loss of inventory exceeding $500 or more. The report shall be submitted on the City's Loss Report form (see Exhibit H) and shall include:

A. The exact or estimated amount of the loss.
B. Composition of the loss (cash/checks).
C. Date of the loss.
D. When and how the loss was discovered.
E. Whether it is known, who is responsible for the loss, (and, if so, the name).
F. When possible and appropriate to get, a copy of the police report shall be included in the report to the City.
G. Whether the loss is covered by insurance.

6.2.4 Shopper Reports. An outside company will be retained to provide shopper reports. Reports will be conducted at the request of the Director and will be promptly forwarded to the City.

6.3 Compliance with Laws. The Operator shall comply with all municipal ordinances, all state and federal laws, and all regulations applicable to the operation of the Golf Courses and the management services provided under this Agreement. The Operator will comply with all applicable laws and regulations applicable to management or service contracts that involve facilities financed with tax-exempt bonds under federal tax law. The Operator shall not knowingly permit any illegal activities to be conducted on or at the premises of the Golf Courses. The Operator shall obtain all such required permits or licenses from the appropriate regulatory agency before undertaking any regulated activity.

6.4 Governing Law. This Agreement and the rights of the parties hereto shall be governed and construed in accordance with the laws of the State of Washington. The venue of any lawsuit between the parties arising under this Agreement shall be King County, Washington, and the parties hereto do hereby stipulate to the jurisdiction and venue of the Superior Court for King County, Washington.

6.5 Compliance with Rules and Regulations. The Operator shall comply with all rules and regulations set forth in the Golf Course Manual and will enforce all such rules at the Golf Courses.

6.6 Operator's Obligations to Refrain from Discrimination (Equality of Treatment). Without limiting the generality of Section 6.3, the Operator will comply and shall require its subcontractors to comply with all applicable equal employment opportunity and nondiscrimination laws of the United States, the State of Washington, and the City of Seattle, including but not limited to Chapters 14.04, 14.10, and 20.42 of the Seattle Municipal Code (SMC),as they may be amended from time to time; and rules, regulations, orders, and directives of the associated administrative agencies and their officers.

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6.7 Signs. The Operator shall not post any permanent signs at the Golf Courses without the prior approval of the Department.

6.8 Marketing and Advertising. The Operator shall use its best efforts to maximize the public use of the Golf Courses by effectively marketing and promoting the Golf Courses to ensure financial and operating success. For each operating year, the Operator shall submit to the Department as a part of the proposed Annual Budget a complete marketing and advertising plan and shall include a year-end marketing and advertising report along with the Annual Report concerning all activities undertaken by the Operator with respect to the approved marketing and promotion plan for the applicable Operating Year. The Operator may deviate from the amounts provided within the budget and marketing plan to respond to unexpected market conditions after first consulting with and obtaining the approval of the Director. The City reserves all advertising rights associated with the Golf Courses and Operator will purchase any advertising on behalf of the City.

6.9 Utilities. Upon commencement of the term of this Agreement, the Operator shall be responsible for arranging for the utility services required by the Golf Courses, including, but not limited to, water, gas, electricity, sewer service, and trash removal. The Operator acknowledges that during the term of this Agreement there may be a defect, deficiency, or impairment of any utility system, water system, water supply system, drainage system, waste system, heating or gas system, or electrical apparatus or wires serving the Golf Courses. Any expenses incurred by the Operator to correct any such defect, deficiency, or impairment shall be a Direct Cost, aside from capital expenditures.

6.10 Safety. The Operator shall immediately correct any unsafe conditions to the Golf Courses, or notify the Department of any potentially unsafe conditions, as well as any potentially unsafe practices occurring thereon. The Operator shall contact an emergency medical response provider as soon as reasonably possible after becoming aware of any person on or at any of the Golf Courses who is in need of medical attention because of illness or injury. The Operator shall cooperate fully with the Department in the investigation of any accidental injury or death occurring at the Golf Courses and shall submit promptly to the Superintendent an accident report describing any injuries or deaths at the Golf Courses. An incident log will be maintained at the Golf Courses by the Operator.

6.11 Use of Facilities Restrictions. The Operator shall obtain from the Director prior written approval of any events or activities not otherwise specifically provided for or authorized under the Agreement, or any extraordinary events or activities requiring the exclusive use of any of the Golf Courses or any portion thereof.

6.12 Meetings. Representatives of the Operator and the Department shall, at a minimum, meet monthly and at such other times as may be required by the Department to review the Operator's performance under this Agreement, to review the monthly financial reports submitted by Operator, and discuss any problems or emerging

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issues.

6.13 Fee Structure.

6.13.1 Fees and Charges. Initially all Fees and Charges shall be the current Fees and Charges in effect at the Golf Courses as of the Effective Date. (Exhibit L.) Beginning with the Operator's submission of the proposed 2012 Annual Budget on June 1, 2011, the Operator shall propose Fees and Charges for the coming year. Additionally, Operator shall conduct a biannual market survey of comparable local municipal golf courses and driving ranges and provide the Director with the results. The Operator, in the exercise of its professional judgment, shall recommend Fees and Charges at such rates that will best meet the goals of maximizing Golf Courses net revenue and the positive golfing experience of golfers of all ages and skills. The Department will review, revise as needed, and establish Fees and Charges for the upcoming operating year.

6.13.2 Changes to Fees and Charges. At any time during the Term, the Operator may propose off-season Fees and Charges for rounds of golf, cart fees, Driving Range fees, and temporarily lower fees, discounts, or promotional programs based on sound business practice. Any change to Fees and Charges are subject to prior approval by the Department.

6.13.3 Other Charges. All charges directly charged to the public that are related to golf course operations, including course and range fees, fees for classes and lessons, equipment fees and other usual golf course fees and charges paid by golfers shall be proposed by the Operator in its proposed Annual Budget and are subject to approval by the Department. Restaurant and retail prices, including prices for Pro Shop equipment and supplies, are not included in Fees and Charges and shall be proposed by the Operator in its proposed Annual Budget, and may be changed at other times by Operator as market conditions and costs change, subject to Department approval. The Department shall have the right to reject any price changes and request Operator to change to a specified price. If the Operator proposes an increase in the maximum fees authorized by the Department other than in the proposed Annual Budget submission, the Operator shall submit such proposed changes to the Department for approval at least 90 (ninety) days prior to the proposed implementation date. Any such change will be implemented only with the written approval of the Superintendent.

6.13.4 Discounts. Except as specifically authorized in writing and by mutual agreement as part of this contract, employees of the Operator shall not receive discounts to the above listed fees. In acknowledgment of the retail food and beverage operations, an industry conforming standard policy for food and beverage consumption is attached as Exhibit J, PGC FB House Policies.

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6.13.5 Reciprocal Play. In addition, there is an established reciprocal play policy allowed, attached as Exhibit K, Reciprocal Play and Practice Policy.

6.13.6 Operator Employee Merchandise Discounts. All operator employees are eligible to purchase pro-shop merchandise at cost plus 10%. If the item is discounted to the public below this price, then the employee would pay that price with no additional discount. Employees may not use their discount to purchase items for resale.

6.14 Business License, Permits, and Leasehold Excise Tax.

6.14.1 Non-Reimbursed Costs and Expenses. The Operator shall obtain and pay for without reimbursement by the City a) the state licenses, registrations, and permits; unless authorized herein, b) any federal government fees, taxes, charges for the Operator's business, c) the Operator's City of Seattle Business Licenses, and d) leasehold excise taxes, if any. Any Operator legal and administrative costs associated with obtaining these licenses and permits will not be reimbursed by the City. Any late charges or penalties incurred by the Operator associated with obtaining these licenses and permits will not be reimbursed by the City without prior approval.

6.14.2 Reimbursed Direct Costs and Expenses. The City will reimburse Operator, as a Direct Cost, the actual fees paid by the Operator for Washington State Liquor Control Board licenses and permits, Seattle-King County Department of Public Health permits and inspections, and other permits and fees directly related to the operation of the Golf Courses and approved by the City in the Approved Annual Budget. Any Operator legal and administrative costs associated with obtaining these licenses and permits must be approved in advance by the City. Any late charges or penalties incurred by the Operator that is associated with obtaining these licenses and permits will not be reimbursed by the City without prior approval of the Director.

6.15 Restaurant and other Goods and Services. The Operator shall at all times maintain a complete list or schedule of the prices charged for all goods and services supplied to the public by or at the Golf Courses. Such list or schedule of proposed prices shall be included in each proposed Annual Budget provided to the Department. Such prices shall be based on the following considerations: a) that the Golf Courses are intended to serve the needs of the public with the goods and services supplied at a cost comparable to other local sources of similar goods and services and b) that the potential profit margin should accommodate the cost of providing the goods or services in compliance with the obligations of this Agreement. If the Department notifies the Operator that a fee or a price being charged is not fair and reasonable, then Operator shall have the right to confer with the Department to justify such fee. Following reasonable conference and consultation thereon, the Operator shall

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immediately make such fee/price adjustments as may be ordered by the Department.

7. COSTS AND EXPENDITURES, LATE FEES.

7.1 Direct Costs. All Direct Costs (the normal and ordinary costs of operating and maintaining the Golf Courses) shall be paid by the Operator from the Operator's bank accounts, and Operator shall be reimbursed by the City. The City will reimburse Direct Costs without mark-up or profit to the Operator, and such costs will include only the actual amount paid by Operator to persons and entities unrelated to the Operator.

The amounts paid by the Operator for salaries, wages, compensation, and benefits to its employees that are to be reimbursed by the City are required to be determined at fair market value and not be based upon any share of net profits from the operation of the Golf Courses. Executive personnel are not to be reimbursed as Direct Costs but instead are to be included as part of the Management Fee provided in Section 8 below.

Late fees paid to vendors will not be reimbursed without approval of the Director. Subject to the above limitations, a Direct Cost shall be any cost which is directly related to the normal and ordinary staffing, operations or maintenance of the Golf Courses only when approved by the City in the Approved Annual Budget or when proposed by the Operator and approved in writing by the City, including but not limited to the following:

7.1.1 Operator employee salaries, wages, and compensation.

7.1.2 Operator's employee benefits including vacation, sick leave, health insurance, HSA Contributions, 401(k) contributions, disability insurance, and worker's compensation insurance.

7.1.3 Employee Incentives and Bonuses. Employee incentives that comply with City policies are authorized and will be considered a Direct Cost. Authorized incentives are to express employee appreciation, and are generally of minimal value (less than ten dollars); the value is in the giving and not in the gift itself. The reimbursement request for any incentives that comply with City policies must include a completed City Form A-22 (see Exhibit I). Any other employee incentive or bonus will be excluded as a Direct Cost and will be paid at Operator's sole expense.

7.1.4 Food for Operator Employees. Food provided to employees that complies with City policies is authorized and will be considered a Direct Cost. In acknowledgment of the retail food and beverage operations, an industry conforming standard policy for food and beverage consumption is attached as Exhibit J. All food purchased by employees under the attached food and

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beverage policy will be excluded as a Direct Cost and will be at the Operator's or employee's sole expense.

7.1.5 Personal Mileage Reimbursement. Reimbursement of Operator employee usage of personal cars for business purposes shall be considered a Direct Cost, up to the then current rate approved by the IRS. Operator employees requesting mileage reimbursement shall maintain and submit mileage/trip logs as required by the Department. Mileage will be reimbursed no greater than the current rate authorized by the IRS. The employee must submit with the reimbursement request a log of beginning and ending mileage and beginning and ending location, the business reason for the travel, along with the date of trip.

7.1.6 Lease and/or rental of equipment.

7.1.7 Repair and maintenance of golf and hand carts, irrigation systems, and capital equipment.

7.1.8 Uniforms, laundry, and linens.

7.1.9 Operating supplies, office supplies, cleaning supplies, and other miscellaneous supplies.

7.1.10 Audit. Performance or financial audits that may be required by the City.

7.1.11 Advertising and marketing expenses.

7.1.12 Travel. Travel for reasonable, necessary, and normal business purposes is a Direct Cost, but must comply with City policies for reimbursement limits. These limits include flying coach on airlines; food and lodging is limited to either the Federal Per Diem rate or the Federal Runzheimer Rate Table. Travel will only be reimbursed for Operator's employees, and not for any family or non-employees traveling with the employee.

7.1.13 Telephone, postage, and freight directly related to the operation of the Golf Courses.

7.1.14 Utilities and utility deposits, including natural gas, water, electric power, telephones, garbage, recycling, and trash collection.

7.1.15 Parking lot maintenance.

7.1.16 Washington State Business and Occupation taxes on the Direct Costs or reimbursement of same.

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7.1.17 Refunds. Refunds will be expensed and not deducted from revenue, and will be reimbursed by the City.

7.1.18 Food, Beverages, and restaurant supplies.

7.1.19 Petty cash reimbursements must meet the same guidelines as other invoices, including an itemized receipt listing what was purchased and that the purchase was paid (proof of purchase and payment).

7.2 Direct Cost Budget. The Direct Cost Budget is a portion of the Annual Budget and includes inventory.

7.3 Excluded Operating Costs. Those operating costs that are paid by the City but are not included in the Direct Cost Budget include and are limited to the following:

7.3.1 Those maintenance and/or operating costs that are due to any reason beyond Operator's reasonable control, an "occurrence of force majeure" including, without limitation, acts of God, riots, strikes, and/or fires, provided, however, that such expense shall continue only during the pendency of the particular occurrence of force majeure and are subject to the prior approval of the Superintendent.

7.3.2 Base Management Fees and Revenue Growth Incentive Fee paid as part of this contract to the Operator.

7.4 Capital Expenditures. A Capital Expenditure is not a Direct Cost and each must be separately approved by the Director before it may be undertaken. The City is responsible for the cost of any Capital Expenditure approved by the Director. Examples of such expenditures include, but are not limited to equipment for the driving ranges, golf course maintenance, kitchen, and restaurant fixtures, etc. The City may request that the Operator contract for and make capital improvements and reimburse the Operator for these improvements per the Capital Budget and subject to applicable public works laws and procedures.

Any Capital Expenditures other than minor construction under Section 7.5 to be managed or implemented by Operator will be under a separate agreement between the City and the Operator.

7.5 Small Construction Projects. Pre-approved small construction projects under Section 5.3 and included in the Annual Budget will be reimbursed.

8. OPERATOR COMPENSATION.

8.1 Base Management Fee. During each year under this Agreement, the City will pay the Operator a fixed annual management fee (the "Management Fee"). For years 2011 and 2012, the Management Fee will be $285,000 (Two Hundred Eighty Five

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Thousand dollars) payable in twelve monthly installments of $23,750 (Twenty Three Thousand Seven Hundred and Fifty dollars). The Management Fee for any partial year or month during the Term shall be made pro rata based upon the number of months in the year or days in the month when this Agreement was in effect. For the purposes of pro rata calculations only it is agreed months will contain 30 (thirty) days. The City will pay the Management Fee by check mailed to the Operator within 10 (ten) working days (excluding City holidays) after receipt and City acceptance without contest or question of the Monthly Report and supported by an invoice from the Operator.

For the years 2013 and after, the Management Fee will be reviewed biannually in concert with the City budget cycle. The Superintendent shall have the option of increasing the Management Fee for the next budget cycle up to 4% per annum. This increase shall be at the Superintendents' sole discretion, and will include considerations such as inflation, changing infrastructure, and performance. Any increase will be subject to IRS rules regarding compensation for management of bond financed facilities.

8.2 Revenue Growth Incentive Fee. During the Term, the City will pay the Operator a Revenue Growth Incentive Fee of an amount equal to 10% (Ten percent) of the excess of the actual Adjusted Gross Revenue over the Adjusted Gross Revenue Target(s) for that year. The Adjusted Growth Revenue Target(s) shall be set by and at the sole discretion of the Superintendent each year, and shall take into account the historic and anticipated growth in Adjusted Gross Revenue. The City will pay the Annual Incentive Fee by mailed check to the Operator within 10 (ten) working days (excluding City holidays) after the City's receipt and acceptance without dispute, contest, or question by the City of the Operator's Annual Report. The Annual Report will include an invoice from the Operator that details the calculation of the Annual Revenue Growth Incentive.

8.3 Annual Limit on Operator Compensation. Notwithstanding any provision in this Section 8 regarding adjustments to Operator's fees, the Base Management Fee shall not be less than 80% of the total compensation paid to Operator for any calendar year under this Agreement. No portion of the compensation paid to the Operator may be based on a share of the net profits from the operation of the Golf Courses.

8.4 Payment Procedures.

8.4.1 After receipt from the Operator of applicable invoices that have been approved without contest and accepted by the City, the City shall reimburse the Operator for Direct costs by check mailed to the Operator within 10 (ten) business days, excluding City holidays, after receipt of the Operator's invoices in a form approved by the City.

8.4.2 The Operator shall submit original copies of all bills and invoices. Each bill and invoice shall be approved and shall be signed by an Operator

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management employee. Operator may submit the full year invoices at the beginning of the year to be approved and paid by the City each month.

8.5 Reimbursement Submittals. The Operator will submit receipts, invoices for all Direct Costs, and expenses to the City according to a schedule that has been approved by the City. In no event shall the reimbursement submittals be processed more often than once a week with the exception of twice per month payroll reimbursements. The City reserves the right to review all reimbursement submittals, seek justification from the Operator and once accepted by the City, issue a reimbursement.

8.5.1 Salary reimbursement requests must be separated by golf course and include by employee: name, total hours, pay rate, total cost, and cost for each benefit (taxes, health insurance, etc.). The request must include a report from the Operator's payroll system that includes the above information.

8.5.2 At year-end, reimbursement requests must be separated by calendar year; any single request that includes expenses from two calendar years will not be reimbursed and returned to the Operator for resubmission as separate requests by year.

8.5.3 Reimbursement Summary. Each request shall include a summary that includes sub-totals by golf course and list each vendor, date paid, check number, and amount. Attached to the summary shall be the original invoice that was paid. A copy of the check must be attached to each invoice(s). Vendor invoices shall include detail itemization and be on the vendor's letterhead or invoice with the vendor's name, address, etc., or if on an invoice form provided by the Operator, shall include identifying information and the vendor's signature.

The City and operator shall agree to work diligently toward an electronic submission system acceptable to state auditors that increases efficiency and combined cost of submission to City

8.5.4 Payment Approval and Certification. Prior to submission of any requests for reimbursement, the Operator shall provide a letter signed by the CEO that identifies all employees authorized to sign and approve reimbursement requests (on the summary page). Each summary invoice shall include a certification statement as follows:

"I, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, services rendered, or labor performed as described herein and the claim is a just, due, and unpaid obligation against the City by the Operator, and I am authorized to authenticate and certify to said claim." The certification shall be signed and dated.

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9. FINANCIAL AND ACCOUNTING PROCEDURES.

9.1 Accounting Procedures. The Operator shall employ a method of accounting for all the revenues and expenses in connection with the operation of the Golf Courses that is consistent with the City's modified cost basis reporting, and that correctly and accurately reflect the gross receipts and disbursements received or made by the Operator from the operation of the Golf Courses. The Operator shall establish and implement adequate internal controls for this operation and all cashiering and cash handling that comply with GAAP, and with the City's cash handling policies. The method of accounting, including bank accounts, established for the operation shall be separate from the accounting system used for any other business operated by the Operator.

9.2 Monthly Reports and Transactions. The Operator shall provide to the City a Monthly Report of the previous month's transactions and financial status of the Golf Courses.

9.2.1 Monthly Report. Within 20 (Twenty) days of the end of each month, the Operator shall provide the City with a Monthly Report that includes the current month and year-to-date inventory levels and income statement.

9.2.2 On a weekly basis and schedule provided by the City, the Operator will provide a copy of every bank deposit slip and a copy of every credit card batch settlement for the previous week, and a revenue report that separates the revenue by category and source approved by the City.

9.2.3 After review of the above items, the City may request additional reports that detail previous transactions.

10. BUSINESS RECORDS.

10.1 Types of Records. The Operator shall keep and store within the city limits of Seattle, Washington the following records and documents:

10.1.1 Regular books of account such as general ledgers;

10.1.2 Journals including any supporting and underlying documents such as vouchers, checks, tickets, bank statements, etc.;

10.1.3 Sales tax returns and checks and other documents proving payment of sums shown;

10.1.4 Cash register tapes or computerized records for the identification of day-to-day sales;

10.1.5 Logs showing the dates and times of Driving Range and greens usage and Golf Lessons at the Golf Courses; and

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10.1.6 Any other accounting records that the City, in its sole discretion, deems necessary for proper reporting of receipts.

10.1.7 All books and records will be turned over to the City after 3 (Three) years for retention in City archives, in City-authorized storage boxes with a completed City archival form attached to each box as required by the City Archivist. These records may be in electronic format on CD's or DVD's.

10.2 Audit of Records. All documents, books, and accounting records kept by the Operator pursuant to this Agreement shall be open for inspection by representatives of the City during usual business hours and at a location within the Seattle City limits during the term of this Agreement and for at least 3 (three) years thereafter. In addition, the City or its authorized representative may, from time to time, conduct an audit of the books of the operation of the Golf Courses and observe the operation of the business. The City will use its best efforts to minimize the interruption with the normal operation of the Golf Courses during any inspection or audit performed pursuant to the provisions of this section. The City and Operator will independently conduct and jointly conduct "surprise" cash and inventory audits as each deems appropriate. The results of the audits will be documented in a written report, a copy of which will be given to both parties.

10.3 Annual Financial Statements. The City may request and the Operator shall provide to the satisfaction of the City audits of financial statements and golf course operations. The audit shall be performed by independent certified public accountants or other persons designated by the City, and the cost of the audit shall be included as a Direct Cost of operation.

10.4 Public Records. All information obtained in connection with the City's inspections of the records or audits and all information submitted to the City may be or become subject to public inspection and/or reproduction as public records.

11. INSURANCE AND INDEMNITY.

11.1 Insurance.

11.1.1 Worker's Compensation Insurance. The Operator shall keep in full force and effect at all times during the term of this Agreement worker's compensation insurance for all workers employed pursuant to this Agreement in compliance with RCW 51 and any applicable federal statute. If any work is sublet, the Operator shall require its sub-operator(s) similarly to provide worker's compensation insurance for all of the latter's employees unless all the employees are covered by the Operator.

11.1.2 Liability Insurance. The Operator shall keep in full force and effect, at all times during the term of this Agreement, Commercial General Liability

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("CGL") insurance (including Premises/Operations, Products/Completed Operations, Personal Injury/Advertising Injury, Contractual Liability, Independent Contractors, Stop Gap/Employers Liability and Commercial Liquor Liability), Business Auto Liability, and, if necessary, Umbrella/Excess Liability insurance so as to provide total limits of liability of not less than $6,000,000 per occurrence Combined Single Limit Bodily Injury and Property Damage, except $1,000,000 each offense as respects Personal Injury/Advertising Injury and $1,000,000) each Accident/Employee Stop Gap/Employers Liability. "The City of Seattle" shall be included as an additional insured under each policy whether liability is attributable to the Operator or the City and coverage shall be primary and non-contributory with any insurance or self-insurance maintained by the City.

11.1.3 Property Insurance. The City shall insure or self-insure real property and personal property, including new buildings and additions under construction on City premises (but excluding land such as greens, fairways, trees, and landscaping), inventory, and mobile equipment (including leased mobile equipment) for the current replacement value thereof subject to various deductibles for the benefit of both the City and Operator. The City shall obtain from its property insurer a waiver of subrogation in favor of the Operator to the extent that property insurance applies to any loss. In addition, the City agrees to waive its rights of recovery for claims involving damage to City property in excess of $1,000 for any loss within the applicable deductible amount up to the attachment point of property insurance coverage.

The Operator is responsible for the cost of any insurance on Operator's personal property kept on-site at the Golf Courses, and such amount will not be a Direct Cost. The Operator hereby releases the City from any claim arising in any way from loss or damage to Operator's personal property.

11.1.4 Commercial Crime Insurance. The Operator shall keep in full force and effect at all times during the term of this Agreement a Commercial Crime insurance policy in the amount of $250,000 for employee dishonesty and coverage for theft, disappearance, and destruction of or to monies or funds of, in, or at the Golf Courses in an amount as dictated by the exposure at any given time, but in no event less than $50,000. All amounts set forth in herein shall be per occurrence and in the aggregate. The City may require the Operator to purchase a fidelity bond on behalf of the City whereby in the event any officer, employee, agent, or subcontractor of Operator embezzles, steals, or otherwise fraudulently or improperly takes or obtains City funds, money, or property, the City shall be reimbursed for the total amount of funds taken up to $250,000 per occurrence. This cost shall be a direct insurance cost.

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11.1.5 Evidence of Insurance. The Operator's professional insurance broker shall deliver to the City, in a timely manner, certificates of insurance and copies of declarations pages, schedules of endorsements, and additional insured policy provisions for all insurance required pursuant to this Agreement acceptable to the City. Each insurance policy required hereunder shall provide that cancellation shall not be made without 30 days (10 days with respect to cancellation for non-payment of premium) prior written notice to the City. Insurance Certification shall be issued to, and notice of cancellation/reinstatement may be mailed to:

The City of Seattle
Attn: Risk Management Division
P.O. Box 94669
Seattle, WA 98124-4669

Insurance certification shall not be mailed, but shall be delivered electronically (as may notice of cancellation/reinstatement) by facsimile transmission to (206) 470-1270 or as an email attachment in PDF or XLS format to riskmanagement@seattle.gov.

11.1.6 Cost of Insurance. The cost of the insurance required by this section and any deductible that the Operator pays for claims on the insurance required by in this Section (except claims less than $1,000 involving damage to City property only to the extent to which Operator is responsible for the damage under subsection 11.1.C.) shall be Direct Costs and shall be borne by the City.

11.2 Indemnity.

11.2.1 The Operator shall defend, protect, indemnify, and hold the City, its officers, elected officials, volunteers, agents, and employees from and against any and all suits, judgments, causes of action, claims, losses, demands, damages, liabilities, and expenses, including, but not limited to, attorney's fees and costs of litigation, resulting from death or injury to any person or damage or destruction of any property or property rights arising out of or relating to any act or omission of the Operator, its agents, subcontractors, or employees, or arising out of or relating to the work to be performed under this Agreement, including any breach of Operator's obligations herein. In the event a claim or legal action is covered by RCW 4.24.115, Operator's indemnification obligation shall not extend to damages resulting from the City's sole negligence, and in the case of concurrent negligence, Operator's indemnification obligation shall apply to the extent of the negligence attributed to the Consultant, its employees, subcontractors, and agents.

11.2.2 The Operator shall defend, indemnify, and hold harmless the City for any fines imposed by administrative regulatory bodies, except for fines resulting from and directly related to action for which the City is solely and

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completely responsible. In the event the City is only partially responsible for said action or inaction, the Operator shall defend, indemnify, and hold harmless the City for the full amount of such fines.

11.2.3 The City does not and shall not waive any rights against the Operator which it may have by reason of the indemnity clause of Section 11.2 because of the acceptance by the City of any of the insurance policies described in Section 11.1.

11.2.4 The indemnity clause of Section 11.2 shall apply to all damages and claims for damages of every kind suffered, or alleged to have been suffered, by reason of any of the operations of this Agreement, regardless of whether or not the insurance policies referred to herein shall have been determined to be applicable to any of such damages or claims for damages.

11.2.5 The foregoing indemnity is specifically and expressly intended to, constitute a waiver of Operator's immunity under Washington's Industrial Insurance Act, RCW Title 51, but only as to the City and to the extent necessary to provide City with a full and complete indemnity from claims made by Operator's employees.

11.2.6 THE OBLIGATIONS UNDER THIS SECTION 11.2 SHALL SURVIVE THE EXPIRATION OR TERMINATION OF THIS AGREEMENT. OPERATOR AND THE CITY EACH REPRESENT THAT THIS SECTION WAS MUTUALLY NEGOTIATED AND AGREED UPON.

12. REPRESENTATIONS AND WARRANTIES.

12.1 Organization and Authority. As of the date of this Agreement and thereafter, the Operator hereby represents and warrants that (a) it is a Limited Liability Company (type of organization) duly organized, validly existing, and in good standing under the laws of the State of California (state) and is qualified to do business in all other states where necessary in light of its business or properties and has all requisite power and authority to conduct its business and own its property utilized under this Agreement, (b) it has all necessary power and authority to execute, deliver and perform its obligations under this Agreement, (c) the execution, delivery, and performance by the Operator under this Agreement has been duly authorized by all necessary action and this Agreement has been duly and validly executed and delivered by the Operator, and (d) this Agreement constitutes the legal, valid, and binding obligation of the Operator and is enforceable against the Operator in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, or moratorium or other similar laws relating to the rights of creditors generally.

12.2 No Conflict. As of the Effective Date and thereafter for the term of this Agreement, the Operator hereby represents and warrants that the execution, delivery and

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performance by the Operator of this Agreement does not and will not a) conflict with or violate any provision of its articles of incorporation or bylaws, b) result in a material breach or violation of any term or provision of, or constitute a material default under, any material agreement or instrument to which the Operator is a party or by which the Operator or any of its assets are bound, or c) contravene or constitute a material default under any provision of applicable law or regulation.

12.3 Accuracy of Representations and Warranties. The representations and warranties contained in this Agreement do not contain any untrue statement of a material fact or omit any material fact necessary in order to make the statements contained herein not misleading or incomplete.

12.4 Survival of Representations and Warranties. The representations and warranties set forth by the Operator in this Article 12 shall survive the date of this Agreement and shall terminate only upon the sixth anniversary of the date of termination of this Agreement.

13. DEFAULT AND TERMINATION.

13.1 Default. If Operator violates breaches or fails to keep or perform any term, provision, covenant, or obligation under this Agreement, the City may provide the Operator with written notice specifying the failure or breach and providing a period of time determined by the City as reasonably necessary to cure the failure or breach. If Operator's breach relates to a monetary obligation, a reasonable time to cure will not exceed ten (10) days. If the Operator does not cure the breach or failure within the time required by the City's notice, Operator's breach will be a "Default". If the cure cannot reasonably be completed in the time provided by the City, Operator will not be in Default if a cure is commenced within the notice period and thereafter diligently pursued to timely completion. No waiver by the City of any Operator breach or Default hereunder shall be construed to be or act as a waiver of any subsequent breach or Default by the Operator.

13.2 City Remedies. If the Operator fails to cure any Default, the City shall have the following nonexclusive rights and remedies at its option: (1) to cure such Default on Operator's behalf and at Operator's sole expense and to charge Operator for all actual and reasonable costs and expenses incurred by City in effecting such cure; (2) to terminate this Agreement upon written notice to Operator.

13.3 If there is an Operator Default, the City shall not be liable for damages by reason of termination or City entry onto the Golf Courses. The City may also avail itself of any other remedy provided by law.

14. MISCELLANEOUS.

14.1 Entire Agreement. This Agreement and the documents expressly referred to herein constitute the entire agreement among the parties with respect to the subject matter

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hereof and supersede any prior agreement or understanding among the parties with respect to such subject matter.

14.2 Severability. If any provision of this Agreement or the application of such provision to any party or circumstance shall be invalid, the remainder of this Agreement or the application of such provision to other parties or circumstances shall not be affected thereby.

14.3 Notices. All notices, requests, demands, consents, and other communications required or permitted to be given by this Agreement shall be in writing and personally delivered or placed in the United States mail, properly addressed and with full postage prepaid, certified, and return receipt requested. Such notices shall be deemed received at the earlier of (a) the date actually received, or (b) 5 (Five) business days after such mailing. Such notices shall be sent to the parties at the following addresses, unless other addresses are furnished by appropriate notice:

If to the City, to:
The City of Seattle Department of Parks and Recreation
Attention: Golf Manager
100 Dexter Avenue North
Seattle, Washington 98109-5119

If to the Operator, to:
Premier Golf Centers, LLC
2466 Westlake Ave, N. #8
Seattle, WA 98109

14.4 Assignment; Subcontract. This Agreement shall be binding on, and shall inure to the benefit of, the parties to it and their respective heirs, legal representatives, successors, and assigns. The City's willingness to enter into this Agreement with Operator is conditioned, in part, on City's confidence in Operator's management structure. Operator shall not subcontract or assign any of its rights or delegate any of its duties under this Agreement to a third party unless a) the Superintendent gives his/her prior approval, in writing, of the third party contract prior to execution, and b) the third party contract is consistent and complies with all the terms and conditions of this Agreement. No assignment or subcontract shall release Operator from any of the obligations under this Agreement and Operator shall remain jointly liable for performance of this Agreement unless expressly released by the Superintendent in writing. For purposes of this Section, any sale or transfer of company ownership or assets that results in a change in the voting or decision-making control of the limited liability company or change in corporate structure shall also constitute an assignment.

14.5 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall constitute one in the same instrument.

14.6 Headings. The article and section headings in this Agreement are for convenience of reference only, and shall not be deemed to alter or affect the meaning or interpretation

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of any provisions hereof.

14.7 Governing Law and Venue. This Agreement shall be construed and enforced according to the laws of the State of Washington without regard to any otherwise governing principals of conflicts of laws. Venue for any action relating to or arising from this Agreement will be in the Superior Court of King County. This Agreement shall be construed neutrally and not in favor of or against any party.

14.8 Amendment. This Agreement shall not be modified or amended except by a written agreement executed by both of the parties.

14.9 Further Actions. Each party shall execute and deliver such other certificates, agreements and documents, and take such other actions, as may reasonably be required to carry out the provisions or the intent of this Agreement.

14.10 Exhibits. The following exhibits are incorporated and made a part of this Agreement:

A. Golf Course Manual.
B. Lease between the City of Seattle Department of Parks and Recreation and Seattle Junior Golf Foundation, d/b/a First Tee of Greater Seattle.
C. Initial Hours of Operation.
D. Sample Financial Reporting Template.
E. Real Property Description.
F. List of Existing Leases.
G. 2009 Operator Financial Results.
H. City Loss Form.
I.A-22 Request for Payment for Food and Gifts.
J. Premier Golf Food and Beverage House Policies.
K. Reciprocal Play and Practice Policy.
L. Greens Fee Schedule 2010.

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IN WITNESS THEREOF, The City of Seattle Department of Parks and Recreation and _____ (Operator Name) caused this Agreement to be executed by its proper officers on the dates shown below.

By the Operator

_____ _____, 2010

Signature Date

By the Department of Parks and Recreation

_____ _____, 2010

Christopher Williams, Acting Superintendent Date

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EXHIBIT A - Golf Course Manual

Seattle Golf Courses
Jackson Park Golf Course - Jefferson Park Golf Course - West Seattle Golf Course
Interbay Golf Course

The purpose of the Golf Course Manual is to establish uniform rules, procedures and operating policies for the operations of Jackson Park Golf Course, Jefferson Park Golf Course and West Seattle Golf Course (the Golf Courses).

The Golf Course Manual provides direction and valuable information for golf course operations. It is the City's desire that The Golf Courses be a major community service program which enhances the quality of life to participants of all ages.

All matters pertaining to the operation of The Golf Courses, fee and policy changes shall be directed to the Golf Director, Seattle Parks & Recreation.

DEFINITIONS

In order to facilitate the use of the Golf Course Manual the following definitions will apply:

- The City of Seattle will hereinafter be referred to as "City."
- Premier Golf Centers, LLC will hereinafter be referred to as "Operator."
- Jackson Park Golf Course, Jefferson Park Golf Course and West Seattle Golf Course will hereinafter be referred to as the "Golf Courses".
- The men's, women's and junior clubs at the Golf Courses will hereinafter be referred to as the "Recognized Clubs."
- The daily diary of the golf course activity will hereinafter be referred to as "Log Books."
- The following professional organizations will hereinafter be referred to by their abbreviated titles:
  - The Professional Golfers' Association of America as the "PGA."
  - The Ladies Professional Golfers' Association of America as the "LPGA."
  - The United States Golf Association as the "USGA."
- The Course Manager will be an employee of, report directly to, and receive instructions and guidance from the Operator.
- The Class "A" Golf Superintendent in charge of maintenance will hereinafter be referred to as "The Golf Superintendent."
- Golf Course maintenance staff will be referred to as "Crew" or "Crews."
- Junior rates shall apply to youths under 17.
- Senior rates shall apply to all adults 60 years of age and up.

I. GOLF SHOP OPERATIONS.

A. Operating Philosophy.

1. Operating Goal is to provide quality service in all activities to insure the enjoyment of all patrons, and to generate revenue for the City.
2. Professional Staff Functions
   a. Maintain the functions in a manner consistent with the desires and the policies of the City and the Operator to include:

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1) Pro shop sales.
2) Power and Hand cart rental and maintenance.
3) Golf Club Rentals.
4) Lesson promotion and programs.
5) Course marketing activities.
6) Driving range operations.
7) Starting, course Marshaling, tournament promotion and booking activities.
8) Cleanliness and maintenance of the facility.
9) Customer relations.
10) Revenue collection.

3. Supervision of Personnel.
Employ a Class "A" PGA member in a supervisory capacity.

4. Merchandising (Pro Shop).
Maintain a well-stocked and attractive pro shop offering merchandise commensurate with wants and needs of the patrons.

5. Accountability.
   a. Establish and maintain accurate records regarding the following:
      1) All revenue, as per management agreement.
      2) Tournament bookings.
      3) Lesson activity.
      4) Rounds of golf.
      5) Cart usage.
      6) Daily weather.
      7) Starting times.
      8) Driving range revenue.

6. Customer Relations.
   a. Professional image and courtesy.
      1) Maintain a well dressed and well groomed appearance at all times.
      2) Maintain a standard of integrity and philosophy consistent with the policies and procedures outlined in this manual.
      3) Address all customers in a friendly and courteous manner.
      4) Make every attempt to greet customers by name.

B. City's Responsibility.
The City is responsible for establishing major operating policies, such as the rate schedule for green fees, range fees, and hours of operation. The process for changing policies is to make a request to the Department of Recreation and Parks Manager of Golf.

C. Management Responsibilities.

1. General Responsibilities of Course Manager
   a. The direction and supervision of all golf course administrative, operational, and procedural activities, and the personnel assigned to those activities.
   b. Perform other duties as assigned by the Operator.

2. Specific Responsibilities of Course Manager.
   a. Conduct various golf tournaments and initiate and promote golf activities for the golfing public.

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b. Cooperate with the Recognized Clubs and their various committees and render professional advice, opinions, assistance and services as required.
c. Administer and train a staff of employees, as necessary, to perform duties and meet requirements for sales, rentals and services which are, in the opinion of the City and the Operator, necessary to carry out the provisions of the management agreement.
d. Operate and maintain a golf shop for repairs, handling, storage, sales, leasing, and services relating to golf, equipment, golf cars and hand carts.
e. Be available, as necessary, to attend regular and special meetings of the Recognized Clubs and to discuss areas both within the realm of his/her duties and those for the benefit of the course and the City.
f. Supervise the starting of play by golfers, and the proper charging of green fees and other fees, as necessary, and required.
g. Operate and supervise a marshal program at the course.
h. Ensure that golf be taught only by qualified instructors.
i. Hire, discipline and discharge personnel.
j. Plan and schedule the assignment of personnel to cover a seven day per week operation.
k. Ensure that golf cars are maintained and in operable and safe condition.
l. Recommend public safety measures and maintain a continuous safety program in compliance with applicable laws.
m. Provide security for all maintenance buildings and equipment, service yards, materials, supplies, and, especially, toxic chemicals.
n. Report any emergency, unusual condition or incident to the Operator immediately.
o. Inspect the course daily to ensure proper maintenance and operation, and, as required, make decisions concerning the closing of the course.
x. Provide a month report of inspection reports.
p. Ensure that the course manager and/or a designated representative is on duty at the start and close of the scheduled work day.
q. Sell, rent, store and/or repair golf equipment, clothing and supplies, sell instructional services in golf play, rent golf cars, and operate a driving range.
r. Represent the Operator/City before civic and private groups for discussion of Course operations.
s. Maintain the golf course Log Book in accordance with established rules and procedures.

3. Supervision of Personnel. Employ a Class "A" PGA member in a supervisory capacity.

II. FOOD & BEVERAGE OPERATIONS

A. Operating Philosophy.

1. Operating Goal. Provide quality breakfast, lunch and (where applicable) dinner service to ensure the enjoyment of all patrons.
2. Professional Staff Functions. Maintain the functions in a manner consistent with the desires and the policies of the City and the Operator to include:

1) Restaurant marketing activities.
2) Cleanliness and maintenance of the facility.
3) Customer relations.
4) Revenue collection.

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3. Merchandising (Restaurant). Maintain a well-planned menu designed to maximize sales volume as well as margins and offer dining commensurate with wants and needs of the patrons.
4. Accountability. Establish and maintain accurate records regarding restaurant revenue.
5. Customer Relations, Professional image and courtesy.
   a. Maintain a well dressed and well groomed appearance at all times.
   b. Maintain a standard of integrity and philosophy consistent with the policies and procedures outlined in this manual.
   c. Address all customers in a friendly and courteous manner.
   d. Make every attempt to greet customers by name.

B. Management Responsibilities.

1. General Responsibilities of Restaurant Manager.
   a. The direction and supervision of all food service personnel.
   b. The appearance and cleanliness of the dining and kitchen area is of prime importance, and the Restaurant Manager is responsible for the general maintenance and decor of the restaurant as necessary to maintain the quality and appearance levels.
2. Specific Responsibilities of Restaurant Manager.
   a. Host various club and group functions and parties and initiate and promote dining opportunities to the general public as well as users of the golf facilities.
   b. Administer and train a staff of employees, as necessary, to perform duties and meet standards for service which are, in the opinion of the City and the Operator, necessary to carry out the provisions of the management agreement.
   c. Ensure that alcoholic beverages be served by licensed food servers of legal age.
   d. Hire, discipline and discharge personnel.
   e. Plan and schedule the assignment of personnel to cover a seven day per week operation.
   f. Ensure that kitchen equipment is maintained and in sanitary, operable, and safe condition.
   g. Recommend public safety measures and maintain a continuous safety program in compliance with applicable laws.
   h. Report any emergency, unusual condition or incident to the Course Manager immediately.
   i. Inspect the Restaurant daily to ensure proper maintenance, cleanliness and operation.
   j. Ensure that the Restaurant Manager and/or a designated representative is on duty at or before the start and at or after the close of the scheduled Restaurant hours.
   k. In conjunction with the Operator, maintain a continuous training program on restaurant maintenance and related subjects, and plan, schedule, and coordinate maintenance programs with personnel in other divisions and departments.
   l. Sell food and beverage services.

III. GOLF CAR OPERATIONS.

A. Vehicle Operation.

1. No vehicle other than golf cars supplied by the Operator shall be permitted (except as required for maintenance purposes).
2. Golf cars and hand carts must not be taken over aprons, greens, tees, sand traps or areas between the greens and traps surrounding the green.

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3. When play has reached the green, golf cars and hand carts must be left on cart paths or at least 30 feet away from the side of the green.
4. Cars or carts of any kind should not be driven or pulled through wet or muddy areas or over sprinkler heads.

IV. STARTING AND MARSHALLING.

A. Starter Responsibilities.

1. Get the golfing public on the Course for play by reservation, or off the waiting list, with the least delay and discomfort and in the best possible frame of mind.
2. Use every expediency at his/her command to keep the golf operations running efficiently and without undue delay or commotion.
3. Start golfers on time according to the reservations and in compliance with the waiting list. Fivesomes will be allowed at the discretion of the Starter.
4. Assign fivesomes or less for play, making certain there is a green fee and recorded name on the Starter Sheet for every golf player on the golf Course.
5. Inform each golfer to retain his/her cash register receipt throughout his/her round of golf play as he may be asked to show the receipt to authorized persons.
6. Keep score cards and pencils at the counter and give them to golfers who request them.
7. Be properly groomed and attired.
8. Know the types of grass in the tees, fairways and greens; be familiar with maintenance operations and requirements of the Course, be familiar with other public fee golf courses in the area and with all types of tournaments and prominent golf organizations, such as, USGA, PGA, LPGA, PUBLIC LINKS, etc.
9. Be fair and considerate of golf patrons at all times, treating everyone equally, and at all times being courteous, friendly, helpful, tactful, effective and impartial.
10. Patiently and courteously answer all questions of patrons and explain to them golf rules and policies and etiquette, in compliance with local rules and USGA rules.
11. Note in the Log Book all complaints and suggestions concerning the operation or maintenance of the course and inform the complainant that his/her complaint will be referred to the course manager.
12. Inform golfers called from the waiting list of the players with whom they will be playing.
13. Practice good housekeeping while on duty by keeping the Starter area clean.

B. Rules of Play. The speed of play can be increased by observing strictly the USGA and local rules of golf, the etiquette of golf and the traditions of the game. It is important to play as quickly as possible and avoid unnecessary delays. The golden rule is applicable to play on the Golf Course. Practice ready golf.

C. Marshaling Responsibilities.

1. Operator shall recruit the services of volunteer marshals to be on duty at all appropriate times, with the exception of periods of inclement weather. . The primary purpose of the marshals' duties shall be to expedite play on the course at all times. A secondary duty will be to ensure compliance with all Golf Course Rules and Regulations.
2. Under no circumstances will playing golf be considered as course marshaling during the scheduled work week.
3. The marshals will require players to maintain their position on the Course to speed up play and verify that golfers have required equipment.

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4. Players will be required to observe golf course etiquette, replace fairway divots, rake sand bunkers and repair ball marks on the greens. The marshals will assure safe practices by all golfers.
5. The marshals will enforce regulations concerning the use of golf cars and electric hand and pull carts.
6. Periodically during the day, inform golfers to please keep their positions on the Course, replace their divots on the fairways and repair their ball marks on the greens, as we are striving to maintain excellent playing conditions.

D. Non Reserved Players Policy

1. Golfers who do not have a reserved starting time must register with the Starter on the daily waiting list (Call Sheet) prior to play.
2. Golfers without reservations who are at the Course and ready to play may register on the Call Sheet as a single or in groups of two, three, four or five (upon Starter's discretion).
3. Playing group vacancies, cancellations, and open or unreserved starting times will be filled only from the Call Sheet on a first-come, first-served basis with priority determined by the time of registration with the Starter. Those who have registered as a group will be called for play as openings become available for the number of players in the group.
4. When sufficient players are available from the Starter Sheet and/or the Call Sheet, the Starter will send groups of four to the starting tee. If fewer than four players are available, the Starter may send out groups of two or three. A single player may be sent out alone only if no other golfers are available and if it appears they will not be available within a reasonable time.
5. As players on the Call Sheet are sent to the first tee their names will be scratched from the sheet.
6. The golf course Starter on duty is responsible for assigning foursomes, and for scheduling and starting all players in accordance with Reservation/Call Sheet rules and regulations. Golfers are not permitted to buy, sell, or transfer starting times or Call Sheet positions. Only those golfers who are properly registered and who are called by the Starter will be allowed to start play.
7. The golf course Starter may switch or interchange starting times if in his/her judgment such change would prevent delays, eliminate confusion, correct a problem or be of general benefit to the players involved and to those following.
8. The Starter will call players to the tee by the starting time number marked on their cash register green fee receipt, and/or by name. After calling the group due on the tee, the following group will be given a five minute warning call by number and name. The next group will then be given a ten minute warning call by number and name.

E. Reservation Policy.

1. Starting time reservation requests for daily play will be accepted at the Course Starter's office up to one week in advance of playing date desired. Requests may be made, in person by automated reservation system or by phone.
2. Reservations will be made only for groups of two, three, four, or five players, and openings in a group will be filled from the Call Sheet on the day of play. Reservations will not be accepted for a single player.
3. Only two reserved times per person is allowed, and that person must be a member of the group for which the reservation is made unless there are acceptable extenuating circumstances.

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4. The name of the person making the reservation will be recorded on the Starter sheet opposite the time assigned. On the day of play, players' names will be marked to recognize their green fee has been collected.
5. A reservation may be forfeited if the golfer making same does not check in with the Starter at least fifteen minutes prior to the assigned starting time. A reservation may also be forfeited when only one of a group having a reserved time is present fifteen minutes prior to tee-off time. If a reservation is forfeited, the players involved may be registered on the Call Sheet in priority order if they so desire.
6. Reservations are not transferable to another player. If a reservation is canceled, the Starter will offer the time to the next applicant, or if the time is open on the day of play, it will be filled with names from the Call Sheet in the order listed.
7. Permanent starting times will not be assigned at any time, however, the Operator may have one reserved time per hour on Saturday, Sunday and holidays to allow for possible human error during the reservation process.
8. If, for any reason, the Course is closed the entire day, all golf play reservations for that day will be canceled. If the Course is closed only temporarily, players whose reservations are the earliest starting time of the day will be the first group off the tee and all other times will follow in sequence. The Starter will make every effort to get all players on the golf course as soon as possible. Players unable to begin at their assigned starting times due to inclement weather will be reassigned starting times at the discretion of the Starter.
9. The City may schedule use of the golf course as a setting for official business. Appropriate activities include promotion of economic development or intergovernmental relations. Such use shall be directly related to City business and shall not include purely personal use of the golf course by City officials or their families. For official business, the City may reserve a tee time more than one week in advance. In such cases, the following procedure should be used:
   a. The Director of Golf must approve the proposed use.
   b. The use will not pre-empt any previously scheduled tournament or event.
   c. All requests will be routed through Manager of Golf
10. The Recreation and Parks Director has the ability to schedule 2 (Two) special golf outings per year (including one for City employees, if desired) without the minimum number of player requirements for either weekend or weekdays.

F. Hours of Operation. Except for lighted driving ranges and non-course activities, golf courses will open from one half hour before sunrise and will close one half hour after sunset.

G. Closing Course.
Operator is responsible for decisions concerning temporary or all day closing of the Course. In making such decisions, due consideration will be given to the welfare of the general public and golf course.

V. COURSE RULES, REGULATIONS AND ETIQUETTE.

A. General.

1. The following activities are prohibited on grounds or facilities except as authorized by Operator or City.
   a. Storage of private or personal property.
   b. Solicitation of any kind.

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c. Circulation or posting of handbills, petitions, advertising matter, promotional material, and literature.
d. Selling of any goods, wares, or merchandise.
e. Carrying or discharging any firearm, air gun, sling shot, or fireworks of any kind.
f. Use of the course for any purpose other than to play golf in the accepted manner.

2. All beverages taken on the Course must be purchased from the Operator. No coolers can be brought on Golf Courses.
3. Throwing trash (paper cups, candy wrappers, etc.) anywhere on the course is prohibited.
4. It shall be unlawful for any person to loiter on the Golf Courses, and unauthorized persons are not permitted.
5. Dogs, cats or any other animals shall not be brought on the course under any circumstances.
6. Picnicking or recreational play, other than golf, is prohibited.
7. Overnight or day camping is not allowed on any part of the course.
8. Cars must be parked in designated parking areas only, and overnight parking in the parking lot is not allowed.
9. Reserved parking may be provided for the Starter, Golf Professionals and Course Manager within the clubhouse parking area.
10. If necessary, the Seattle Police Department may be called upon for assistance in enforcing these regulations.
11. Holes must be played in sequence and a golfer in the wrong fairway must give way to players playing that hole.
12. No more than one golfer shall play out of one bag. Each player must have his/her own set of clubs.
13. It is the responsibility of each player to replace divots, rake and smooth traps, and repair ball marks or other damage on the greens.
14. Golfers are responsible for injuries or damages resulting from their golf shots.
15. Starter shall have the right to allow spectators only for special events with prior approval from the City and Operator.
16. In the interest of all, players must play without delay, and all groups must keep their place on the Course or allow following players to play through.
17. Operator reserves the right to cancel playing permits for individuals or organizations using course facilities if at any time conditions justify such action.
18. Golfers may be refused playing privileges, or they may be removed from the course for:
    a. Submitting false information for the purpose of securing golfing privileges.
    b. Playing golf without paying a green fee or registering with the Starter.
    c. Obvious inability to play golf and to maintain their position on the course.
    d. Intoxication, disorderly conduct, use of abusive or profane language, inappropriate dress or other behavior detrimental to the normal and orderly operation of the Course.
    e. Failure to comply with the existing rules and regulations governing golf play, practice, operation of carts or pull carts, personal conduct, and appropriate dress.

B. Dress Code.

1. Appropriate golf attire must be worn at all times.
    a. Swim trunks and bathing suits are not allowed in the clubhouse or on the course and driving range.
    b. Shirts must be worn on both the course and driving range at all times.

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c. Shoes worn on the course must be appropriate for golf.
d. In addition to these specific guidelines, it is up to the discretion of the Starter to determine appropriate golf attire.
e. Marshals will assure that these guidelines are adhered to on the golf course and driving range.

C. Golf Play.

1. USGA Rules of Golf and posted local rules will govern play at all times.
2. No play is allowed on the Course when it has been closed for any reason.
3. Golfers under the age of 14 (Fourteen) years may play on the Course only when they have demonstrated appropriate knowledge of golf course etiquette and are accompanied by an adult responsible for child. At the discretion of the Starter, golfers under the age of fourteen may be able to play without being accompanied by an adult.
4. All players must be registered with the Starter before playing any part of the golf course.
5. All players must have a current cash register receipt or a valid daily ticket in their possession during play.
6. Practicing anywhere on the course at any time is prohibited. Players must use the driving range, putting green, and other designated practice facilities for practice.
7. When sufficient players are registered, four persons will be scheduled in each playing group on tee #1.
8. Fivesomes are allowed at the discretion of the Starter.
9. Unless prior permission is given, golfers will tee off only between the appropriate tee markers.

VI. TOURNAMENTS.

A. General Information.

1. Any golf club, company, golf association, or other organization may request authorization to hold a golf tournament on a first come, first served, basis.
2. All tournaments must have a Tournament Agreement requiring multiple reserved starting times with a minimum of 16 (Sixteen) players.
3. Tournament fees and charges will be set by the Operator subject to the approval of the Director of Recreation and Parks. Fees and charges are subject to change without prior written notice. Tournament fees will be based on fees and charges in effect on the date of the tournament. All fees and charges in effect on date of tournament must be paid and received 15 (Fifteen) days prior to day of tournament.
4. All pre-scheduled tournament events will be charged at the current daily fee per player. Any discount rates will not apply with an exception to the Recognized Clubs.
5. Individual starting time reservation requests will not be accepted for starting times which fall within a scheduled tournament period, however, the course may fill any unfilled or late starting time with players from the daily call sheet.
6. Unless otherwise authorized by the Operator, tournament playoffs to settle a tie will not be permitted.
7. Refunds on tournament green fees will not be made except when the course is officially closed due to inclement weather or other adverse conditions.
8. Green fees for those participants who have not commenced play will be refunded in accordance with established procedures if the course is closed prior to or during a tournament,.

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9. Tournament participants must observe all prevailing rules and regulations covering use of the Course, personal conduct, dress, and golf play as prescribed by the City and the Operator.
10. Tournament sponsors are liable for any personal injury, property damages or repairs resulting from tournament play.
11. Tournament sponsoring organizations must agree that, during use of the course facilities, no person will be excluded from participation, denied any benefit or otherwise be subjected to discrimination because of his/her race, creed, color or national origin.
12. All scheduled tournaments will be posted on the course bulletin board for information to the general public at least two weeks in advance of the tournament dates.
13. The following information on each scheduled tournament will be entered in the Log Book by the Operator or the designated representative.
    a. Name of the organization holding the tournament.
    b. Date and time of play.
    c. Number of players.
    d. Name, address, and phone number of the tournament chairperson.
14. All scheduled tournaments shall be encouraged to purchase prizes from the golf shop per the fee schedule.

B. Permit Procedures.

1. Tournament requests will be taken beginning the first of the eleventh month of the year for the coming year, (ex. November 1, 2011 for January 1 through December 31, 2012).
2. No tournament will be confirmed until the following:
    a. A tournament contract is signed by the organization representative booking the tournament and the Operator.
    b. A check for 10% (Ten percent) of the total charges for the tournament is received. These fees must be received along with the signed contract.
    c. The total remaining fees must be paid in full no later than 15(Fifteen) days prior to the scheduled tournament **or the tournament will be canceled.**
3. The 10% (Ten percent) deposit may be waived at the discretion of the Operator.
4. The Recognized Clubs may schedule a one day weekend tournament per quarter. The recognized club tournament event can start at 7:00 a.m.
5. The Recognized Clubs may have one (1) multiple-day event per year for their club championships.
6. In order to receive a refund of the 10% deposit, Operator must receive written notification of cancellation at least 60 (Sixty) days prior to the date of the scheduled tournament
7. All tournament fees are calculated on the current fees charged on the day the tournament is held. These fees are subject to change requiring no notification to the organization or individual responsible for booking the tournaments.
8. On receipt of tournament fees within the time allocated, the Operator will immediately fill out and sign the approved two-part receipt for the fees paid. The original copy will be sent to the applicant and one copy will be placed on file with the contract. Receipt of payment will be noted in the Log Book.
9. Starting times for which advance payment has been made and for which a Tournament Contract has been executed will be blocked out on the Starter Sheet for the day of the tournament.

C. Tournament Categories.

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1. Prepaid use. Permits use of golf course for those starting times reserved by the tournament sponsoring organization. A 10% (Ten percent) deposit is required at the time the tournament contract is signed and the tournament is scheduled.
2. Shotgun Tournaments. Shotgun tournaments (tournaments where all golfers start at the same time on a different hole) may be permitted under certain conditions and restrictions and must be approved by the Operator and are subject to the following requirements:
   a. Generally must be held Monday through Thursday only.
   b. Pay for a minimum of 144 (One hundred, forty-four) players.
   c. Shotgun tournaments are not generally exclusive-use tournaments and the playing privilege cannot be transferred to any other group. Starting times after the tournament will be made available to the general public, and the Operator reserves the right to fill incomplete foursomes within the tournament group from the daily Call Sheet.
   d. Course manager can book four (8) weekend Shotgun tournaments per year.
3. Group League Play. Group play must be approved by the Operator and is subject to the following restrictions:
   a. Permitted Monday through Thursday only, exclusive of holidays.
   b. Must pay prevailing tournament and green fees.
   c. May tee off after 4:00 p.m.
   d. Junior Tournaments.
      1). The Operator may schedule an annual City sponsored Junior Tournament for boys and girls who are not yet 18 (Eighteen) years of age. Participating junior golfers will pay a special discounted tournament entry fee to the Operator.
      2). Course manager will coordinate appropriate varsity golf team practices and league matches during their golf season (High School and College.)

D. Accounting.

1. The course manager will receive payment for tournament fees by mail or in person at the course. In the absence of the course manager, the Starter on duty may accept payment and issue appropriate receipts.
2. On the date of the tournament, play will be recorded on that day's Starter Sheet in the usual manner. A ticket will be rung for all paid players in the tournament and the tournament representative will be issued a cash register receipt.

VII. SCHOOL TEAM PLAY.

A. Purpose.
   1. To provide young people the opportunity to participate in organized competition in a sport that is not always accessible to all social and economic levels of our society.
   2. To provide young people with the opportunity to develop an interest in a lifetime sport through involvement with the schools.

B. Policy and Procedures.
   1. Letter applications for school team play, for the following year, must be submitted to the Operator between September 15 and November 1. Applications will not be accepted prior to September 15, and those applications received during the specified period for submission will be processed in the order received. Priority will be given to schools within the Seattle School District boundaries.
   2. In processing an application for school team play, the Operator will:
      a. Make every effort to comply with the school request.
      b. Designate and assign the days and times for school play.

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c. Issue a letter authorizing use of the Course, including dates and times.
d. Prior to January 2 of each year, meet with the golf coach or other designated faculty representatives of the requesting schools to make necessary arrangements, discuss procedures, rules, and regulations, and to schedule the school team play.

3. Each school authorized for team play must submit a team roster and schedule for practice and league play to the Operator at least two weeks prior to the opening of the season. Team members must meet standard eligibility requirements at the junior high, high school or college level.
4. School golf teams will not be allowed on the Course unless accompanied at all times by a golf coach or other designated faculty representative. Teams will be classified as a group, and the assigned coach or faculty member will represent them and be held responsible for their conduct.
5. Each school may be permitted to play at junior rates for a period of twenty weeks between January 1 and May 31 of each year.
6. Team members may play one 18-hole round on the assigned day or days.
7. Team practice and/or league play will be permitted only on those weekdays (excluding holidays) assigned by the Operator. School golf teams shall report to the Course between the hours of 2:00 p.m. and 3:00 p.m. on the days scheduled for play. Any changes or exceptions must be approved by the Operator.
8. Each participating school is allowed four foursomes and a coach or faculty member for practice matches and for scheduled league matches. Only one match may be scheduled on any one day.
9. For school team practice rounds and team league play, the golf coach or designated faculty representative will pay the prevailing junior fee for each participating team member. Payment may be in cash or by first party check for the exact amount due.
10. The golf coach or designated faculty member will pay the prevailing junior green fee when playing golf while supervising the school team activity. Regular green fees will be paid for play at any other time.
11. School team players will be required to show their student identification cards.
12. School golf team members, golf coaches, and faculty representatives will be expected to observe and adhere to the rules of conduct, dress, and golf play prescribed by the City. The Operator reserves the right at all times to cancel a playing permit if conditions justify such action.

VIII. JUNIOR GOLF PROGRAM.

A. Purpose.

1. Create a future interest in golf by providing opportunities for young people to learn the game of golf.
2. Establish guidelines that will enable young golfers to integrate comfortably with adult players on the Course.
3. Ensure an ongoing program of education for young people interested in sports (specifically golf) as a contribution to their own personal development.

B. Junior Certification Program.

1. The Certification Program for junior golfers under 15 years of age is the responsibility of the Operator.

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2. The Certification Program is designed to improve the golfing skills of junior boys and girls, and to enhance their knowledge and awareness of the rules of golf, golf etiquette, and golf course care.
3. To complete the Certification Program, junior golfers must:
   a. Take and pass a written examination on USGA Rules of Golf, golf etiquette, and golf course care.
   b. Successfully demonstrate their golfing skill and ability on the driving range and the putting green.
   c. Become familiar with and understand the Course Rules and Regulations.
4. Appropriate study material covering the subjects included in Certification Program written examinations will be made available to junior golfers through the Operator. Certification applicants will be encouraged to read and study the material provided before taking the written examination, and study material will be returned to the Operator for reissue to other applicants.
5. Each junior under 15 (Fifteen) years of age will also be required to complete one semester of junior golf instruction and/or be able to pass a field playing proficiency test to be administered by one of the professional staff at the course.
6. The Operator will present a junior Certification Card to each applicant who successfully completes the Certification Program.
7. Notification of the junior Certification Program will be posted on the bulletin board and in the Starter office, and all required information will be recorded on the approved index card by the Operator.

C. General Policies

1. The Operator is required to establish, promote, and maintain:
   a. A Junior Golf Club.
   b. Four Junior Golf Tournaments per year.
2. Juniors will be defined as a child under 15.
3. Parental permission will be required for Junior Golf participation.

IX. RECOGNIZED CLUBS.

A. Purpose.

1. To offer a vehicle for organized competition, handicapping and fellowship for the course patrons.
2. To establish a nucleus of patrons for the Course.

B. Policy.

1. The course will only recognize three separate clubs. They are as follows:
   a. One Men's Club.
   b. One Women's Club.
   c. One Junior Club.
2. The Recognized Clubs must be totally self supporting through their own dues structure.
3. Each Recognized Club must establish a Board of Directors. This Board must have at least five members as follows:
   a. President.
   b. Treasurer.
   c. Tournament Chairman.
   d. Operator representative.
4. Operator will aid in the establishment of the above clubs.

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5. The Recognized Clubs' bylaws must be approved by the Operator and the City.
6. The Recognized Clubs must belong to the appropriate amateur golf regulatory association, (i.e. Washington Golf Association, as applicable to the Course).
7. The Recognized Clubs use of the Course for organized playing activities will be subject to the policy established in this manual.
8. Each Recognized Club is encouraged to purchase their tournament prizes from the Operator per the fee schedule.
9. No cash prizes for tournament winners will be permitted unless approved by the Operator.
10. Reservation privileges for the Recognized Clubs' members will be limited to the reservation policy established in this manual.
11. Organized tournament privileges for Recognized Clubs will be limited to policies established in this manual.

X. DRIVING RANGE OPERATIONS.

A. Hours of Operation. The driving range hours of operation will be as stated in the Management Agreement.

B. General Policies.

1. The Operator shall provide a quality of range ball that will meet the needs and desires of the golfers.
2. The Operator will be required to maintain the following amenities for the patrons' enjoyment:
   a. Properly maintained standing mats and brushes.
   b. Accurate and aesthetically pleasing yardage indicators.
   c. Signs indicating safety procedures for all patrons.
   d. Adequate quantities of range balls to allow for peak usage periods.
3. The Operator shall have clubs available for rental use on the driving range.

XI.LESSON PROGRAMS.

A. Purpose

1. To provide a service to all levels of golfers so that they may enjoy golf by improving their individual skill levels.
2. To provide a means of introducing new golfers to the game of golf therefore improving revenue potential and course usage.
3. To provide different types of instruction to fit the needs and incomes of all people desiring to play the game of golf.

B. Types of lessons available

1. The Operator is required to provide the following types of professional instruction:
   a. Private instruction available by the half hour or in a series structure.
   b. Junior golf "swing classes" for beginners at least once per week on a perpetual basis.
   c. Adult group lessons for beginning, intermediate, and advanced players on a perpetual basis.
   d. Periodic clinics for the Recognized Clubs demonstrating various aspects of the golf game.
   e. Playing lessons.

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EXHIBIT B – First Tee Of Seattle Agreement

CITY CLERK

LEASE
Between
THE CITY OF SEATTLE
Department of Parks and Recreation
and
The Seattle Junior Golf Foundation
(dba The First Tee of Greater Seattle)

THIS LEASE ("Lease") is entered into this ____ day of _____, 20__, by and between **THE CITY OF SEATTLE** ("City"), a city of the first class of the State of Washington, acting by and through its Department of Parks and Recreation ("Parks") and the Superintendent thereof ("Superintendent"), and Seattle Junior Golf Foundation (dba The First Tee of Greater Seattle) ("Lessee") a Washington 501(c)(3) non-profit corporation organized under the laws of the State of Washington.

RECITALS

WHEREAS, the Seattle Department of Parks and Recreation ("Parks") has jurisdiction over and manages the City of Seattle public golf course known as Jefferson Park, located at the address identified in Section 1.1 below, including the buildings associated therewith; and

WHEREAS, the Lessee's mission is to affect the lives of young people in the greater Seattle area by providing learning facilities and educational programs that promote character development and life-enhancing values through the game of golf; and

WHEREAS, the parties agree that the public benefits from the Lessee's lease and improvement of certain identified Premises at the Jefferson Park clubhouse; and

WHEREAS, the City, Lessee and Parks wish to enter into this Agreement for the purpose of setting forth the terms and conditions under which the Lessee will occupy and use portions of the Premises, as described below; and

NOW, THEREFORE, for and in consideration of the continuing services to be provided to the City, for payment of rent and other value, and in further consideration of and subject to the mutual promises, terms, conditions and performances described herein, the parties agree as follows:

AGREEMENT

IN CONSIDERATION of the mutual covenants contained herein, City and Lessee covenant and agree as follows:

1. **Lease Data; Exhibits**. The following terms shall have the following meanings, except as otherwise specifically modified in this Lease:

1.1 Building. Collectively, the Jefferson Park Golf Course Clubhouse building, including the Premises, and their immediately surrounding areas. The Building is located at 4101 Beacon Avenue South, Seattle, King County Washington, 98108 and the real property upon

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which the Building is located is legally described and depicted in the attached Exhibit A (Legal Description), which is incorporated herein by this reference.

1.2 Premises. The enclosed areas of the top floor of the Jefferson Park Golf Course Clubhouse, including the use of an emergency egress walkway, railing and drop ladder to be constructed by Lessee on the rooftop area outside the northern egress door, but excluding an area of approximately 250 square feet in the unfinished storage room on the top floor that will be set aside as storage for the Seattle Parks Department or its designee.

1.3 Premises Commencement Date. September 1, 2007

1.4 Expiration Date. August 31, 2017, unless the Term of this Lease is extended pursuant to Section 3.

1.5 Rent and Additional Charges.

1.5.1 Rent: $400 per month.

1.5.2 Additional Charges: Whether or not so designated, all other sums due from Lessee under this Lease shall constitute Additional Charges, payable when and as specified in this Lease.

1.6 Permitted Use. "Permitted Use" shall mean those uses for which Lessee is authorized to use the Premises under sections 6.1.1 and 6.1.2. Premises

1.7 Notice Addresses.

To City: The City of Seattle
Department of Parks and Recreation
Attention: Golf Director

1600 South Dakota

Seattle, WA 98108

To Lessee: TFTGS
c/o Executive Director
2340 Broadmoor Dr. E.

Seattle, WA 98112

2. **Premises.**

2.1 Grant. City hereby leases to Lessee and its officers, directors, employees, agents and invitees, and Lessee hereby leases from City (on an exclusive basis) the Premises , as defined in Section 1.2. Incident to this Agreement, and in addition to the rights granted in Section 2.3 below, the City hereby grants the Lessee the nonexclusive right during the Term of this Agreement to use and enter the Building, as defined in Section 1.1, for purposes of access, inspection, maintenance and repairs affecting the Premises.

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2.2 Condition. The Lessee has examined the Premises, has had a reasonable opportunity to obtain inspections and reports of professionals regarding the same, and has determined, after such examination, that the Premises are suitable for the use and occupancy desired by the Lessee hereunder. The City makes no warranties or representations of any kind, express or implied, with respect to the condition of the Premises or its suitability for the Lessees' purposes other than as specified in this Agreement. The Lessee agrees that the City shall have no liability or obligation as a result of any defect or condition of the Premises, including without limitation latent defects. The City shall have no obligation to undertake any repairs, maintenance or other work of any kind except as expressly set forth in this Agreement. The Lessee and the City acknowledge that this Section has been specifically bargained for and that the City would not be willing to permit the Lessee to use and occupy the Premises on the terms and conditions set forth herein without the Lessee's agreement to the terms of this Article.

2.3 Common Areas. During the Term, Lessee and its officers, directors, employees, agents and invitees shall have the non-exclusive right to use the ground level door and stairway to the second floor of the Building, lobbies, stairs, corridors, restrooms and other public areas of the Building (the "Common Areas") in common with City and other Building occupants and their respective licensees, invitees, customers and employees. City shall at all times have exclusive control and management of the Common Areas and no diminution thereof shall be deemed a constructive or actual eviction or entitle Lessee to compensation or a reduction or abatement of rent, so long as Lessee is provided with access to the Premises at all times.

2.4 Alterations. City, in its discretion, may increase, decrease or change the number, locations and dimensions of any hallways, lobby areas, Common Areas and other improvements within the Building. Such increase, decrease, or change shall not materially interfere with Lessee's lease of and access to the Premises and Lessee's Permitted Use described in Section 1.6 and Section 6. City reserves the right from time to time (i) to install, use, maintain, repair, relocate and replace pipes, ducts, conduits, wires and appurtenant meters and equipment for service to the Premises or to other parts of the Building in areas above the suspended ceiling surfaces, below the floor surfaces, within the walls and elsewhere in the Premises; (ii) to alter or expand the Building (excluding the Premises); and (iii) to alter, relocate or substitute any of the Common Areas.

2.5 Renovation or Rebuilding of the Premises. In connection with Section 2.4 above, if and to the extent the City or the Parks entertain a major renovation or rebuilding of the Building during the Term, the City or the Parks, as applicable, will reasonably involve Lessee in any such discussions/planning so that Lessee can have a role in reasonably determining how a renovated/rebuilt Building would or could involve Lessee.

3. **Lease Term.**

3.1 Initial Term. This Lease shall be for a term ("Lease Term" or "Term") beginning on the Commencement Date specified in Section 1.3 and ending on the Expiration Date specified in Section 1.4, unless the Lease Term is terminated earlier in accordance with the provisions of this Lease or extended as provided in Subsection 3.2 below.

3.2 Extended Term. Lessee shall have the option to extend this Lease Term for one successive individual extended term of seven (7) years ("Extended Term") on the same terms

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and conditions set forth herein. Lessee may extend the original Lease Term to include any Extended Term by giving City written notice of its intention to do so at least ninety (90) days prior to the beginning of the Extended Term. For clarification, as used in this Lease, "Lease Term" or "Term" means the original term commencing on the Commencement Date and ending on the Expiration Date specified in Subsection 1.4, and any Extended Term established by Lessee hereunder.

4. **Rent**.

4.1 Rent. Commencing July 1, 2007 ("Rent Commencement Date") Lessee shall pay to City at the address and to the account specified by the City, without notice or demand in lawful money of the United States (a) the monthly amount of Rent (see next clause) specified in Subsection 1.55, (as may be offset as set forth in Section 4.2 below) in advance on the tenth day of each month; and (b) Additional Charges as and when specified elsewhere in this Lease, but if not specified, then within ten (10) days after written demand. Rent and, if appropriate as reasonably determined by City, Additional Charges shall be prorated on a daily basis for any partial month within the Lease Term, and for any partial initial month in the Lease Term shall be paid on the first day of the Lease Term.

4.2 Consumer Price Index Adjustment to Rent. On each Rent Commencement Date anniversary during the Initial and any Extended Term, the Rent will be adjusted by the percentage increase that occurred in the Consumer Price Index for all Urban Consumers (CPI-U / 1982-84 = 100), All Items, for the Seattle-Tacoma-Bremerton Metropolitan Area, as published by the Bureau of Labor Statistics, United States Department of Labor, or its successor ("the Index") during the preceding calendar year ("the CPI Increase"); provided, however, that the adjustment to the Rent shall not exceed 4% in any one year. Should any year's CPI percentage change be less than zero, the Rent shall not change from that of the prior year. If there is any change in the Index base (1984-82=100) or other modification of the Index, or if the CPI is discontinued, the Superintendent shall select a similar index of comparable statistics on the cost of living for King County as shall be computed by an agency of the United States or by a responsible financial periodical or other recognized authority.

4.3 Capital Improvement Rental Offset. The Lessee shall be entitled to an offset against Rent during the Term and any Extended Term of this Agreement in an amount equal to the Lessee's expenditures for the approved initial renovation of the Premises ("Capital Improvement Offset"). Lessee shall provide the Parks Finance Director with an accounting of its costs associated with the initial capital improvements completed to the Premises, together with such supporting documentation as the Finance Director may reasonably request. The Finance Director shall certify the total amount of those costs and this amount shall constitute the amount of the Lessee's Capital Improvement Rental Offset. The offset shall be credited against the Rent, in monthly installments. Each month, the Lessee shall report to the Parks Finance Director the amount of Capital Improvement Rental Offset it is applying to such Rent. If the approved amount of the Lessee's project expenditures exceeds the available offset, the remaining value of the Lessee's capital expenditures shall be deemed to have been donated to the City at the termination or expiration of this Agreement, and the improvements shall be surrendered with the Premises as provided in this Agreement, without the need for further action by the Lessee or the City.

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4.4 Limitation on Offsets Notwithstanding anything in this Agreement to the contrary, in no event shall Lessee's monthly Rent be less than $100.

4.5 Taxes. Lessee shall pay to PARKS monthly whatever leasehold excise tax is assessed by the City pursuant to Chapter 82.29A RCW and communicated to Lessee as a consequence of the Lessee's use and occupancy of the Premises under this Agreement. In addition, the Lessee shall pay before their delinquency, all other taxes that may be due and payable with respect to its activities in the Premises.

4.6 Offset Inapplicable to Taxes and Additional Charges. The reduction and offsetting of any Rent pursuant to Section 4, if any, shall have no effect on the amount of any leasehold excise tax due and payable to the City or any other tax obligation of the Lessee. Unless the Lessee is exempt from the payment of leasehold excise taxes, all such taxes shall be payable only in cash or cash equivalents.

4.7 Rent and Leasehold Excise Tax Payment Date and Address. Rent and leasehold excise tax due and payable under this Agreement, if any, shall be remitted on the tenth (10th) calendar day of each month during the term of this Agreement to the City at the address shown in Article 23 hereof, or to such other place as Parks may hereafter designate.

4.8 Late and Refused Payments. The Lessee acknowledges that late payment to the City of the Rent or any other sum due to the City hereunder may cause Parks to incur costs not contemplated by this Agreement including but not limited to processing and accounting charges and the cost of legal enforcement of this Agreement, the exact amount of which would be extremely difficult and impractical to ascertain. Therefore, if the Lessee fails to pay any sum after such amount is due to the City, the Lessee shall also pay to the City a rate of interest to be charged on delinquent accounts as established by Ordinance 117969, incorporated herein by reference. In addition, the Lessee shall pay the City a Twenty Dollar ($20.00) charge for each check refused payment for insufficient funds or any other reason.

5. **Late Charge; Interest.** If Lessee fails to pay the City any sum when due, such amount shall bear interest at the rate of 12% per annum from the date due until the date paid.

6. **Lessee 's Operations.**

6.1 Use of Premises. Lessee shall use the Premises for the following purposes only: Lessee's offices; as a training, learning and community center, including activities such as classes, exhibitions and sales; Lessee events; fundraising; regular and special meetings of Lessee's Board of Trustees; Lessee's committee meetings and incidental purposes; and for activities supporting the overall mission of the Lessee as described in the recitals above; and in accordance with Sections 2.1 and 2.3. As City's willingness to enter into this Lease with Lessee was predicated, in part, on the nature of Lessee's business, and the compatibility of such business with the use of the remainder of the Premises, Lessee shall not use or permit the use of the Premises for any other business, or purpose, or under any other name, without City's prior written consent.. Lessee shall promptly comply, at its sole cost and expense, with such reasonable rules and regulations relating to the use of the Premises and Common Areas as City, from time to time, may promulgate. Any newly promulgated rules and regulations shall not materially interfere with Lessee's business for the Permitted Use. In the event of any conflict

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between the rules and regulations promulgated by City and the terms of this Lease, the terms of this Lease shall prevail. Lessee shall maintain the Premises in a clean, orderly and neat fashion and to a standard established for other similar Parks properties as determined by the Superintendent (provided that Lessee shall not be responsible for maintaining those portions of the Premises that are City's responsibility to maintain under terms of this Lease), permitting no objectionable odors to be emitted from the Premises and shall neither commit waste nor permit any waste to be committed thereon. Lessee shall not permit any accumulation of trash on or about the Premises. Lessee shall not create or contribute to the creation of a nuisance in the Premises, and Lessee shall not engage in or permit any action that will disturb the quiet enjoyment of any other occupant in the Premises.

6.2 Compliance with Laws; Nondiscrimination.

6.2.1 General Obligation. Lessee shall not use or permit the Premises or any part thereof to be used for any purpose in violation of any municipal, county, state or federal law, ordinance or regulation, or for any purpose offensive to the standards of the community of which the Premises is a part. Lessee shall promptly comply, at its sole cost and expense, with all laws, ordinances and regulations now in force or hereafter adopted relating to or affecting the condition, use or occupancy of the Premises (provided that Lessee shall not be responsible for maintaining in compliance with laws those portions of the Premises (including the Premises) that are City's responsibility to maintain under terms of this Lease, or for making changes to the structure of the Premises or any utilities life-safety systems of the Premises, unless required due to Lessee's particular use of the Premises).

6.2.2 Nondiscrimination. Without limiting the generality of Subsection 6.2.1, and with respect to the Premises, Lessee agrees to and shall comply with all applicable equal employment opportunity and nondiscrimination laws of the United States, the State of Washington, and The City of Seattle, including but not limited to Chapters 14.04, 14.10 and 20.42 of the Seattle Municipal Code, if and as applicable as they may be amended from time to time, and rules, regulations, orders and directives of the associated administrative agencies and their officers.

6.3 Liens and Encumbrances. Lessee shall keep the Premises free and clear of, and shall indemnify, defend and hold City harmless from, any and all, liens and encumbrances arising or growing out of any act or omission, or breach of this Lease or its use, improvement or occupancy of the Premises by Lessee or any of its principals, officers, employees or agents or subtenants. If any lien is so filed against the Premises, Lessee shall either cause the same to be fully discharged and released of record within ten (10) days after City's written demand therefore or, within such period, provide City with cash or other security acceptable to City in an amount equal to one and one-half (1½) times the amount of the claimed lien as security for its prompt removal. City shall have the right to disburse such security to cause the removal of the lien if City deems such necessary, in City's sole discretion.

6.4 Hazardous Substances. Lessee shall not, without City's prior written consent, keep on or about the Premises any substance designated as, or containing any component now or hereafter designated as hazardous, dangerous, toxic or harmful and/or subject to regulation under any federal, state or local law, regulation or ordinance ("Hazardous Substances"), except customary office, kitchen, cleaning and other related supplies in normal quantities handled in

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compliance with applicable laws. With respect to any Hazardous Substances stored with City's consent, Lessee shall promptly, timely and completely comply with all governmental requirements for reporting and record keeping; submit to City true and correct copies of all reports, manifests and identification numbers at the same time as they are required to be and/or are submitted to the appropriate governmental authorities; within five (5) days after City's request therefore, provide evidence satisfactory to City of Lessee's compliance with all applicable governmental rules, regulations and requirements; and comply with all governmental rules, regulations and requirements regarding the proper and lawful use, sale, transportation, generation, treatment and disposal of Hazardous Substances. Any and all costs incurred by City and associated with City's inspections of the Premises and City's monitoring of Lessee's compliance with this Subsection 6.4, including City's attorneys' fees and costs, shall be Additional Charges and shall be due and payable to City within ten (10) days after City's demand therefore, if Lessee's violation of this Subsection 6.4 is discovered as a result of such inspection or monitoring. Lessee shall be fully and completely liable to City for any and all cleanup costs and expenses and any and all other charges, expenses, fees, fines, penalties (both, civil and criminal) and costs imposed with respect to Lessee's use, disposal, transportation, generation and/or sale of Hazardous Substances in or about the Premises. Lessee shall indemnify, defend and hold City harmless from any and all of the costs, fees, penalties, charges and expenses assessed against, or imposed, upon City (as well as City's attorneys' fees and costs) as a result of Lessee's use, disposal, transportation, generation and/or sale of Hazardous Substances on or about the Premises. The indemnification obligation of this subsection shall survive the expiration or earlier termination of this Lease.

7. **Utilities.**

7.1 General. Upon the Commencement Date, the Lessee shall be responsible for utilities, including refuse collection and recycling, for the Premises (based on Lessee's use of the Premises only), which the City will separately invoice to Lessee.

7.2 Interruption. City shall not be liable for any loss, injury or damage to person or property caused by or resulting from any variation, interruption or failure of services due to any cause whatsoever, including, but not limited to, electrical surges, or from failure to make any repairs or perform any maintenance. No temporary interruption or failure of such services incident to the making of repairs, alterations or improvements or due to accident, strike or conditions or events beyond City's reasonable control shall be deemed an eviction of Lessee or to relieve Lessee from any of Lessee's obligations hereunder or to give Lessee a right of action against City for damages. Lessee acknowledges its understanding that there may be City-planned utility outages affecting the Premises and that such outages may interfere, from time to time, with Lessee's use of the Premises. City shall provide Lessee with not less than 48 hours' prior written notice of any City-planned electricity outage in the Premises. City has no obligation to provide emergency or backup power to Lessee. The provision of emergency or backup power to the Premises or to enable the equipment therein to properly function shall be the sole responsibility of Lessee. If utilities are interrupted at the Premises so as to render them unfit for their permitted uses, then the Rent for the year shall be abated for the duration of the disruption in the proportion that the number of days of the disruption bears to the number of days of the year.

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8. **Licenses and Taxes**. Without any deduction or offset whatsoever, Lessee shall be liable for, and shall pay prior to delinquency, all taxes, license and excise fees and occupation taxes covering the business conducted on the Premises and all personal property taxes and other impositions levied with respect to all personal property located at the Premises; Lessee shall be responsible for, and shall pay prior to delinquency, all fees, charges, or costs, for any governmental inspections or examinations relating to Lessee's use and occupancy of the Premises, and pay all taxes on the leasehold interest created by this Lease (*e.g.*, leasehold excise taxes) as set forth in Section 4.

8.1 Contests. Lessee shall have the right to contest the amount and validity of any taxes by appropriate legal proceedings, but this shall not be deemed or construed in any way as relieving Lessee of its covenant to pay any such taxes. City shall not be subjected to any liability or for the payment of any costs or expenses in connection with any such proceeding brought by Lessee, and Lessee hereby covenants that it will not, during the Term or thereafter, seek reimbursement or any payment from City for any such costs or expenses.

9. **Alterations by Lessee.** Lessee shall not make any alterations, additions or improvements in or to the Premises without first submitting to City plans and specifications for such work and obtaining City's prior written approval thereof, which approval will not be unreasonably delayed or denied. Lessee covenants that it will cause all alterations, additions and improvements to the Premises to be completed at Lessee's sole cost and expense by a contractor approved by City and in a manner that (a) is consistent with the City-approved plans and specifications and any conditions imposed by City in connection therewith; (b) is in conformity with first-class, commercial standards; (c) includes acceptable insurance coverage for City's benefit; (d) does not affect the structural integrity of the Premises or any of the Premises' systems; (e) does not disrupt the business or operations of any other occupant of the Premises; and (f) does not invalidate or otherwise affect the construction or any system warranty then in effect with respect to the Premises. Lessee shall secure all governmental permits and approvals required for the work; shall comply with all other applicable governmental requirements and restrictions; and reimburse City for any and all expenses incurred in connection therewith. Except as provided in Section 13 with regard to concurrent negligence, Lessee shall indemnify, defend and hold City harmless from and against all losses, liabilities, damages, liens, costs, penalties and expenses (including attorneys' fees, but without waiver of the duty to hold harmless) arising from or out of Lessee's performance of such alterations, additions and improvements, including, but not limited to, all which arise from or out of Lessee's breach of its obligations under terms of this Section 9. All alterations, additions and improvements (expressly including all light fixtures; heating and ventilation units; floor, window and wall coverings; and electrical wiring), except Lessee's moveable trade fixtures and appliances and equipment not affixed to the Premises (which may include, without limitation furniture, computers, point of sale systems, registers, and any fixtures provided as a "gift" to Lessee due to its relationship with the National First Tee organization) shall become the property of City at the expiration or termination of this Lease without any obligation on its part to pay for any of the same. At City's request, Lessee shall execute a deed or bill of sale in favor of City with respect to such alterations and/or improvements. Notwithstanding the foregoing, Lessee shall remove all or any portion of such alterations and/or improvements on the expiration or termination of this Lease if City specifically so directs, in writing, at the time of City's issuance of its approval thereof. Within ninety (90) days after the completion of any alteration, addition or improvement to the Premises, Lessee shall deliver to

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City a full set of "as-built" plans of the Premises showing the details of all alterations, additions and improvements made to the Premises by Lessee.

10. **Care of Premises.**

10.1 General Obligation. Lessee shall take good care of the Premises and shall reimburse City for all damage done to the Premises that results from any act or omission of Lessee or any of Lessee's officers, contractors, agents, invitees, licensees or employees, including, but not limited to, cracking or breaking of glass.

10.2 Custodial Service for Premises. Lessee shall at its own expense, at all times, keep the Premises and areas immediately adjacent thereto in a neat, clean, safe, and sanitary condition; and keep the glass of all windows and doors serving the Premises clean and presentable. Lessee shall furnish all cleaning supplies and materials needed to operate such areas in the manner prescribed in this Lease; Lessee shall provide any necessary janitorial service to adequately maintain the inside of such areas using a company reasonably approved by City. Lessee shall be responsible for keeping the areas immediately adjacent to the Premises free of litter and clean of spills resulting from Lessee's operations. If, after City provides written notice to Lessee of Lessee's failure to comply with this Section, Lessee fails to take good care of the Premises, City, at its option, may do so, and in such event, upon receipt of written statements from City, Lessee shall promptly pay the entire actual and reasonable cost thereof as an Additional Charge. City shall have the right to enter the Premises for such purposes. City shall not be liable for interference with light, air or view. All normal repairs necessary to maintain the Premises (including the structural aspects and exterior of the Premises), the Common Areas, and the heating, ventilation, utility, electric and plumbing and other systems and equipment serving the Premises (including the Premises) in a reasonably good operating condition, as determined by City, shall be performed by City at its expense. The foregoing sentence does not extend to maintenance occasioned by an act or omission of Lessee or its officers, agents, employees, or contractors. Except in the event of City's gross negligence or intentional misconduct, there shall be no abatement or reduction of rent arising by reason of City's making of repairs, alterations or improvements.

10.3 Prohibition Against Installation or Integration of Any Work of Visual Art on Premises Without City's Consent. City reserves to and for itself the right to approve or disapprove of the installation or integration on or in the Premises of any "work of visual art," as that term is defined in the Visual Artists Rights Act of 1990, as now existing or as later amended, and to approve or disapprove of each and every agreement regarding any such installation or integration. Lessee shall not install on or integrate into, or permit any other person or entity to install on or integrate into, the Premises any such work of visual art without City's prior, express, written consent. City's consent to the installation of any such art work may be granted, granted upon one or more conditions, or withheld in City's discretion

10.4 Lessee's Indemnification of City Against Liability under Visual Artists Rights Act of 1990. Lessee shall protect, defend, and hold City harmless from and against any and all claims, suits, actions or causes of action, damages and expenses (including attorneys' fees and costs) arising as a consequence of (a) the installation or integration of any work of visual art on or into the Premises; or (b) the destruction, distortion, mutilation or other modification of the art work that results by reason of its removal; or (c) any breach of Subsection 10.3 of this Lease; or

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(d) any violation of the Visual Artists Rights Act of 1990, as now existing or hereafter amended; by Lessee or any of its officers, employees or agents. This indemnification obligation shall exist regardless of whether City or any other person employed by City has knowledge of such installation, integration, or removal or has consented to any such action or is not required to give prior consent to any such action. The indemnification obligation of this subsection shall survive the expiration or earlier termination of this Lease.

11. **Signs and Advertising.**

11.1 Signs, Generally. Except as set forth in Section 11.2 below, Lessee shall not inscribe, post, place, or in any manner display any sign, notice, picture, poster, or any advertising matter whatsoever anywhere in or about the Premises, without the Superintendent's prior written consent. Lessee shall remove all signage at the expiration or earlier termination of this Lease and repair any damage or injury to the Premises.

11.2 On-Premises Signs. Lessee may install approved permanent exterior signage. Temporary signs or banners not more than 24 square feet in size may be displayed on or about the Premises to advertise a special event beginning two weeks immediately before the event advertised, through the conclusion of such event. Exterior signage shall include Lessee's name and the Parks logo and shall be constructed in a style and size consistent with the Parks sign policy.

11.3 Recognition. Lessee shall include a statement and the Parks logo in related printed materials stating, in effect, that: "We would like to thank Seattle Parks and Recreation for providing a location for The First Tee of Greater Seattle."

12. **Surrender of Premises.**

12.1 General Matters. At the expiration or sooner termination of the Lease Term, Lessee shall return the Premises to City in the same condition in which received on the Commencement Date (or, if altered, then the Premises shall be returned in such altered condition unless otherwise directed by City pursuant to Section 9), reasonable wear and tear, casualty and condemnation damages not resulting from or contributed to by negligence of Lessee, excepted. Prior to such return, Lessee shall remove its moveable trade fixtures and appliances and equipment that have not been attached to the Premises, and shall repair any damage resulting from their removal. In no event shall Lessee remove floor coverings; heating or ventilating equipment; lighting equipment or fixtures; or floor, window or wall coverings unless otherwise specifically directed by City in writing at the time when City's approval of their installation is issued. Lessee's obligations under this Section 12 shall survive the expiration or termination of this Lease.

13. **Waiver; Indemnification.**

13.1 Lessee's Indemnification. Except as otherwise provided in this section, Lessee shall indemnify, defend (using legal counsel reasonably acceptable to City) and save City, City's officers, agents, employees and contractors, and other occupants of the Premises harmless from all claims, suits, losses, damages, fines, penalties, liabilities and expenses (including City's actual and reasonable personnel and overhead costs and attorneys' fees and other costs incurred in

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connection with claims, regardless of whether such claims involve litigation) resulting from any actual or alleged injury (including death) of any person or from any actual or alleged loss of or damage to, any property arising out of or in connection with (i) the occupation, use or improvement of the Premises by Lessee or any of its employees, agents or contractors, (ii) Lessee's breach of its obligations hereunder, or (iii) any negligent act or omission of Lessee or any sublessee, licensee, assignee or concessionaire of Lessee, or of any officer, agent, employee, guest or invitee of any of the same in or about the Premises. Lessee agrees that the foregoing indemnity specifically covers actions brought by its own employees. This indemnity with respect to acts or omissions during the Lease Term shall survive termination or expiration of this Lease. The foregoing indemnity is specifically and expressly intended to, constitute a waiver of Lessee's immunity under Washington's Industrial Insurance Act, RCW Title 51, to the extent necessary to provide City with a full and complete indemnity from claims made by Lessee and its employees, to the extent of their negligence. Lessee shall promptly notify City of casualties or accidents occurring in or about the Premises. **CITY AND LESSEE ACKNOWLEDGE THAT THEY SPECIFICALLY NEGOTIATED AND AGREED UPON THE INDEMNIFICATION PROVISIONS OF THIS SECTION 13.**

13.2 Lessee's Release of Claims. Lessee hereby fully and completely waives and releases all claims against City to the extent a loss or damage is covered by insurance for any losses or other damages sustained by Lessee or any person claiming through Lessee resulting from any accident or occurrence in or upon the Premises, including but not limited to any defect in or failure of Premises equipment; any failure to make repairs; any defect, failure, surge in, or interruption of Premises facilities or services; any defect in or failure of Common Areas; broken glass; water leakage; the collapse of any Premises component; or any act, omission or negligence of co-Lessees, licensees or any other persons or occupants of the Premises.

13.3 Limitation of Lessee's Indemnification. In compliance with RCW 4.24.115 as in effect on the date of this Lease, all provisions of this Lease pursuant to which City or Lessee (the "Indemnitor") agrees to indemnify the other (the "Indemnitee") against liability for damages arising out of bodily injury to persons or damage to property relative to the construction, alteration, repair, addition to, subtraction from, improvement to, or maintenance of, any Premises, road, or other structure, project, development, or improvement attached to real estate, including the Premises, (i) shall not apply to damages caused by or resulting from the sole negligence of the Indemnitee, its agents or employees, and (ii) to the extent caused by or resulting from the concurrent negligence of (a) the Indemnitee or the Indemnitee's agents or employees, and (b) the Indemnitor or the Indemnitor's agents or employees, shall apply only to the extent of the Indemnitor's negligence; PROVIDED, HOWEVER, the limitations on indemnity set forth in this section shall automatically and without further act by either City or Lessee be deemed amended so as to remove any of the restrictions contained in this section no longer required by then applicable law.

13.4 City's Release of Claims. City hereby fully and completely waives and releases all claims against Lessee to the extent a loss or damage is caused by City's negligence, willful misconduct or breach of this Lease.

14. **Insurance**.

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14.1 Minimum Insurance to be Secured and Maintained. Prior to the Commencement Date, Lessee shall secure and shall thereafter maintain (or cause its SubLessee(s) to secure and maintain) in full force and effect, at no expense to City, and throughout the entire Lease Term, insurance as specified below:

14.1.1 Commercial General Liability Insurance including:

Premises/Operations Liability
Products/Completed Operations Liability
Personal/Advertising Liability
Contractual Liability
Stop Gap/Employers Contingent Liability
Independent Contractors Liability
Liquor Liability/Host Liquor Liability
Fire Damage Legal Liability

Such policy(ies) must be endorsed as provided in Subsection 14.3.1.2 hereof and provide the following minimum limits:

$2,000,000 each Occurrence Combined Single Limit Bodily Injury and Property Damage

$2,000,000 each Offense Personal and Advertising Injury

$ 100,000 each Occurrence Fire Legal Liability

$1,000,000 each Accident/ Disease - Each Employee Stop Gap

14.1.2 **Business Automobile Liability** including coverage for owned, non-owned, leased or hired vehicles with a minimum limit of $2,000,000 each Occurrence Combined Single Limit Bodily Injury and Property Damage

14.1.3 **Workers' Compensation** securing Lessee's liability for industrial injury to its employees in accordance with the provisions of Title 51 of the Revised Code of Washington; provided, that if Lessee is qualified as a self-insurer in accordance with Chapter 51.14 of the Revised Code of Washington, Lessee shall certify that qualification by a letter that is signed by a corporate officer of Lessee and delivered to City that sets forth the limits of any policy of excess insurance covering its employees; and

14.1.4 **Property Insurance** under which the Lessee's furniture, fixtures, equipment and inventory and all alterations, additions and improvements that Lessee makes to the Premises are insured throughout the Lease Term in an amount equal to the replacement cost thereof, against the following hazards: (i) loss from the perils of fire and other risks of direct physical loss, not less broad than provided by the insurance industry standard "Causes of Loss - Special Form (ISO form CP 1030 or equivalent); (ii) loss or damage from water leakage or sprinkler systems now or hereafter installed in or on the Premises; (iii) loss or damage by explosion of steam boilers, pressure vessels, oil or gasoline storage tanks or similar apparatus now or hereafter installed on the Premises. City shall be named as a loss payee as respects property insurance covering alterations, additions and improvements under such policy.

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City shall insure the Premises and City's furniture, fixtures, equipment and inventory (exclusive of Lessee's furniture, fixtures, equipment and inventory and all alterations, additions and improvements that Lessee makes to the Premises) in an amount equal to the replacement cost thereof, against the following hazards: (i) loss from the perils of fire and other risks of direct physical loss, not less broad than provided by the insurance industry standard "Causes of Loss - Special Form (ISO form CP 1030 or equivalent); (ii) loss or damage from water leakage or sprinkler systems now or hereafter installed in or on the Premises; and(iii) loss or damage by explosion of steam boilers, pressure vessels, oil or gasoline storage tanks or similar apparatus now or hereafter installed on the Premises.

14.2 General Requirements Regarding Lessee's Insurance.

14.2.1 The insurance required by Subsections 14.1.1 and 14.1.2 shall be endorsed to include the City of Seattle and its officers, elected officials, employees, agents and volunteers as additional insureds. The insurance required by Subsections 14.1.1 and 14.1.2 shall be primary as respects City; shall provide that any other insurance maintained by City shall be excess and not contributing insurance with Lessee's insurance; and shall provide that such coverage shall not be reduced or canceled without forty-five (45) days' prior written notice to City, except ten (10) days prior written notice to City with respect to non-payment of premium, at its address as specified in Subsection 1.7 hereof.

14.2.2 All insurance policies required hereunder shall be subject to reasonable approval by City's Risk Manager as to company, form and coverage. All policies shall be issued by a company rated A–:VII or higher in the then-current A. M. Best's Key Rating Guide and licensed to do business in the State of Washington or issued as a surplus line by a Washington surplus lines broker.

14.2.3 Any deductible or self-insured retention in excess of $10,000 must be disclosed to, and shall be subject to reasonable approval by, City's Risk Manager. The cost of any claim payments falling within the deductible shall be the responsibility of Lessee.

14.2.4 Coverage and/or limits may be reasonably altered or increased as necessary to reflect type of or exposure to risk. City shall have the right to periodically review the appropriateness of such coverage and limits in view of inflation and/or changing industry conditions and to require an increase in such coverage or limits upon ninety (90) days' prior written notice.

14.3 Evidence of Insurance. The following documents must be delivered to City at its address as specified in or pursuant to Subsection 1.7 hereof, as evidence of the insurance coverage secured and maintained by Lessee:

14.3.1 On or before the Commencement Date, and thereafter, not later than five (5) days prior to the expiration or renewal date of each such policy:

14.3.1.1 A copy of the policy's declarations pages, showing the insuring company, policy effective dates, limits of liability and the Schedule of Forms and Endorsements specifying all endorsements listed on the policy including any company-specific or manuscript endorsements;

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14.3.1.2 A copy of the endorsement naming the City of Seattle and its officers, elected officials, employees, agents and volunteers as additional insureds (whether on ISO Form CG 20 26 or an equivalent additional insured or blanket additional insured policy wording), showing the policy number, and the original signature and printed name of the representative of the insurance company authorized to sign such endorsement;

14.3.1.3 A copy of an endorsement stating that the coverages provided by such policy to City or any other named insured shall not be terminated, reduced or otherwise materially changed without providing at least forty-five (45) days prior written notice to City, except ten (10) days prior written notice to City with respect to non-payment of premium, at its address as specified in or provided pursuant to Subsection 1.7 hereof; and

14.3.1.4 For the Commercial General liability and Business Automobile insurance to be secured and maintained pursuant to Subsection 14.1.1 and 14.1.2 hereof, a copy of the "Separation of Insureds" or "Severability of Interests" clause in such policy.

14.3.2 Pending receipt of the documentation specified in this Section 14, Lessee may provide a copy of a current complete binder. An ACORD certificate of insurance will not be accepted in lieu thereof.

14.4 Reconstruction Following Loss. Lessee shall proceed with reasonable diligence as soon as sufficient funds are available therefore, to prepare plans and specifications for, and thereafter to carry out, all work necessary to repair and restore the alterations, additions and improvements that Lessee made to the Premises that is at least equivalent to, or more suitable than, the alterations, additions and improvements that were damaged or destroyed.

14.5 Waiver of Subrogation. City and City's insurer(s) shall waive subrogation for damage to or destruction of the Premises and City's furniture, fixtures, equipment and inventory in favor of Lessee except with respect to losses of City's aforesaid property of up to $100,000 that are attributable to Lessee's negligence and to which Lessee's Fire Legal Liability insurance responds; however, in the event of a loss to City's aforesaid property attributable to Lessee's negligence, Lessee agrees to reimburse City for the amount of its property insurance deductible up to $Lessee. Lessee and Lessee's insurer(s) shall waive subrogation for damage to or destruction of Lessee's alterations, additions and improvements, furniture, fixtures, equipment and inventory in favor of City; however, in the event of a loss to Lessee's aforesaid property attributable to City's negligence, City agrees to reimburse Lessee for the amount of its property insurance deductible up to $100,000.

14.6 Assumption of Risk. The placement and storage of its personal property in the Premises shall be the responsibility, and at the sole risk, of Lessee.

15. **Assignment or Sublease**. Lessee shall not sublet or encumber the whole or any part of the Premises, nor shall this Lease or any interest thereunder be assignable or transferable by operation of law or by any process or proceeding of any court or otherwise without the prior written consent of City, whose consent shall be given or withheld in its sole discretion. The granting of consent to a given transfer shall not constitute a waiver of the consent requirement as to future transfers. Any assignment or sublease, without City's prior written consent, at City's option, shall be void. No assignment or sublease shall release Lessee from primary liability

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hereunder. Each assignment and sublease shall be by an instrument in writing in form satisfactory to City. If Lessee is a corporation, then any transfer of this Lease by merger, consolidation or liquidation, or any direct or indirect change, in the ownership of, or power to vote the majority of, Lessee's outstanding voting stock, shall constitute an assignment for the purposes of this Lease. If Lessee is a partnership, then a change in general partners in or voting or decision-making control of the partnership shall also constitute an assignment.

16. **Assignment by City**. If City sells or otherwise transfers the Premises, or if City assigns its interest in this Lease, such purchaser, transferee, or assignee thereof shall be deemed to have assumed City's obligations under this Lease arising after the date of such transfer, and City shall thereupon be relieved of all liabilities under this Lease arising thereafter, but this Lease shall otherwise remain in full force and effect. Lessee shall attorn to City's successor, which assumes and agrees to perform all of City's obligations under this Lease.

17. **Destruction**. If the Premises are damaged by fire or other casualty, the City shall make all insurance proceeds payable as a result of such casualty available to repair the damage to the Premises and the Building. The City and the insurer shall adjust the loss and, in accordance with approved construction documents, promptly commence such repairs as will restore the Premises (including the improvements therein) and the Building to their condition immediately preceding the casualty as nearly as reasonably possible; provided, however, that the City shall not be required to spend more than the available insurance proceeds plus any deductible amount. Notwithstanding the foregoing, if (i) more than fifty percent (50%) of the Building is damaged as a result of casualty; or (ii) repair and restoration cannot reasonably be completed within eighteen (18) months from the date of the casualty; or (iii) the casualty occurs during the final two (2) years of the initial Term or any Extended Term, then either party may terminate this Lease upon 30 days' written notice to the other party, specifying the effective date of such termination. In such event, the City shall retain all insurance proceeds. From the date of the casualty through completion of repairs, Rent shall be abated in the proportion that the untenantable portion of the Premises bears to the whole thereof, as reasonably determined by the City, unless the casualty results from or is contributed to by the negligence of Lessee or any of its officers, contractors, agents, invitees, guests, or employees, or Lessee's breach of this Lease, in which event there shall be no abatement. In the event of damage by casualty, Lessee shall, to the extent it deems necessary or desirable, at its sole cost and expense, repair all damage to its own personal property. The City shall not be liable to Lessee for damages, compensation, or other sums for inconvenience, loss of business, or disruption arising from any repairs to or restoration of any portion of the Premises.
17.

18. **Eminent Domain**.

18.1 Taking. If all of the Premises are taken by Eminent Domain, this Lease shall terminate as of the date Lessee is required to vacate the Premises and all Rent and Additional Charges shall be paid to that date. The term "Eminent Domain" shall include the taking or damaging of property by, through or under any governmental or statutory authority, and any purchase or acquisition in lieu thereof, whether the damaging or taking is by government or any other person. If a taking of any part of the Premises by Eminent Domain renders the remainder thereof unusable for the business of Lessee, in the reasonable judgment of City, the Lease may, at the option of either party, be terminated by written notice given to the other party not more

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than thirty (30) days after City gives Lessee written notice of the taking, and such termination shall be effective as of the date when Lessee is required to vacate the portion of the Premises so taken. If this Lease is so terminated, all Rent and Additional Charges shall be paid to the date of termination. Whenever any portion of the Premises is taken by Eminent Domain and this Lease is not terminated, City, at its expense, shall proceed with all reasonable dispatch to restore, to the extent of available proceeds and to the extent it is reasonably prudent to do so, the remainder of the Premises to the condition they were in immediately prior to such taking, and Lessee, at its expense, shall proceed with all reasonable dispatch to restore its personal property and all improvements made by it to the Premises to the same condition they were in immediately prior to such taking, to the extent award is available therefore. The Rent and Additional Charges payable hereunder shall be reduced from the date Lessee is required to partially vacate the Premises in the same proportion that the Rentable Area taken bears to the total Rentable Area of the Premises prior to taking.

18.2 Award. Except as otherwise provided below, City reserves all right to the entire damage award or payment for any taking by Eminent Domain, and Lessee waives all claim whatsoever against City for damages for termination of its leasehold interest in the Premises or for interference with its business. Lessee hereby grants and assigns to City any right Lessee may now have or hereafter acquire to such damages and agrees to execute and deliver such further instruments of assignment as City, from time to time, may request. Lessee, however, shall have the right to claim from the condemning authority all compensation that may be recoverable by Lessee on account of any loss incurred by Lessee in moving Lessee's merchandise, furniture, trade fixtures and equipment and the cost or restoring its personal property and improvements made by it to the Premises.

19. **Default by Lessee.**

19.1 Definition. If Lessee violates, breaches, or fails to keep or perform any term, provision, covenant, or any obligation of this Lease; or if Lessee files or is the subject of a petition in bankruptcy, or if a trustee or receiver is appointed for Lessee's assets or if Lessee makes an assignment for the benefit of creditors, or if Lessee is adjudicated insolvent, or becomes subject to any proceeding under any bankruptcy or insolvency law whether domestic or foreign, or liquidated, voluntarily or otherwise; then Lessee shall be deemed in default ("Default").

19.2 City Remedies. If Lessee has defaulted and such Default continues or has not been remedied to the reasonable satisfaction of the Superintendent within thirty (30) days after written notice thereof has been provided to Lessee, then City shall have the following nonexclusive rights and remedies at its option: (i) to cure such default on Lessee's behalf and at Lessee's sole expense and to charge Lessee for all actual and reasonable costs and expenses incurred by City in effecting such cure as an Additional Charge; (2) to terminate this Lease; provided, however, that if the nature of Lessee's obligation (other than monetary obligations and other than vacation or abandonment of the Premises) is such that more than thirty (30) days is required for performance, then Lessee shall not be in default if it commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion.

19.3 Reentry by City Upon Termination. Upon the termination of this Lease, City may reenter the Premises, take possession thereof, and remove all persons therefrom, for which

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actions Lessee shall have no claim thereon or hereunder. Lessee shall be liable and shall reimburse City upon demand for all actual and reasonable costs and expenses of every kind and nature incurred in retaking possession of the Premises. If City retakes the Premises, City shall have the right, but not the obligation, to remove therefrom all or any part of the personal property located therein and may place the same in storage at any place selected by City, including a public warehouse, at the expense and risk of Lessee. City shall have the right to sell such stored property, after reasonable prior notice to Lessee or such owner(s), after it has been stored for a period of thirty (30) days or more. The proceeds of such sale shall be applied first, to the cost of such sale; second, to the payment of the charges for storage, if any; and third, to the payment of any other sums of money that may be due from Lessee to City; the balance, if any, shall be paid to Lessee.

19.4 Vacation or Abandonment. If Lessee vacates or abandons the Premises in its entirety and fails to reoccupy it within thirty (30) days after City (1) delivers a notice to Lessee's notice address set forth in Section 1.7 above demanding such reoccupancy and (2) mails by certified or registered mail a copy of the notice to any forwarding address given by Lessee to City in writing, Lessee shall be in default under this Lease.

19.5 City's Non-exclusive Remedies upon Termination due to Default of Lessee. Notwithstanding any reentry by City and anything to the contrary in this Lease, in the event of the termination of this Lease due to the Default of Lessee, the liability of Lessee for all sums due under this Lease provided herein shall not be extinguished for the balance of the Term of this Lease. Lessee shall also be liable to City for any other amount (excluding consequential or specific damages) necessary to compensate City for all the detriment proximately caused by Lessee's failure to perform its obligations under this Lease or that in the ordinary course of things would be likely to result therefrom, including but not limited to, any costs or expenses incurred in maintaining or preserving the Premises after such Default, and any costs incurred in authorizing others the use and occupancy of the Premises and in preparing the Premises for such use and occupancy, and such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by the laws of the State of Washington. The provisions of this Subsection 19.5 shall survive the expiration or earlier termination of this Lease.

20. **City's Remedies Cumulative; Waiver**. City's rights and remedies hereunder are not exclusive, but cumulative, and City's exercise of any right or remedy due to a default or breach by Lessee shall not be deemed a waiver of, or alter, affect or prejudice any other right or remedy that City may have under this Lease or by law or in equity. Neither the acceptance of rent nor any other act or omission of City at any time or times after the happening of any event authorizing the cancellation or forfeiture of this Lease shall operate as a waiver of any past or future violation, breach or failure to keep or perform any covenant, agreement, term or condition hereof or to deprive City of its right to cancel or forfeit this Lease, upon the written notice provided for herein, at any time that cause for cancellation or forfeiture may exist, or be construed so as to estop City at any future time from promptly exercising any other option, right or remedy that it may have under any term or provision of this Lease.

21. **Default by City**. City shall be in default if City fails to perform its obligations under this Lease within thirty (30) days after its receipt of notice of nonperformance from Lessee; provided, that if the default cannot reasonably be cured within the thirty (30) day period, City shall not be in default if City commences the cure within the thirty (30) day period and thereafter diligently

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pursues such cure to completion. Upon City's default, Lessee may pursue any remedies at law or in equity that may be permitted from time to time by the laws of the State of Washington.

22. **Termination for Convenience**. Notwithstanding anything else in this Lease to the contrary, the City may, at any time and without liability of any kind to Lessee, terminate this Lease upon one hundred and eighty (180) days' written notice to Lessee if the City reasonably determines that the Premises are required for a different public purpose. If City terminates under this Section within three (3) years from the Commencement Date, then the City shall pay to Lessee the total of Lessee's unrealized Capital Improvement Rental Offset, as defined in Section 4.2, based on a straight-line seven-year depreciation.

23. **Attorneys' Fees**. If either party retains the services of an attorney in connection with enforcing the terms of this Lease, each party agrees to bear its own attorneys' fees and costs.

24. **Access by City**. City and its agents shall have the right to enter the Premises at any reasonable time during normal business hours, after reasonable advance notice to Lessee, to examine the same, and to show them to prospective purchasers, lenders or Lessees, and to make such repairs, alterations, improvements, additions or improvements to the Building or Premises as City may deem necessary or desirable. If Lessee is not personally present to permit entry and an entry is necessary in an emergency, City may enter the same by master key that will be provided to City, without rendering City liable therefore, except in the event of City's gross negligence or intentional misconduct.

25. **Holding Over**. Unless otherwise agreed in writing by the parties hereto, any holding over by Lessee after the expiration of the Lease Term, whether or not consented to by City, shall be construed as a tenancy from month-to-month on the terms and conditions set forth herein. Either party may terminate any holdover tenancy by written notice delivered to the other party not later than twenty (20) days prior to the end of the final month. If Lessee fails to surrender the Premises upon the expiration or termination of this Lease without City's written consent, Lessee shall indemnify, defend and hold harmless City from all losses, damages, liabilities and expenses resulting from such failure, including, without limiting the generality of the foregoing, any claims made by any succeeding Lessee arising out of such failure. Lessee's obligations under this paragraph shall survive expiration or termination of this Lease.

26. **Notices**. Any notice, demand or request required hereunder shall be given in writing to the party's address set forth in Subsection 1.7 hereof by any of the following means: (a) personal service; (b) commercial or legal courier; or (c) registered or certified, first class mail, postage prepaid, return receipt requested. Such addresses may be changed by notice to the other parties given in the same manner as above provided. Notices shall be deemed to have been given upon the earlier of actual receipt, as evidenced by the deliverer's affidavit, the recipient's acknowledgment of receipt, or the courier's receipt, except in the event of attempted delivery during the recipient's normal business hours at the proper address by an agent of a party or by commercial or legal courier or the U.S. Postal Service but refused acceptance, in which case notice shall be deemed to have been given upon the earlier of the day of attempted delivery, as evidenced by the messenger's affidavit of inability to deliver stating the time, date, place and manner in which such delivery was attempted and the manner in which such delivery was refused, or on the day immediately following deposit with such courier or, if sent pursuant to subsection (c), forty-eight (48) hours following deposit in the U.S. mail.

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27. **Successors or Assigns**. All of the terms, conditions, covenants and agreements of this Lease shall extend to and be binding upon City, Lessee and, subject to the terms of Sections 15 and 16, their respective heirs, administrators, executors, successors and permitted assigns, and upon any person or persons coming into ownership or possession of any interest in the Premises by operation of law or otherwise.

28. **Authority and Liability**. Lessee warrants that this Lease has been duly authorized, executed and delivered by Lessee, and that Lessee has the requisite power and authority to enter into this Lease and perform its obligations hereunder. Lessee covenants to provide City with evidence of its authority and the authorization of this Lease upon request. All persons and entities named as Lessee herein shall be jointly and severally liable for Lessee's liabilities, covenants and agreements under this Lease.

29. **Partial Invalidity**. If any court determines that any provision of this Lease or the application hereof to any person or circumstance is, to any extent, invalid or unenforceable, the remainder of this Lease, or application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each other term, covenant or condition of this Lease shall be valid and be enforced to the fullest extent permitted by law.

30. **Force Majeure**. Neither City nor Lessee shall be deemed in default hereof nor liable for damages arising from its failure to perform its duties or obligations hereunder if such is due to any cause beyond its reasonable control, including, but not limited to an act of Nature, act of civil or military authority, fire, flood, windstorm, earthquake, strike or labor disturbance, civil commotion, delay in transportation, governmental delay, or war; provided, however, that the foregoing shall not excuse Lessee from the timely payment of Rent and Additional Charges due hereunder, when due.

31. **Counterparts**. This parties may execute this Lease in counterparts, which, taken together, constitute the entire Lease.

32. **Headings**. The section headings used in this Lease are used for purposes of convenience and do not alter in any manner the content of the sections.

33. **Context**. Whenever appropriate from the context, the use of any gender shall include any other or all genders, and the singular shall include the plural, and the plural shall include the singular.

34. **Execution by City and Lessee; Effective Date**. Neither City nor Lessee shall be deemed to have made an offer to the other party by furnishing the other party with a copy of this Lease with particulars inserted. No contractual or other rights shall exist or be created between City and Lessee until all parties hereto have executed this Lease and the appropriate legislative authority approves it. This Lease shall become effective as of the Commencement Date (i) upon both parties signature hereto, and (ii) after being formally approved by the Seattle City Council. City shall have no liability to Lessee and shall have the right to terminate this Lease upon written notice to Lessee if this Lease is legislatively disapproved.

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35. **Time of Essence; Time Calculation Method**. Time is of the essence with respect to this Lease. Except as otherwise specifically provided, any reference in this Lease to the word "day" means a "calendar day"; provided, however, that if the final day for any action required hereunder is a Saturday, Sunday or City holiday, such action shall not be required until the next succeeding day that is not a Saturday, Sunday or City holiday. Any reference in this Lease to the word "month" means "calendar month."

36. **Standards**. Lessee recognizes that, although it is operating its facilities as an independent operator, Seattle Parks and Recreation is organized and exists for the purpose of maintaining park and recreation facilities for the use and enjoyment of the general public. Lessee, its agents and employees, will devote their efforts toward rendering courteous service to the public as though they were employees of the City, with a view of adding to the enjoyment of the patrons of this recreational facility. Lessee shall operate and conduct the facilities on the Premises in a businesslike manner, and will not permit any conduct on the part of Lessee's employees, which would be detrimental to City's operations.

37. **City's Control of Premises and Vicinity**. All common and other facilities provided by City in or about the Premises are subject to the City's exclusive control and management by City. Accordingly, City may do any and all of the following (among other activities in support of Parks or other municipal objectives), all without incurring any liability whatsoever to Lessee:

37.1 Change of Vicinity. City may increase, reduce, or change in any manner whatsoever the number, dimensions, and locations of the walks, Premises, landscaping, exhibit, service area, and parking areas in the vicinity of the Premises;

37.2 Traffic Regulation. City may regulate all traffic within and adjacent to the Premises, including the operation and parking of vehicles of Lessee and its invitees, employees, and patrons.

37.3 Display of Promotional Materials. City may erect, display, and remove promotional exhibits and materials and permit special events on property adjacent to and nearby the Premises.

37.4 Promulgation of Rules. City may promulgate, from time to time, reasonable rules and regulations regarding the use and occupancy of any Department property including, but not limited to, the Premises.

37.5 Change of Businesses. City may change the size, number, and type and identity of concessions, stores, businesses and operations being conducted or undertaken in the vicinity of the Premises.

38. **Lessee's Records**. Lessee shall keep true, full, and accurate books of account setting forth Lessee's receipts, together with any other information that will affect the determination of Rent and Additional Charges. City shall be allowed after ten (10) days' prior written notice to Lessee to inspect Lessee's books of account at Lessee's office and to procure audits thereof by an auditor at City's sole cost and expense (except as provided below).

39. **Miscellaneous**.

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39.1 **Entire Lease; Applicable Law**. This Lease and the Exhibits attached hereto, and by this reference incorporated herein, set forth the entire agreement of City and Lessee concerning the Premises, and there are no other agreements or understanding, oral or written, between City and Lessee concerning the Premises. Any subsequent modification or amendment of this Lease shall be binding upon City and Lessee only if reduced to writing and signed by them. This Lease shall be governed by, and construed in accordance with the laws of the State of Washington.

39.2 **Negotiated Lease**. The parties to this Lease acknowledge that it is a negotiated agreement, that they have had the opportunity to have this Lease reviewed by their respective legal counsel, and that the terms and conditions of this Lease are not to be construed against any party on the basis of such party's draftsmanship thereof.

IN WITNESS WHEREOF, the parties hereto have executed this instrument the day and year indicated below.

CITY:	**LESSEE:**
THE CITY OF SEATTLE	**THE FIRST TEE OF GREATER SEATTLE**
By: _____	By: _____
Print Name/Title: _____	Doug Armintrout/ President
Department of Parks and Recreation	The First Tee of Greater Seattle

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STATE OF WASHINGTON)
) ss. (Acknowledgement for City)
COUNTY OF KING)

On this _____ day of _____, 20__, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn personally appeared _____, known to me to be the _____ of the Department of Parks and Recreation of **THE CITY OF SEATTLE**, the party that executed the foregoing instrument as City, and acknowledged said instrument to be the free and voluntary act and deed of said party, for the purposes therein mentioned, and on oath stated that he/she was authorized to execute said instrument.

WITNESS my hand and official seal hereto affixed the day and year in the certificate above written.

_____ _____
[Signature] *[Printed Name]*

NOTARY PUBLIC in and for the State of Washington residing at _____

My commission expires _____.

STATE OF WASHINGTON)
) ss. (Acknowledgement for 1ST Tee)
COUNTY OF KING)

On this 13th day of June, 2007, before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Douglas Armstrong to me known to be the President of The 1ST Tee Greater Seattle the entity that executed the foregoing instrument as Lessee ; and acknowledged to me that he signed the same as the free and voluntary act and deed of said entity for the uses and purposes therein mentioned and that he was authorized to execute said instrument for said entity.

WITNESS my hand and official seal the day and year in this certificate above written.

Susann D. O'Neill Susann D. O'Neill
[Signature] *[Printed Name]*

NOTARY PUBLIC in and for the State of Washington residing at Seattle.
My commission expires 10/25/09.

SUSANN D. O'NEILL NOTARY PUBLIC 10-25-09 STATE OF WASHINGTON

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EXHIBIT C - Initial Hours Of Operation

Facility	Hours of Operations
Driving Range	6:00 a.m. to 10:00 p.m. during Peak Season 8:00 a.m. to 10:00 p.m. during Off Season (10:00 a.m. on Mondays)
Golf Courses	Dawn to Dark (a defined term)
Pro Shops	Dawn to Dark (a defined term)
Restaurants	7:00 a.m. to Dark (a defined term) during Peak Season 8:00 a.m. to Dark (a defined term) during Off Season

For purposes of this Agreement, Peak Season shall mean the months of April through October and Off Season shall mean the months of November through March. The above minimum daily hours of operation may be reasonably changed or revised by the Department from time to time made after written notice to and consultation with the Operator.

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EXHIBIT D - Sample Financial Reporting Template

Month				Description	Year to Date				Full Year
Actual	Budget	Variance	%	March 2004 Interbay	Actual	Budget	Variance	%	Budget
2416	2361	$ 55	2%	Total Rounds	$ 5,061	$ 5,159	$ (98)	(2%)	42,510
				REVENUES					
$ 27,619	$ 20,979	$ 6,640	32%	Interbay Green Fees	$ 58,849	$ 51,315	$ 7,534	15%	$ 502,423
$ 27,619	$ 20,979	$ 6,640	32%	Subtotal Green Fees	$ 76,397	$ 67,388	$ 9,009	13%	$ 502,423
$ 49,095	$ 44,991	$ 4,104	9%	Merchandise Sales	$ 98,580	$ 99,581	$ (1,001)	(1%)	$ 542,830
$ 74,465	$ 66,675	$ 7,790	12%	Driving Range	$ 183,112	$180,150	$ 2,962	2%	$ 881,155
$ 24,419	$ 23,372	$ 1,047	4%	Lessons	$ 44,807	$ 53,701	$ (8,894)	(17%)	$ 350,503
$ 8,326	$ 6,640	$ 1,686	25%	Mini Golf	$ 17,548	$ 16,073	$ 1,475	9%	$ 163,500
$ 6,688	$ 2,390	$ 4,298	180%	Other Income	$ 16,104	$ 7,129	$ 8,975	126%	$ 62,446
$ 15,117	$ 12,393	$ 2,724	22%	Restaurant	$ 31,562	$ 30,102	$ 1,460	5%	$ 234,182
$ 205,729	$ 177,440	$ 28,289	16%	TOTAL REVENUES	$ 450,562	$438,051	$ 12,511	3%	$2,737,039
				EXPENSES					
$ 43,959	$ 30,284	$ 13,675	(45%)	Merchandise COS	$ 85,739	$ 67,591	$ 18,148	(27%)	$ 369,124
$ 5,912	$ 4,710	$ 1,202	(26%)	Food and Beverage COS	$ 13,043	$ 11,439	$ 1,604	(14%)	$ 93,673
$ 14,390	$ 16,830	$ (2,440)	14%	Lessons COGS	$ 29,686	$ 40,013	$(10,327)	26%	$ 245,352
$ 37,876	$ 39,143	$ (1,267)	3%	Administration (Interbay G&A +10% of 4 course G&A)	$ 123,058	$105,017	$ 18,041	(17%)	$ 400,000
$ 74,335	$ 48,656	$ 25,679	(53%)	Course Operations	$ 171,094	$175,470	$ (4,376)	2%	$ 700,000
$ 176,472	$ 139,623	$ 36,849	(26%)	Subtotal Golf Services Expenses	$ 422,621	$399,530	$ 23,091	(6%)	$1,808,149
$ 29,257	$ 37,817	$ (8,560)	(23%)	Sub Total Golf Services Income	$ 27,941	$ 43,472	$(15,531)	(36%)	$ 928,890
$ 35,417	$ 35,417	$ -	0%	Debt Service	$ 106,250	$106,250	$ -	0%	$ 423,354
$ 10,000	$ 10,000	$ -	0%	PGC Fee and Incentive Bonus	$ 30,000	$ 30,000	$ -	0%	$ 120,000
$ 45,417	$ 45,417	$ -	0%	Subtotal City Expenses	$ 136,250	$136,250	$ -	0%	$ 543,354
$ -	$ -	$ -		Cash Versus Accrual Difference			$ -		$ 34,626
$ 221,888	$ 185,040	$ 36,849	20%	Total Expenses	$ 558,871	$535,780	$ 23,091	(4%)	$2,386,129
$ (16,159)	$ (7,600)	$ (8,560)	(113%)	Income before capital reserve	$(108,309)	$ (97,729)	$(10,580)	(11%)	$ 350,910
$ -	$ -	$ -		Minus Capital Reserve(7/01/04)			$ -		$ 55,000
$ (16,159)	$ (7,600)	$ (8,560)	(113%)	NET INCOME	$(108,309)	$ (97,729)	$(10,580)	(11%)	$ 295,910
	$ 33,333	$ (33,333)	100%	Net Income to Park Fund	$ 100,000	$100,000	$ -	0%	$ 295,910

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EXHIBIT E - Real PROPERTY DESCRIPTION

INTERBAY GOLF COURSE PROPERTY DESCRIPTION.
That part of E1/2NE1/4 of Section 23, Township 25 North, Range 3 East W.M. described as follows:
The following blocks and portions of blocks of Gilman's Addition

- Block 21 less that portion condemned for street purposes by condemnation Ordinance 86751;
- Blocks 123,124,125;
- Blocks 126,136, less the west 25 feet deeded to the Municipality of Metropolitan Seattle, Ordinance 94155;
- Blocks 137,138,139;
- Lots 1 through 6, inclusive and Lot 23, Block 140;
- Block 147, less portion condemned for street purposes by Ordinance 86751 and less the south 15 feet condemned for street purposes by Ordinance 23041;
- Block 148, less the south 15 feet condemned for street purposes by Ordinance 23041;
- Block 149 less part of Lot 30 condemned for street purposes by Ordinance 23041;
- Block 150, less the west 25 feet and south 13.7 feet of Lot 24 deeded by Ordinance 94155 and that portion condemned for street purposes by condemnation Ordinance 23041;
- Together with those alleys and portions of 16th Avenue W, 17th Avenue W, 18th Avenue W, W. Armour Street, W. Raye Street, Gilman Avenue W. vacated by Ordinances 18078 and 92373, excepting the west 25 feet of W. Armour Street and W. Raye Street and the north half of W. Wheeler Street.
- Also excepting the Interbay P-Patch, located in part of Block 147 and vacated 16th Ave W adjoining.

JACKSON PARK GOLF.
Part of the East Half of Section 20, Township 26 North, Range 4 East W.M. described as follows:

- The W1/2 NE1/4 together with the W1/2 E1/2 NE1/4 and the N1/2NW1/4SE1/4;
- All of Block 9 and Tracts 1,2 of Block 10, Paramount Park Addition, together with the vacated portions of 12th Ave. N.E. and vacated N.E. 137th, vacated by Ordinance 85539;
- Excepting:
- The West 30 feet of the W1/2NE1/4, being a part of 5th Ave N.E. The North 30 feet of the W1/2NE1/4 and the north 30 feet of the W1/2E1/2NE1/4, being a part of NE. 145th Street;
- Also, excepting the North 110 feet of the West 90 feet of the W1/2NE1/4 (less the west 30 feet and north 30 feet thereof) being the Seattle City Light Substation.

WEST SEATTLE GOLF PROPERTY DESCRIPTION.
That portion of the SW1/4 of Section 13, Township 24 North, Range 3 East, W.M. and
That portion of the NW1/4 of Section 24, Township 24 North, Range 3 East. W.M. lying within the following described boundaries:

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Southerly of the south margin of S.W. Genesee Street; westerly of the west margin of the alley adjoining blocks 1,3,4,5,9,10 of Cottage Grove Addition; northerly of the north margin of S.W. Brandon Street ; easterly of the east margin of 35th Avenue S.W.
Except that portion of said SW1/4 of Section 13 commonly known as the West Seattle Stadium; And except that portion of said NW1/4 of Section 24 commonly known as Camp William G. Long.
JEFFERSON GOLF PROPERTY DESCRIPTION.
EIGHTEEN HOLE GOLF COURSE
S1/2NW1/4, E1/2SW1/4 of Section 16, Township 24 North, Range 4 East, W.M. lying south of South Spokane Street, east of Beacon Avenue South and north of South Alaska Street.

NINE HOLE GOLF COURSE AND CLUBHOUSE
Part of the N1/2SW1/4 of Section 16, Township 24 North, Range 4 East, W.M. lying south of the north line of South Dakota Street produced easterly, west of Beacon Avenue South, north of the northerly boundary of Government Lot 5 and east of Jefferson Park Playfield.

DRIVING RANGE
Part of the SW1/4NW1/4 andNW1/4SW1/4 of Section 16, Township 24 North, Range 4 East, W.M., lying north of the north line of South Dakota Street produced easterly, west of Beacon Avenue South, east of Jefferson Reservoir, and south of Jefferson Community Center.

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EXHIBIT F - List Of Leases

List of Contracts Held Servicing City of Seattle Golf Courses 11/30/2009

Vendor	Courses	Amount Paid	Paid	Term	Renewal	Terms
Dex Media	all	varies	monthly	per each book	4/1/09	Does not automatically renew
Ecolab	WS	$71.38	monthly	Annual	10/25/09	auto renews for 12 months - 60 prior written notice to cancel
Cascade Oil	JK, JF, WS	varies	varies	Annual	11/30/09	auto renews for 12months unless 30 days notice before expiration date
NGF	all	varies	annually	Annual	12/1/09	not automatic, membership only valid if paid annually
Time Equipment Co	all	$1,033.95	monthly	Annual	12/19/09	renews month to month beyond first two year term
Intuit	all	$1,314	annually	Annual	12/24/09	renews annually when paid
Group Health	all	varies	monthly	Annual	12/31/09	annually, must be renewed by December 10
Seattle Exec	all	$588	quarterly	quarterly	12/31/09	renews quarterly when paid
Rochester Midland	all	$200 ea	monthly	q t q	12/31/09	30 days written notice - renews each quarter
Hartford	all	$104.28	monthly	annual	12/31/09	does not auto renew
ThyssenKrupp	IB	$632.76	quarterly	q t q	12/31/09	30 days written notice to cancel
Cintas	JK	$40	weekly	Annual	12/31/09	unknown, but letter sent to prevent any auto renewal
VGM club	all	$333	annually	Annual	1/1/10	not automatic, membership only valid if paid annually
Muzak	all	varies	monthly	Annual	1/1/10	requires 90 days certified written notice prior to end of period
Active Network-PC Charge	all	$600	annually	Annual	2/28/10	Sent letter to stop any auto renewal
Active Network	all	$12,000 +	annually	Annual	3/1/10	Sent letter to stop any auto renewal
Iron Mountain	all	$1,835.02	monthly	m t m	3/19/10	does not auto renew

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Advanced Cleaning Systems	WS, JK, JF	$900 ea	monthly	annual	4/1/10	does not renew, 30 day notice to end early
PMSI	all	$1,008	monthly	Annual	4/8/10	60 days written notice prior to end of 6 month auto renewal periods
PSP	all		monthly	Annual	4/8/10	requires 45 days advance notice to cancel
Business Health Link	all	varies	monthly	Annual	5/1/10	renews annually 60 day notice to cancel
OpenWorks	IB	$946.45	monthly	Annual	5/14/10	automatic, 30 days written notice before that date
First Insurance Funding Co	all	$7,176.79	monthly	Annual	5/20/10	financing agreement-payoff over approx 9 months from renewal date
Dunbar Armored	all	$906.52	monthly	Annual	7/1/10	automatic, 30 days written notice before that date
Sound Security	IB	$213	monthly	Annual	8/16/10	automatic one year renewal unless 30 day notice
Emerald City Water	JK JF	$131.40 ea	quarterly	annual	9/25/10	automatic, 90 days notice to cancel
Range Servant	IB, JF	$1295 ea	annually	Annual	10/1/10	Sent letter to stop any auto renewal
John Deere Credit	IB	$417.45	monthly	4/2010	11/1/10	60 day notice. $1 buyout
Island Security	WS, JK, JF	$1,100	quarterly	5 years	11/8/10	60 day notice by certified mail
Allied Waste	Interbay (856552)		monthly	3 years	11/11/10	automatic, 30 days written notice before that date
Pepsi	all	varies	varies	Annual	12/31/10	No auto renewal
my paperless office	all	$1,164.90	twice/month	2 years	3/31/11	mtm until 90 days written notice given (mistake in contract may have renewal at 3/31/09)
Allied Waste	Jackson (822881)		monthly	3 years	8/27/11	automatic, 30 days written notice before that date
Qwest	All, JF, IB	$3,000	monthly	3 years	3/1/12	60 days written notice prior to end of 36 months
ALSCO	WS, JF	varies	weekly	Annual	4/27/12	auto renews for 60 months unless 90 days notice by registered mail

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Allied Waste	all	varies	monthly	Annual	various	certified letter required for termination - certified letter sent stating no auto renewal authorized
Yamaha	all	$13,759.10	monthly	6/2013	does not renew	carts must be returned at end of lease
Softwarefixit	JF / IB	$590 / $2726	annually	Annual	July 1st / Nov 17	Sent letter to stop any auto renewal
Action Pest Control	WS, JK	$76 ea	monthly	m t m		
Action Pest Control	Jackson	$76	monthly	annual	4/14/20	switches to month to month after first year, terminable at any time
Action Pest Control	West Seattle	$76	monthly	m t m		already on month to month
Airgas	WS, IB	$60 ea	monthly	m t m		
Amerigas	WS	$200 +	monthly	m t m		
Carr Knowledge	All		monthly	m t m		initial contract expired years ago
Central Welding	JF	$41.48	monthly	m t m		
Comcast	WS	$258.26	monthly	m t m		
Direct TV	JF	$114.23	monthly	m t m		
Dish Network	JK	$176.93	monthly	m t m		
Northwest Cascade	JK, JF	$200 ea	monthly	m t m		
Redi National	IB	$71.18	monthly	m t m		
Sprague	JF	$73.85	monthly	m t m		need 30 day notice to cancel
United Site Services	IB	$162.75	monthly	m t m		seasonal contract only, expires every fall and a new one in the spring
Link2gov	all	$22.60	monthly	City		City handles
Northwest Loss	all	$400	monthly	m t m		30 days written notice
CleanScapes	IB, JK	$2,000	monthly	m t m		
PSE	IB	varies	monthly	m t m		
Seattle City Light	All	varies	monthly	m t m		call day of or 15 day notice
Seattle Public Utilities	all	varies	monthly	m t m		3 day application process
Waste Management	WS, JF	$3,100	monthly	m t m		
Copiers Northwest	IB	$175	quarterly	m t m		
Overlake oil	JK	$345.80	varies	m t m	\	
wells Fargo	all	varies	monthly	m t m		
Tomlinson Linen	IB	varies	weekly	m t m		

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Exhibit G – 2009 Operator Financial Results

2009 Year-End	2008 - (Prior Year)	2009 Budget	2009 Actuals	% of 2009 Budget
9 Hole Rounds	79,656	79,124	82,838	105%
18 Hole rounds	179,680	178,020	177,587	100%
Total Rounds	259,336	257,144	260,425	101%
Power Cart Rentals	42,325	33,723	41,243	122%
REVENUES				
Jackson Green Fees	$1,432,082	$1,430,966	$1,401,044	98%
Jefferson Green Fees	$1,299,859	$1,210,454	$1,281,752	106%
West Seattle Green Fees	$1,397,072	1,362,346	$1,369,356	101%
Interbay Green Fees	$505,869	$507,165	$508,419	100%
Subtotal Green Fees	**$4,634,882**	**$4,510,931**	**$4,560,570**	101%
Driving Range	$1,338,667	1,222,895	$1,307,621	107%
Merchandise Sales	$827,946	$881,605	$851,915	97%
Cart Rentals	$799,199	714,964	$684,268	96%
Lessons	$494,298	541,051	$466,143	86%
Restaurants	$1,460,433	1,580,629	$1,520,318	96%
Mini Golf	$191,395	192,215	$184,685	96%
Other Income	$ 37,523	5,710	$22,837	400%
Parks Misc Revenue	$0	-6,883	$557	3%
Premier Gross Revenues	**$9,784,343**	**$9,643,117**	**$9,598,357**	**99%**
Total Revenue	**9,784,343**	**9,643,117**	**9,598,914**	99%
Cost Of Sales				
Merchandise COS	$552,360	$571,298	$558,451	98%
Food and Beverage COS	$524,181	$578,944	$506,302	87%
Lessons COS	$300,451	$353,466	$299,419	85%
Total COS	**$1,376,992**	**$1,503,708**	**$1,364,172**	0%
Other Expenses				
Administration	$90,862	$190,890	$105,338	55%
Payroll/Benefits	$1,551,918	$1,662,355	$1,666,043	100%
Course Operations	$1,507,971	$1,496,613	$1,367,707	91%
Total Other Expenses	**$3,150,750**	**$3,349,858**	**$3,139,088**	94%
Total Golf Services Expenses	**$4,527,742**	**$4,853,566**	**$4,503,260**	**93%**
Golf Services Income	***5,256,601***	***4,789,551***	***5,095,654***	106%

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EXHIBIT H – City Loss Form

CITY OF SEATTLE
LOSS OF ASSETS REPORT

DATE OF REPORT	**DEPT/DIVISION**
DATE OF LOSS	**DATE OF DISCOVERY**
ADDRESS WHERE LOSS OCCURRED	
POLICE REPORT #	
EMPLOYEE REPORTING LOSS & PHONE NUMBER	
TYPE OF ASSET(S) LOST: ☐ **Cash (Amount $_____)** ☐ **Property**	
EMPLOYEE IN CUSTODY OF ASSET AT TIME OF LOSS **NamePhone**	

DESCRIPTION OF LOST PHYSICAL PROPERTY

City Equipment #	Serial #	Manufacturer	Model #	Asset Description	Year Acquired	Purchase Price

DESCRIPTION OF HOW LOSS OCCURRED

COPIES OF THIS REPORT MUST BE PROMPTLY FORWARDED in an *electronic* format to the Parks Accounting Manager and Parks Human Resources Director within forty eight (48) hours of the loss.Form A-70 (9/06)

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EXHIBIT I – City Form A22 Request for Payment of Food and Gifts

Parks & Recreation Request for Payment for Food and Gifts

Form A-22 Revised 16 Dec 2005

Instructions:

- **Attach original invoice, delivery ticket, packing slip, etc. Code food to 730241; gifts to 744520.**
- **Complete one form per event and attach all expense documentation.**
- **Light refreshments may be served *during non-lunch* hours as authorized below, and includes coffee, tea, milk, hot chocolate, fruit juices, soft drinks and non-alcoholic beverages; doughnuts, cakes, pies, cookies, fruit, sandwiches, and light snacks, etc.**
- For cash advances or other costs, complete Form A-53 Application & Authorization for Training/Retreat.
- Check the box below indicating the reason for the food/gift expenditure.

☐ **Food & Refreshments for Employees & Volunteers during Training, Retreats and Meetings**

- Food & refreshments are authorized for training, meetings and retreats, but not for normal work.
- Event must be 3 or more hours long, or as approved by the Superintendent or his designee.
- Food/Refreshments are authorized only for City employees, volunteers that are registered with a Parks' Volunteer Coordinator, and appointed members of City boards, commissions and committees.
- Light refreshments (see definition above) are authorized if funds are budgeted.
- If an event spans a meal hour, meals are authorized if they are budgeted, have advance approval in writing by a manager, and are impractical for participants to obtain. The event must be away from the employee's regular work facility, except when it is a Department-wide training event.
- Total cost of refreshments *and* meal will only be reimbursed up to the maximum per-person Runzheimer rate: http://inweb/citytravel/meal_lodging_rates.htm.
- Attach the agenda for the meeting (for verification of the length of the meeting).
- Attach a participant list (so that cost-per-participant may be determined)

☐ **Refreshments & Gifts for Recognition and Appreciation of Employees and Volunteers**

- Light refreshments (see definition above) and gifts are authorized if funds are budgeted.
- No minimum time is required for events with a substantial recognition component.
- Refreshments are authorized only for City employees, volunteers that are registered with a Parks' Volunteer Coordinator, and appointed members of City boards, commissions and committees.
- For refreshments (provided during non-lunch hours), attach a participant list (to determine food cost-per-participant), the name and date of event, and documentation of the recognition component.

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- Gifts and gift certificates are limited to $10. Higher amounts may be authorized by Superintendent.
- For gifts, attach copy of documentation naming employee/volunteer and reason that gift is merited.

☐ **Food & Refreshments for Program Participants and Seattle Conservation Corps**

- Authorized if funds are budgeted and the cost is included in the course fee, or the food is for youth, low income or infirm participants. Low org supervisor may authorize.

☐ **Food & Refreshments for Ceremonial Special Events and Dedications**

- Light refreshments are allowed if funds are budgeted. A Press Release is required — attach a copy.

Check appropriate box: ☐ **Pay to employee** ☐ **Pay to vendor** ☐ **Already paid via credit card**

Pay to (name) Date of purchase

Total payment requested: $_____ Name/Date of Event:_____

Account	Org	Activity	Category	Subcategory
	K			

I certify that funds for the attached expenses are budgeted and were used for City business.

_____ Requester Signature

_____ Requester Printed Name

Strategic Advisor Signature

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Exhibit J—Premier Golf Food and Beverage Policy
Team Member Meals

Date in Effect: 07.29.2010

To: All Team Members at City of Seattle Golf facilities

From: J.R. Gifford, Director of Food & Beverage and Bill Schickler, President, PGC

For the purposes of this policy PGC TEAM members of PGC Managed Golf Facilities at City of Seattle Golf facilities are defined as:
◊Paid and volunteer player assistants
◊All paid Premier Golf employees, hereinafter referred to as "PGC Team Members."

For the purposes of this policy F&B TEAM members of PGC Managed Golf Facilities at City of Seattle Golf facilities are defined as:
◊All paid Premier Golf employees assigned to work in the course restaurants, hereinafter referred to as "F&B TEAM."

For the purposes of this policy City TEAM members of PGC Managed Golf Facilities at City of Seattle Golf facilities are defined as:
◊All paid City of Seattle golf maintenance staff, hereinafter referred to as "City Team Members."

Our polices are designed to complement the Mission and Values of Premier Golf Centers, which desires to provide a workplace for our employees that allows them to work in a fun and rewarding environment and to meet industry standard benefits. It also aims to encourage team members to remain on site during breaks instead of leaving the facility and potentially overextending break periods.

Eating at work:
◊All F&B TEAM members may receive a shift meal from the ***F&B employee menu*** consumed during the course of a shift at the same PGC managed Golf Course where the shift is occurring.

◊All PGC TEAM members and All City Team members may purchase meals from the restaurant menu consumed during the course of a shift at the same PGC managed Golf Course where the shift is occurring for 50% of menu price. The F&B manager may restrict available items to those where 50% of the menu price covers the cost of the menu item.

◊To provide maximum flexibility, this meal may be consumed directly before, or after a shift or during a break period. However, due to guest demand, no employee meals are available at peak times.

◊This meal may be required to be consumed in an area designated by the acting manager on duty.

◊This meal may be transacted and paid for by any server on duty and be paid for at the time of consumption.

◊A $.50 charge will be assessed for to-go cups.

Dining as a guest, at all other times:
All PGC team members are entitled to a 10% discount on select menu items and non alcoholic beverages, subject to the following limits:
◊Friday, Saturday and holiday dining exclusions
◊A limit of 4 persons (employee and three guests) on any visit
◊Dining during regular business hours only.

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◊You must dine as a guest, and follow all other policies and guidelines, including those related to alcohol consumption.
◊PGC Management reserves the right to cancel this benefit individual in whole or part at any time in the future, or individually subject to progressive disciplinary procedures.

Your signature indicates you have read, understand and will abide by this policy.

Today's Date:_____

_____

Your Name (Please Print)Your Signature

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Exhibit K - Seattle Reciprocal Play and Practice Privileges

Golf Courses

Premier Golf Employees, and the City of Seattle's golf course maintenance employees, Director of Golf, Director of Recreation and Parks Superintendent will have the privilege of playing for free and/or reduced rates at any of the eighteen-hole championship courses or any of the nine-hole courses within the municipality of the course in which they work. Those who work in the Seattle municipality also have playing privileges at the Interbay Mini Golf Course.

Employees may play for free on a space available (walk on) basis. No advance reservations may be made for complementary rounds, and employees may only tee off if there are no paying customers available for the same tee time. Employees may play for one half price if they make reservations under the normal player reservation policy. Employees may use power carts on an as available basis for one half price.

Friends and relatives playing with employees must pay full green fees. Complimentary green fees are for active employees only.

Employees working35 hours/week minimum have unlimited playing privileges on away courses and on their respective home course.

Employees working less than 35 hours/week are limited to one round per week on away courses and two rounds per week on their respective home courses.

Employees on a seasonal schedule are not eligible while on seasonal layoff status.

Employees of Seattle PGC golf courses do not have any reciprocal play privileges with non-Seattle PGC golf courses. Nor do non-Seattle PGC employees have any reciprocal play privileges with Seattle PGC golf courses.

Driving Range Usage

Premier Golf employees and the City of Seattle's golf course maintenance employees, Director of Golf, Director of Recreation and Parks Superintendent will have the privilege of using the driving ranges at either Interbay or Jefferson Park free of charge.

Practice is limited to slow times and availability. Availability is defined as a minimum of at least ten empty stalls at Interbay and three empty stalls at Jefferson.

Employees are entitled to one large bucket of range balls per day. Employees are expected to hit every ball received or return unused balls to the facility.

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General

Violation of these rules or fraudulent abuse of these privileges is subject to suspension of privileges, termination of these privileges or disciplinary action up to and including termination of employment.

All complementary and reduced rate play must be rung through the POS and employees must retain their receipt during play. Employees are expected to abide by all course and range rules as well as conduct themselves in a professional manner.

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Exhibit L – Green Fee Schedule 2010

REAL SEATTLE
REAL GOLF

Interbay Golf Center
Jackson Park Golf Course
Jefferson Park Golf Course
West Seattle Golf Course

April 1, 2010 Golf Fee Schedule

It's now been two full years since green fees have increased at the City of Seattle Golf Courses, with the last increase in the spring of 2008. As indicated at that time, the intent was to invest the revenue generated by the increased fees in course improvements. That is what happened. Projects completed include a new irrigation system at Jackson Park, new bunkers at West Seattle, new range netting at Interbay Golf Center, improvements and equipment upgrades to all four courses' clubhouses, new retractable and heated awning at Interbay, new range netting and turf at Jefferson Park, & West Seattle's Banquet room renovation just to name a few. Planned improvements in 2010 and beyond, using the additional revenue from green fees, include those listed below. With this increase, Weekend Green Fee rates have only increased $4.00 in the five years since 2003 when the rate was $31.00. That's an annual increase of only 2.5% per year. And both Gold and Platinum Premier Club members will still be paying less than in July, 2003. Gold members are actually paying $3.00 less than in 2003!

Pending Capital Projects

- Interbay Netting Height Extension
- Interbay Parking Lot Renovation
- Interbay Mini Golf Pond Renovation
- Interbay Shed Replacement
- Interbay Ball Dispenser Replacement
- Interbay Exterior Painting
- Interbay Range Turf Replacement
- Jackson Park Cart Barn Expansion
- Jackson Park Course Restroom Remodel
- Jefferson Park Hard Surface Path Project
- Jefferson Park Cart Barn Expansion
- Jefferson Park Bunker Renovation Project
- West Seattle Course Restroom Remodel
- West Seattle Exterior Painting
- Entrance Sign Improvements for 18-hole Courses

2010 PREMIER CLUB Discount Schedule

	PGC Member Bronze 5%	PGC Member Silver 10%	PGC Member Gold 15%	PGC Member Platinum 20%
Adults	30.40	28.80	27.20	25.60
Seniors	23.75	22.50	21.25	20.00
Juniors	14.25	13.50	12.75	12.00
Weekend	35.15	33.30	31.45	29.60

Jackson Park, Jefferson Park, and West Seattle

	Mon. - Fri.	Sat. & Sun.
Adults	32.00	37.00
Seniors (60-74), Active Military, Disabled	25.00	37.00
Super Seniors (75 & Older After 10:00AM)	15.00	37.00
Juniors (17 and under)	15.00	37.00
Twilight (4 hours before close)	25.00	25.00
Super Twilight (2 Hours before close)	13.00	13.00
Disabled Rate (Must have a WA Disabled Card)	25.00	37.00
Junior Afternoon Unlimited	15.00	15.00
Early Bird Specials (First Hour open, M-F)		
Adult	23.00	N/A
Senior	19.00	N/A
Dawnsweeper (Back 9, first hour of business), 9 holes	17.00	17.00

Cart Rentals	9 Holes	18 Holes	9 Holes	18 Holes
Power Cart Rental	17.00	26.00	17.00	26.00
Pull Cart Rental	4.00	4.00	4.00	4.00

Executive 9 Hole Golf Course	9-Hole	18-Hole	9-Hole	18-Hole
Adults	8.50	14.00	8.50	14.00
Seniors	7.50	12.00	7.50	12.00
Juniors	6.00	10.00	6.00	10.00

Interbay Golf Course	Mon. - Fri.	Sat. & Sun.
Adult	14.00	16.00
Senior	12.00	16.00
Super Senior/Junior	11.00	16.00
Power Cart Rental	12.00	12.00
Pull Cart Rental	4.00	4.00

SEATTLE PARKS AND RECREATION

Premier Golf Centers, LLC.

SEA CITY CLERK

Form revised February 4, 2010

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
Parks & Recreation	Paul Wilkinson/ 615-0514	Jennifer Devore/ 615-1328

Legislation Title: AN ORDINANCE relating to the City's municipal golf courses; authorizing the Superintendent of the Seattle Department of Parks and Recreation to enter into a management contract with Premier Golf Centers LLC for the operation of the City's municipal golf courses located at Jefferson Park, Jackson Park, West Seattle, and Interbay; authorizing the Superintendent to set golf fees consistent with that agreement and authorizing the Department to collect such fees.

- **Summary of the Legislation:**
  The proposed legislation authorizes the Superintendent of Parks and Recreation to enter into a ten-year management contract with an optional five-year extension with Premier Golf Centers, LLC (Premier) to manage the City's four golf courses: Jackson Park, Jefferson Park, Interbay, and West Seattle. The Legislation authorizes the Superintendent to set and collect golf fees consistent with the agreement.

- **Background:**
  In May 2004, four golf course operators participated in a Request for Proposals (RFP) process to manage the City's four golf courses. In September 2004, the Department of Parks and Recreation (DPR) selected Premier's proposal as the most responsive to the RFP criteria and subsequently negotiated a five-year management for fee contract with Premier to operate the courses. In this contractual arrangement, the City maintains the courses with its own staff. During this period, revenues generated from golf have been positive and operating costs covered with residual balances left to support improvements to the courses, help pay past debt service, and provide additional revenues to DPR's operating budget. The final analysis was that after five years, this management model and the City's control and oversight of the golf budget were working and have proven to be successful.

  In April 2010 DPR began a new (RFP) process for course management with the same management model. Eight proposals were received from Access Golf, Billy Casper, Course Co, Hardy Golf, Kemper Golf, OB Sports, Premier Golf, and Value Drivers.

  In June 2010, an RFP evaluation team consisting of staff from DPR, the City Budget Office, City Council and a member from the Seattle Golf Steering Advisory Committee evaluated the eight proposals. Based on the RFP rating scale, the evaluation team recommended Premier Golf, LLC be awarded the new contract. See Attachment A for a summary of the contract.

  Some key highlights/changes of the new contract are as follows:

2010 CITY CLERK

1. Continuation of the same financial model where the City reviews, approves, and issues payments for all golf operating expenses, including the management fee and the operator's proposed operating budget;
2. An initial annual management fee of $285,000;
3. A term of ten years, with an option for an additional 5 years;
4. City will continue to maintain the golf courses;
5. Operator will expand access to golf programs to low income and diverse populations; and
6. An incentive compensation to the operator of ten percent of revenues above the budgeted adjusted gross revenue target.

- *Please check one of the following:*

____ **This legislation does not have any financial implications.** (*Stop here and delete the remainder of this document prior to saving and printing.)*

__X__ **This legislation has financial implications.** *(Please complete all relevant sections that follow.)*

Appropriations: N/A

Fund Name and Number	Department	Budget Control Level*	2010 Appropriation	2011 Anticipated Appropriation
TOTAL	N/A	N/A	N/A	N/A

Notes: No appropriation is requested in this legislation.

Anticipated Revenue/Reimbursement: Resulting From This Legislation:

Fund Name and Number	Department	Revenue Source	2010 Revenue	2011 Revenue
Parks and Recreation Golf Sub Fund (10240)	Parks and Recreation	Green Fees and other golf related revenues such as merchandise sales, driving range, lessons, mini golf and restaurant income	$9,732,000 estimated	TBD in 2011 Budget
TOTAL			**$9,732,000**	

Notes:

DAS CITY CLERK

Total Regular Positions Created, Modified, Or Abrogated Through This Legislation, Including FTE Impact:

Position Title and Department	Position # for Existing Positions	Fund Name & #	PT/FT	2010 Positions	2010 FTE	2011 Positions*	2011 FTE*
TOTAL							

Notes: Positions associated with this legislation are provided for in the 2011-2012 Proposed Budget for the Department of Parks and Recreation.

- **Do positions sunset in the future?** No.

Spending/Cash Flow:

Fund Name & #	Department	Budget Control Level*	2010 Expenditures	2011 Anticipated Expenditures
Park and Recreation Golf Subfund (10200)	Parks and Recreation		$9,231,572	TBD in 2011 Budget
TOTAL			**$9,231,572**	

Notes: Expenditures includes golf capital reserves section expenses. The difference between revenues and expenditures are transferred to the Golf CIP.

What is the financial cost of not implementing the legislation? If the City does not implement this legislation, DPR would need to develop an alternate method of managing the public courses, or could not continue to provide golf services to the public.

- **Does this legislation affect any departments besides the originating department?** No.

- **What are the possible alternatives to the legislation that could achieve the same or similar objectives?** DPR could operate the golf courses entirely with City staff or could change the model for services to be provided by the vendor. However, the Executive and the City Council have reviewed alternatives in the past and selected the management and operations structure used in the RFP process that resulted in selecting this contractor.

- **Is the legislation subject to public hearing requirements:** No.

- **Other Issues:** None.

- **List attachments to the fiscal note below:**
  Attachment A – Contract Summary

DIS CITY CLERK

Attachment A

Seattle Department of Parks and Recreation

CONTRACT SUMMARY

Contracting Party / Lessee / Other: Premier Golf Centers, LLC **(Premier)**

Contract Title and Contract Type: Golf Management Agreement between the City and Premier authorizing Premier to manage the City's four golf courses.

Non-Profit _ or **For Profit**__X____

New__X_ or **Amendment (to existing Lease)** _

Premises: The City's four golf courses (Interbay, Jefferson, Jackson, and West Seattle Golf Courses), including all of the buildings, grounds, fixtures, structures, restrooms, equipment, computers, tools, vehicles, and fencing.

Term of Amendment: The Agreement is effective for a period of ten years with the option of renewing for one additional five-year term.

Purpose of Agreement (description of license): Management and operation of the golf courses and all related facilities and services, including, but not limited to, pro shops, restaurants, driving ranges, cart rentals, restrooms, and all other buildings located at the golf courses, excluding the golf course maintenance buildings.

Management Fee: Premier does not pay rent to the City under this Agreement. Rather the City pays a management fee to Premier to manage the golf courses. Premier will receive a base management fee of $285,000 for 2011 and the same for 2012. For the years 2013 and after, the management fee will be reviewed biannually in concert with the City budget cycle. Based on performance, the Superintendent has the option of increasing the management fee for the next budget cycle up to 4% per annum.

Adjustments to Management Fee (if any): If Premier meets specific incentive revenue growth goals, the management fee may be adjusted in the following year of the term.

Public Benefit (e.g., description of permitted use): Premier will provide lessons and admission discounts to low-income youth and other diverse populations and honor any historic agreements with users groups that receive public benefits and discounts.

Maintenance: The City will provide and be responsible for all major maintenance of structural elements and systems. Premier will perform routine maintenance of the club houses and other areas of the premises, as well as other minor maintenance as needed.

Other Pertinent Information: None.

BOS CITY CLERK

City of Seattle
Office of the Mayor

September 14, 2010

Honorable Richard Conlin
President
Seattle City Council
City Hall, 2nd Floor

Dear Council President Conlin:

I am pleased to transmit the attached proposed Council Bill, which authorizes the Superintendent of Parks and Recreation to enter into an agreement for the management of the City's four golf courses. The ordinance provides for a ten-year management agreement for the Interbay, Jefferson Park, Jackson Park, and West Seattle Golf Courses with Premier Golf Centers, LLC (Premier). The agreement also provides for one five-year extension at the discretion of the City. The City will continue to provide maintenance at all four courses under this new contract.

In June 2010, the Department of Parks and Recreation completed a Request for Proposal (RFP) process to secure an operator for the City's golf courses. Eight operators responded to the RFP and the proposal from Premier best met the RFP review criteria and was judged to be the most advantageous to the City. Parks and Recreation will continue to provide regular reports on the financial condition of the City's golf courses and performance on the Golf Financial Plan to the City Budget Office and to the City Council.

Approval of this legislation continues a successful model in providing City golf services. Thank you for your consideration of this legislation. Should you have questions, please contact Paul Wilkinson, Parks Golf Director, at 615-0514.

Sincerely,

Michael McGinn
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

Michael McGinn, Mayor
Office of the Mayor
600 Fourth Avenue, 7th Floor
PO Box 94749
Seattle, WA 98124-4749

Tel (206) 684-4000
Fax (206) 684-5360
TDD (206) 615-0476
mike.mcginn@seattle.gov

CITY CLERK

STATE OF WASHINGTON – KING COUNTY

--ss.

261513 No. TITLE ONLY

CITY OF SEATTLE,CLERKS OFFICE

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:123394,123398-123407

was published on

10/11/10

The amount of the fee charged for the foregoing publication is the sum of $ 170.63, which amount has been paid in full.

JENNIFER A. PATZER
COMMISSION EXPIRES
NOTARY
PUBLIC
OCT. 24, 2011
STATE OF WASHINGTON

Subscribed and sworn to before me on

10/11/10

Notary public for the State of Washington,
residing in Seattle

State of Washington, King County

City of Seattle

TITLE-ONLY PUBLICATION

The full text of the following ordinances, passed by the City Council on September 20, 2010, and published here by title only, will be mailed upon request, or can be accessed at http://clerk.ci.seattle.wa.us. For further information, contact the Seattle City Clerk at 684-8344.

ORDINANCE NO. 123394

AN ORDINANCE relating to the Mountains to Sound Greenway Trail; authorizing the Director of Transportation to sign an agreement with the Washington State Department of Transportation for State construction of a portion of the Mountains to Sound Greenway Trail on City property and State property; and authorizing the Director of Transportation to sign a lease with the Washington State Department of Transportation for City maintenance and operation of a portion of the Mountains to Sound Greenway Trail on State property.

ORDINANCE NO. 123398

AN ORDINANCE relating to City employment commonly referred to as the Second Quarter 2010 Employment Ordinance; designating positions as exempt from Civil Service status and authorizing the Mayor to execute a memorandum of agreement between the City of Seattle and the International Federation of Professional and Technical Engineers, Local 17; all by a 2/3 vote of the City Council.

ORDINANCE NO. 123399

AN ORDINANCE relating to the Seattle Center Department; authorizing execution of an amendment to the Mercer Arena Ground Lease between the City of Seattle and Seattle Opera.

ORDINANCE NO. 123400

AN ORDINANCE relating to the Department of Finance and Administrative Services; authorizing the Director of Finance and Administrative Services to execute an amendment to a lease agreement with the U.S. General Services Administration for warehouse space at Federal Center South, 4735 East Marginal Way South in Seattle; and ratifying and confirming certain prior acts.

ORDINANCE NO. 123401

AN ORDINANCE relating to 800 MHz emergency radio communication; authorizing the Director of the Department of Information Technology to execute on behalf of the City an Interlocal Agreement between the City of Seattle, City of Tacoma, Eastside Public Safety Communication Agency, King County, Snohomish County Emergency Radio System, and Valley Communications Center for the purpose of interoperable 800 MHz emergency communications within the Puget Sound region; and ratifying and confirming prior acts.

ORDINANCE NO. 123402

AN ORDINANCE relating to the City Light Department; authorizing a 10-year agreement with Pend Oreille County for (1) the loss of revenues and additional financial burdens associated with the City of Seattle's operation of the Boundary Hydroelectric Project on the Pend Oreille River pursuant to RCW 5.21.420,.425,.426, and.427, and (2) the County's agreement to settle all issues relating to City Light's relicensing of the Boundary Hydroelectric Project and the related Sullivan Creek Power Project license surrender.

ORDINANCE NO. 123403

AN ORDINANCE relating to jail services; authorizing the Mayor to execute an Interlocal Agreement with Snohomish County for the Provision of Jail Services; and ratifying and confirming certain prior acts.

ORDINANCE NO. 123404

AN ORDINANCE authorizing, in 2010, acceptance of funding from non-City sources; authorizing the heads of the Office for Education, the Office of Housing, the Seattle Fire Department, the Office for Civil Rights, the Human Services Department, the Department of Planning and Development, the Seattle Police Department, and Seattle Public Utilities to accept specified grants and private funding and to execute, deliver, and perform corresponding agreements.

ORDINANCE NO. 123405

AN ORDINANCE amending Ordinance 123177, which adopted the 2010 Budget, including the 2010-2015 Capital Improvement Program (CIP); changing appropriations to various departments and budget control levels, and from various funds in the Budget; adding new projects and revising project allocations for certain projects in the 2010-2015 CIP; creating a position; making transfers between various City funds; making cash transfers between funds; and ratifying and confirming certain prior acts, all by a three-fourths vote of the City Council.

ORDINANCE NO. 123406

AN ORDINANCE relating to the City's municipal golf courses; authorizing the Superintendent of the Seattle Department of Parks and Recreation to enter into a management contract with Premier Golf Centers LLC for the operation of the City's municipal golf courses located at Jefferson Park, Jackson Park, West Seattle, and Interbay; authorizing the Superintendent to set golf fees consistent with that agreement and authorizing the Department to collect such fees.

ORDINANCE NO. 123407

AN ORDINANCE appropriating money to pay certain audited claims and ordering the payment thereof.

Date of publication in the Seattle Daily Journal of Commerce, October 11, 2010.

10/11(261513)