

# Contract Transmittal Summary

(Revenue Grant: Use Revenue Grant Transmittal form)



**METRO**

600 NE Grand Ave.  
Portland, OR 97232-2736  
(503) 797-1700

To: PROCUREMENT SERVICES

Date: 2012-12-12

From DPC: Bardes, Kimberley A

Contract No.: 0000931714

Department: Parks and Environmental Svcs

Vendor: CourseCo Inc

Project Manager: Neill, Lydia M

Project: Glendoveer Golf Mgmt Agreement

Federal CFDA No: 0

RFP or RFB No.: 2105

**HAS VENDOR/CONTRACTOR BEEN A METRO EMPLOYEE IN THE PAST?**

Yes

**No**

Type of Contract: **Agreement** **Expenditure**

Federal Funds Involved: **N**

Contract Funding Source:

\*\*DBE Approval: \_\_\_\_\_

Agency:

Cooperative Agreement: **N**

Contract No:

Ending Dt:

**FOR CONTRACTS \$50,000 AND OVER:**

Is the contract listed on Annual Contract List? **N**

Capital Asset Acquired/Constructed? **No**

Asset Number \_\_\_\_\_ Profile ID \_\_\_\_\_

Budget/Finance Approval \_\_\_\_\_

Asset Accounting Approval \_\_\_\_\_

*If over \$50,000 must be included in Capital Improvement Plan*

Budget Code(s): 5240-010-03370-12400-x-x-9999

Contract Term:

Beginning Date: 2013-01-01

Ending Date: 2018-12-31

Sheltered Market: **N**

Unusual Risk in Contract: (Initial the most applicable)

None **SH**

Environmental \_\_\_\_\_ Politically Sensitive \_\_\_\_\_  
Financial \_\_\_\_\_ Project Management \_\_\_\_\_  
Operational \_\_\_\_\_ Liability/Property Risk \_\_\_\_\_

Division Managers: Please review and initial appropriate "Unusual Risk" category above. All Others: If a change is made to an Unusual Risk category, please initial change and contact Division Manager.

MBE/WBE/ESB Program					
	DBE**	Non*	MBE	WBE	ESB
Solicited	0	19	0	0	0
Total: 19					
Responded	0	8	0	0	0
Total: 8					
Awarded	Non				

\*Non=Non-M/W/ESB vendors solicited, responded and awarded

\*\*DBE=Federally funded contracts only.

Add both non and M/W/ESB vendors for total

TOTAL COMMITMENT AMOUNT

**\$ 810,000.00**

Amount of contract to be spent current fiscal year:

**\$ 105,000.00**

Division Manager

Department Contract Consultant

Finance Manager

Department Director

Procurement Services

\*Legal

\* Legal review needed: IGA, Non-standard contracts, contracts over \$100K

**Glendoveer Golf & Tennis Center  
Management Agreement between Metro and  
Course Co.**

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**December 5, 2012**

## Glendoveer Golf & Tennis Center Management Agreement

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Golf and Tennis Center Management Agreement  
Between Metro and Operator

This Operator Agreement between Metro and Operator ("Agreement") is entered into this 5th day of December, 2012, by and between Metro, a metropolitan service district organized under the laws of the State of Oregon and the Metro Charter, located at 600 N.E. Grand Avenue, Portland, OR 97232-2736, and Course Co., Inc., a California Corporation ("Operator").

### RECITALS

1. Metro is the owner of Glendoveer Golf and Tennis Center that includes two 18-hole golf courses, four tennis courts, a clubhouse that includes the Pro Shop and a two tiered Driving Range.
2. Metro wishes to modernize the operation and the Facility to provide moderately priced golf and tennis to patrons, to provide expanded youth programs for tennis and golf and continue to provide recreational benefits to the community
3. Metro desires that Golf and Tennis Center operate with strengthened business practices that balance fiscal goals with agency-wide sustainability goals utilizing best management practices that increase recycling and that reduce water, energy and pesticide use.
4. Metro desires to utilize the services of Operator for the overall management, maintenance and operation of Glendoveer, collection of fees and other related golf, and food and beverage and tennis services.
5. Operator represents that it has the necessary experience and qualifications to manage, operate and maintain the Golf and Tennis Center and whose proposal, submitted Metro dated August 15, 2012, was reviewed by Metro.
6. Metro and Operator agree that the primary objectives for Operator's performance under this Agreement are to provide high quality golf and tennis experiences, and reasonable prices and to generate Revenues sufficient to cover all expenses and to allow continued capital improvement of the facility.

NOW, THEREFORE, in consideration for the mutual promises hereinafter set forth, the parties hereto agree to as follows:

### 1.0 DEFINITIONS.

The following terms shall be defined as follows for the purposes of this agreement:

1.01 Affiliate. "Affiliate" is any and all corporations, partnerships, trusts and other entities directly or indirectly controlled by, controlling or subject to direct or indirect common control of an entity or a person, including but not limited to Operator.

1.02 Annual Business Plan. "Annual Business Plan" is the plan submitted by the operator to describe how the facility will be managed in the upcoming year.

1.03 Annual Operating Budget. "Annual Operating Budget" means the budget delivered to Metro by October 15 of each year. This proposed budget projects all expenses on a monthly basis for the period January 1 through December 31.

1.04 Approved Annual Budget. "Approved Annual Budget" means the Glendoveer Budget approved by Metro.

1.05 Best Management Plan. "Best Management Plan" Is defined under Section 3.05.2.

1.06 Bank Account. "Bank Account" is defined under Section 7.01.

1.07 Capital Budget. "Capital Budget" is a budget submitted by the Operator with the Annual Business Plan to define capital expenditures for the year.

1.08 Class "A" Golf Course Superintendent. "Class "A" Golf Course Superintendent" is defined by the Golf Course Superintendents Association of America.

1.09 Capital Expenditures. "Capital Expenditures" mean any expenditure for new or replacement capital equipment, Supplies, improvement or maintenance cost to any renovation to the Golf and Tennis Facility, the cost of which exceeds \$5,000 and has a useful life of more than one (1) year.

1.10 Compensation. "Compensation" is the direct salaries and wages paid or accruing for the benefit of the management staff and all other persons employed by the Operator at Glendoveer Golf and Tennis Facility, together with all fringe benefits payable to or accruing for the benefit of such employees, including employer's contribution under the Federal Insurance Contributions Act ("FICA"), unemployment compensation, or other employment taxes, pension fund contributions, worker's compensation, group life and accident and health insurance premiums, retirement, disability and other similar benefits.

1.11 Contract Ending Transition Period. "Contract Ending Transition Period" defined under Section 13.01.

1.12 Cost of Goods Sold. "Cost of Goods Sold" is defined as beginning Resale Inventory plus purchases for Resale Inventory minus ending Resale Inventory.

1.13 Course Maintenance Plan. "Course Maintenance Plan" defined under Section 3.06.9.

1.14 Direct Cost Budget. "Direct Cost Budget" defined under Section 5.08.

1.15 Direct Costs. "Direct Costs" are defined as any cost which is directly related to normal and ordinary staffing, operations or routine maintenance of Golf and Tennis Centers approved by Metro.

1.16 Driving Range. "Driving Range" means all buildings associated with the two-tiered golf practice Driving Range at Glendoveer.

1.17 Effective Date. "Effective Date" means the date the agreement between the Operator and Metro takes effect.

1.18 Environmental Laws. "Environmental Laws" defined under Section 3.29.1.

1.19 Facilities. "Facilities" includes all buildings, structures, landscaping, improvements, irrigation system and controls, cart paths, fixtures, trade fixtures, furnishings, equipment, Pro Shop Facilities, tennis facilities, maintenance yard, parking lots and all utilities located on the Premises, whether now in existence or later constructed, including without limitation construction following the effective date of this Agreement to provide food and beverage service in the Pro Shop or to provide for a new golf cart storage area.

1.20 Fees and Charges. "Fees and Charges" refer to all fees charged for the use of the Golf and Tennis Facilities, tennis courts and the Driving Range which are part of the Annual Business Plan and shall be approved by Metro.

1.21 Fiduciary Responsibilities. "Fiduciary Responsibilities" of the Operator shall involve the operation of the facility and paying all payments due to Metro, vendors and suppliers in accordance with this agreement. Operator should in no way commingle advances from Metro with other accounts. In addition, no purchase of goods or services shall be made by the Operator from an entity affiliated with the Operator unless such a purchase is on terms that are reasonably competitive. Any breach of the covenants contained herein shall be a breach of fiduciary obligation.

1.22 Fixed Management Fee. "Fixed Management Fee" means the fixed monthly fee paid to the operator defined in Section 6.02.

1.23 Food and Beverage Service - Pro Shop. "Food and Beverage Service - Pro Shop" is defined as all food and beverages served and sold out of the Pro Shop area.

1.24 Force Majeure. "Force Majeure" is defined in Section 13.04.

1.25 Furnishing and Equipment. "Furnishing and Equipment" are all furniture, furnishing, trade fixtures, equipment, including without limitation, Golf and Tennis Center maintenance vehicles and equipment, Driving Range pickers, ball machines, mats, range ball baskets, cash registers, benches, ball washers, copy machines, computers, telephones, credit card machines, golf carts and other personal property used or held in storage for use in operating the Golf and Tennis Facilities, other than Resale Inventory.

1.26 GCSAA. "GCSAA" is the Golf Course Superintendents Association of America.

1.27 General Manager. "General Manager" is an employee of the Operator that is responsible for all facets of the operation of the Glendoveer Golf and Tennis Facility.

1.28 Golf and Tennis Center. "Golf and Tennis Center" is the facility owned by Metro, including but not limited to the land; 36 golf holes; tennis facilities; a Driving Range; a maintenance complex; two water towers and two water wells used for irrigation; and a Pro Shop.

1.29 Golf and Tennis Center Expenses. "Golf and Tennis Center Expenses" are all costs and expenses incurred in the operation, management, and maintenance of the Golf and Tennis Center and Driving Range, including: (a) all expenditures incurred by Metro for the benefit of the Golf and Tennis Facility; (b) the "Combined Management Fee" paid to Operator pursuant to Section 6.01 of this Agreement; (c) all expenses specifically identified as "Direct Costs" in this Agreement; and (d) all other expenses incurred by Operator in connection with the Golf and Tennis Center or this

Agreement, which expenses were not reasonably anticipated by the parties or otherwise provided in this Agreement and which are consistent with the operation of a Golf and Tennis Center and were approved in writing by Metro.

1.30 Golf Professional. "Golf Professional" is an employee of Operator who is, at a minimum, a PGA or LPGA apprentice.

1.31 Gross Revenues. "Gross Revenues" means all income received from the operation and business conducted at Glendoveer including but not limited to the proceeds from all retail sales, except for sale of Pro Shop Merchandise; sales of food and beverages; fees for golf, tennis and Driving Range. The term "Gross Revenue" does not mean or include any money refunded or credited, customer return or exchange of merchandise, returns to manufacturers; or any discount allowed by the Operator to customers.

1.32 Gross Revenue Base. "Gross Revenue Base" means the average of all income received by Metro's contract operator in the three fiscal years ending June 30, 2012 from the operation and business conducted at Glendoveer including but not limited to the proceeds from all retail sales; sales of food and beverages; fees for golf, tennis and use of the Driving Range.

1.33 Improvements. "Improvements" are defined in Section 3.12.

1.34 Incentive Management Fee. "Incentive Management Fee" is defined in Section 6.04.

1.35 Legal Requirements. "Legal Requirements" are all laws, statutes, ordinances, orders, rules, regulations, permits, licenses, authorizations, directives and requirements of all governments and governmental authorities, which now or hereafter may be applicable to the Golf and Tennis Center or the operation of the Golf and Tennis Facility, including, but not limited to, the Americans with Disabilities Act and implementing regulations as well as other federal, state and local laws and regulations governing access and all federal, state and local laws and regulations pertaining to the storage, use and disposal of "hazardous or toxic wastes, substances or materials" as defined by applicable law.

1.36 Maintenance Yard. "Maintenance Yard" is the area utilized for the storage and maintenance of Golf and Tennis Center equipment and Supplies including underground devices, storage Facilities, and related items.

1.37 Maintenance Standards. "Maintenance Standards" are the standards for the maintenance of the Golf and Tennis Facilities.

1.38 Marketing Plan. "Marketing Plan" defined in Section 5.02 (d).

1.39 Operating Net Cash Flow. "Operating Net Cash Flow" is the difference between Gross Revenue and all expenses, including Direct Costs, other operating expenses, and any Fixed and Incentive Management Fees.

1.40 Operating Year. "Operating Year" is the period from January 1 through December 31 of the given year.

1.41 Operator. "Operator" is defined in Section 3.01.1.

1.42 PGA/LPGA. "PGA/LPGA", PGA is the Professional Golfers Association and LPGA is the Ladies Professional Golf Association of America.

1.43 Premises. "Premises" shall mean the Glendoveer Golf and Tennis Center located at 14015 NE Glisan Street, Portland, Oregon and includes two 18 hole golf courses, Driving Range, tennis building, Pro Shop and maintenance facility, excluding the restaurant building and associated parking.

1.44 Project Manager. "Project Manager" is the Metro employee responsible for the management of the Golf and Tennis Center or assigned designee.

1.45 Pro Shop. "Pro Shop" is defined as the professional golf and tennis retail operation located in the club house.

1.46 Resale Inventory. "Resale Inventory" shall mean goods for sale not including food and beverage items in the Pro Shop and Driving Range.

1.47 Restaurant. "Restaurant" refers to the existing structure and business that is currently occupied by Ringside restaurant and is not included in this agreement.

1.48 Revenues. "Revenues" shall mean all receipts from green fees, sales, food and beverage, Driving Range and cart fees and any other proceeds attributable to Glendoveer except for gift cards, deposits other items where revenue will be recorded as they are redeemed. All revenues are property of Metro.

1.49 Senior Golfers and Tennis Players. "Senior Golfers and Tennis Players" shall be defined as at least 65 years of age.

1.50 Superintendent. "Superintendent" is an employee of the Operator who is responsible for Golf and Tennis Center maintenance and is required to be a Class A member of the GCSAA and has a State Qualified Applicator Certificate ("QAC") for pesticide application.

1.51 Supplies. "Supplies" are consumable items not for resale and are used or held in storage for use in the operations, including but not limited to cleaning Supplies, turf maintenance, balls for Driving Range, maintenance and parts *for equipment, score cards, office Supplies and other similar items.*

1.52 Tennis Professional. "Tennis Professional" is defined as an employee of the Operator who is accredited by the USTA.

1.53 Term. "Term" is defined in Section 2.01.

1.54 USGA. "USGA" is the United States Golf Association.

1.55 USTA. "USTA" is the United States Tennis Association.



## 2.0 TERM.

Term of the Agreement. The initial Term of this Agreement shall commence upon the date of the latest executed signature contained herein (the "Effective Date") and shall expire on December 31, 2018, unless it is terminated or extended pursuant to the Terms of this Agreement. At Metro's sole discretion, the Term may be amended to add not more than two three-year contract extensions for a total contract term of up to eleven years.

## 3.0 MANAGEMENT OF GOLF AND TENNIS FACILITIES.

### 3.01 Retention of Operator.

3.01.1 Role of the Operator. Subject to the Terms of this Agreement, Metro hereby retains Operator as an independent contractor, and Operator agrees, to: (i) implement the policies, standards, and schedules for the operation and maintenance of the Golf and Tennis Center and all matters affecting customer relations, in accordance with this Agreement, including; (ii) hiring, training, and supervising the General Manager, and Golf Course Superintendent (collectively "Management Staff") and all Golf and Tennis Center employees; (iii) supervise and direct all phases of advertising, sales, and business promotion for the Golf and Tennis Center; (iv) establish accounting and payroll procedures and functions for the Golf and Tennis Center in accordance with Metro policies; and (v) procure and maintain all equipment necessary and appropriate for the profitable and efficient operation of the Golf and Tennis Facility. The parties understand that costs of undertaking the services above are reimbursed pursuant to Section 5 of this Agreement. Operator agrees to work with Metro to adjust Direct Cost Budget, as necessary, to provide for a profitable operation and a positive Net Cash Flow.

3.02 Overall Responsibilities of Operator. Operator shall perform the following services, or cause the same to be performed for the Golf and Tennis Center, and all expenditures of Operator and costs and expenses instructed by Operator in performing these services shall be Direct Costs:

- a) Perform the day- to- day operation of the Golf and Tennis Center, including, without limitation, cash handling, booking and reserving tee times and tennis court reservations, and using its in-depth knowledge and experience developing plans and proposals to increase the quality of the golf and tennis experience customers receive at Glendoveer. In addition the Operator will be responsible for all other facets of the operation of the Pro Shop, including staffing, scheduling, cash/credit control, website management, retail sales, and concessions on the Golf and Tennis Center and food and beverage operations within the Pro Shop and Driving Range operations. Operator shall at all times abide by all state, federal and locally applicable laws and shall obtain and maintain all business licenses and other permits required to conduct business, serve food and alcohol, limited to beer and wine at the Center.
- b) Perform the day- to- day management and maintenance of all Golf and Tennis Center facilities, structures and grounds, including the landscaping adjacent to the restaurant building, and also including the maintenance of the Golf and Tennis Center irrigation

system and maintenance of all buildings except the Restaurant structure and associated parking.

- c) Consummate arrangements with intended users of the Golf and Tennis Facility, subject to the Terms of Section 3.03 below;
- d) Enter into such contracts no later than the Effective Date of this Agreement for the furnishing of utilities and building maintenance and other services for the Golf and Tennis Facility, subject to the terms of Section 7.06;
- e) Make all repairs, decorations, replacements, additions, revisions, alterations and improvements to the Golf and Tennis Center as shall be reasonably necessary for maintenance of the Golf and Tennis Center in good order, condition and repair, subject to the terms of Section 3.05 and 3.06 of this Agreement;
- f) Incur such expenses as shall be necessary for the proper operation and maintenance of the Golf and Tennis Facility, including without limitation purchase or rental expenses for Furnishings and Equipment;
- g) Maintain a level of Resale Inventory necessary for the effective operation of the Golf and Tennis Facility, tennis courts and Driving Range consistent with the terms of Section 3.03.1. Notwithstanding the foregoing, the costs to purchase the initial inventory and the costs to maintain inventory shall not be a Direct Cost under this Agreement, and all inventory shall be and remain the property of the Operator.
- h) Apply for, and obtain and maintain, all licenses and permits required of Operator in connection with the operation and management of the Golf and Tennis Facility, including the on-sale liquor license which shall be obtained in the Operator's name.
- i) Provide copies of all operations, maintenance and procedure manuals for managing all parts of the facility;
- j) Do, or cause to be done, all such acts and things in and about the Golf and Tennis Center as shall be reasonably necessary to comply with all Insurance Requirements and Legal Requirements, and Operator shall not knowingly permit any illegal activities to be concluded on or about the Premises;
- k) Pay all Golf and Tennis Center Expenses, Impositions and insurance premiums, whether incurred by Metro or Operator, when due;
- l) Implement the Marketing Plan for the Golf and Tennis Center described in Section 5.02(f);
- m) Maintain a level of Supplies necessary for the effective operation of the Golf and Tennis Center consistent with the terms of Section 3.01.3;
- n) Maintain at all times the highest level of customer service and continually strive to meet the needs of the community and neighborhood near and around the Golf and Tennis Center; and

- o) Demonstrate awareness of the value of differences in race, color, religion, sex, national origin, age, marital status, familial status, gender identity, sexual orientation and disability. Discrimination by Operator towards any employee or customer will not be tolerated, and may result in the termination of this Agreement. Employee personnel manuals and operational standards shall reflect this standard.

3.03 Golf and Tennis Professional Services. Operator shall, as a Direct Cost, provide golf starter services; tennis court booking; provide course marshalling services; sell and rent golf and tennis equipment; sell golf and tennis-related clothing and Supplies; provide instructional services in the playing of golf and tennis; rent golf carts; operate the Driving Range and book tennis court reservations. Such services shall be provided by or under the direct supervision of the General Manager.

3.03.1 Pro Shop and Merchandise. The Pro Shop shall be open during the normal operating hours of the Golf and Tennis Facility.

- a) Inventory. Operator shall procure and maintain in the Pro Shop such inventory of golf and tennis merchandise as deemed necessary or appropriate to adequately meet public demand.

3.03.2 Golf and Tennis Instruction. Operator shall provide for golf and tennis instruction by qualified instructors supervised by the General Manager. All golf and tennis instructors shall be employees of Operator, unless Operator proposes an alternative plan that is approved by Metro. Operator shall cause all golf tennis instructors to comply with the rules and regulations consistent with this agreement.

- a) Metro Approved Recreation Classes. The Operator shall work in conjunction with Metro to provide services for Metro approved golf and tennis programs at the Driving Range, putting greens, golf course and tennis courts.
- b) Junior Golf and Tennis Programs. The Operator shall organize junior golf and tennis programs such as, without limitation, LPGA Girls Golf, The First Tee, or USTA QuickStart program.

3.03.3 Golf Carts. Operator shall obtain by rental or lease agreement (as a Direct Cost) and shall maintain in good condition power-driven electric golf carts in sufficient numbers to meet the public demand for a 36-golf facility, but in no case that the fleet be smaller than 72 electric golf carts to serve 36 holes of golf and allow tournament play, unless seasonal demand can be satisfied with fewer carts. Metro shall have the right, in Metro's sole and absolute discretion, to require a change in the number or types of golf carts in use at the Golf Course; provided, however, that Metro shall increase or decrease the applicable Direct Cost Budget(s) reasonably to account for resulting increased or decreased Direct Costs. Prior to acquiring golf carts, Operator shall give Metro written documentation identifying the type of golf cart, features of golf carts, and proposed rental terms. Operator shall rent golf carts in accordance with Metro's written approval. All carts shall be 4-wheel, electric vehicles, and shall be equipped with canopies and windshields. Operator may prohibit the use of golf carts on the Golf and

Tennis Center whenever weather conditions expose the user to danger or the Golf and Tennis Center to damage.

To meet Metro's sustainability standards, Operator shall recommend to Metro the timing of the transition of the golf cart fleet from gas carts to electric-powered carts in conjunction with Metro's construction of an electric golf cart storage building. Golf carts shall be maintained in good condition by the Operator and charged as a Direct Expense. Operator shall replace the golf cart fleet approximately every three to five years. All equipment is to be kept clean and maintained according to manufacturer's specifications. Operator agrees to pass on all trade and discount savings when purchasing, renting or leasing equipment and Supplies on Metro's behalf.

3.03.4 Driving Range. Operator shall operate and manage all Driving Range operations, and procure and maintain all equipment and Facilities necessary and appropriate to meet the goal set forth in Section 3.01.2. Driving Range balls shall be of high quality, and all cracked and worn range balls shall be removed in a timely manner. Operator shall recommend improvements to increase the quality of customers' driving range experience, including improvements to practice stations, targets and range ball dispensing equipment.

3.03.5 Golf and Tennis Center Starter Services. Operator shall render and provide Golf and Tennis Center starter services including, but not limited to, collecting all green and tournament fees in accordance with Metro cash handling procedures, taking reservations from the telephone at the Golf and Tennis Center, and online through a web-based reservation access system that OPERATION shall develop. Operator shall record the reservations on starter sheets, placing golfers' names on a call sheet as necessary and appropriate, sending golfers to the tee and starting them off at proper intervals, receiving requests from groups for tournaments, booking tournaments and collecting appropriate fees prior to each tournament's starting date, coordinating tournament food and beverage needs, taking all actions as necessary and appropriate to speed play on the Golf and Tennis Facility, entering each golfer's name on the automated tee sheet to the extent feasible, and issuing a receipt to each golfer upon payment of the applicable green fee. Operator shall install a Point of Sale system as specified under Section 7.07 and Exhibit 2 of this Agreement that tracks all rounds played and fees collected by fee category on a daily basis. Such information shall be made available for review by Metro, as requested.

3.03.6 Marshaling Time. Operator shall procure the services of marshals at such times and in such numbers as necessary and appropriate to expedite play and ensure compliance with all rules and regulations consistent with the provisions of this agreement.

3.03.7 Suspension of Play. Temporary suspension of play shall be determined by Operator in cases where weather or other conditions expose the user to danger or the Golf and Tennis Center to damage.

3.03.8 Tennis Facility Operation and Integration. Tennis operations, booking, lessons and associated services shall be incorporated with golf operations into one seamless operation. Reservations shall be tracked electronically, a customer base will be maintained, annual

passes will be tracked and the Glendoveer website will provide information about both tennis and golf.

3.03.9 Facilities Maintenance Services. The parties acknowledge that the Premises are public property which Metro has a responsibility to ensure are used in a manner which effectively serves the public. Accordingly, Metro has a greater interest than most property owners in ensuring the quality and sustainability of the maintenance and operation of the Premises. At all times, as a Direct Cost, Operator shall maintain and operate the clubhouse, Driving Range, maintenance shop and tennis building including the snack bar, Pro Shop, clubhouse restrooms, and all other Facilities and services offered in connection therewith in a manner equal to or better than comparable municipally-owned Golf and Tennis Facilities in the region. Operator shall keep all fixtures, Furnishings and Equipment within the Facilities clean, neat, safe, and sanitary, in good order and in a manner equal to or better than the most comparable, similarly situated 18-hole recreational Golf and Tennis Facilities in the region. Operator shall provide a cleaning schedule and maintain and operate the Clubhouse and other Facilities reasonably in accordance with the highest commercial standards of cleanliness and shall keep the Clubhouse and other Facilities clean and free of litter.

Operator shall, during the term of this Agreement maintain and keep in good order, condition and repair the interior nonstructural portions of the Clubhouse and other Facilities, including, but not limited to, the following: the interior surface of exterior walls; all windows, doors, door frames, and door closures; all plate glass, storefronts and showcases; all carpeting and other floor covering; all electrical systems and equipment; and all interior plumbing and sprinkler systems, doors, door locks, plate glass, display windows, window casements, exterior light fixtures, light bulbs, ballast transformers and electrical panel if any, installed therein. Operator expressly agrees that the use of roof areas shall be limited to ingress for maintenance purposes only, and that said roof areas shall not be used for storage of inventory or for any other use. All costs associated with cleaning and maintenance of the clubhouse and other Facilities shall be Direct Costs.

Operator agrees to enter into preventative and regular maintenance contracts, with providers as directed and approved by Metro, for services to include, but not be limited to, any needed pest or vector control, landscape services, refrigeration, window cleaning, and carpet cleaning. All costs associated with these service contracts shall be Direct Costs. However, major maintenance projects that exceed \$1,000 and affect a structure or system shall not be included in this requirement. Metro has established best management practices and standards for the use of green cleaning products that comply with Green Seal GS-37 standard certification. Operator agrees that such materials and products that shall be incorporated into operational standards.

3.04 Golf and Tennis Center Equipment Maintenance. Operator shall acquire and maintain all appropriate Golf and Tennis Center maintenance equipment to conduct proper maintenance and to efficiently maintain the Golf and Tennis Facilities for regular golf, tennis and tournament play. An equipment replacement plan will be developed within the first three months of the start of the contract and will be implemented as the operating budget allows. The Operator shall make recommendations to Metro on the type, brand, number and schedule of equipment needed. Operator will forecast the need for all required equipment and costs and such forecast will be included in the Equipment Replacement Plan. All

equipment shall be cleaned and maintained by a qualified mechanic; maintenance shall be performed and tracked according to all manufacturers' recommendations. Sustainable options that decrease carbon impacts operate more efficiently or use less toxic products will be incorporated into the operation of the Golf and Tennis Center. Operator agrees to convey to Metro the benefits of all trade and discount savings it realizes when purchasing, renting or leasing equipment and Supplies for Metro.

3.05, Grounds Maintenance Services. Operator shall provide grounds maintenance services to the Premises, including, but not limited to, the obligation to mow, edge, trim, overseed fertilize, aerate, sod, change cups, service tees, top-dress, raise divots, rake traps, spray, spot irrigate, syringe and renovate turf and shrub areas, as well as to provide weed, disease and pest control, litter control and rubbish removal, tree maintenance, maintenance of irrigation systems including mainlines, pumps, boosters and controllers, to keep swales in good repair and to provide the necessary and appropriate maintenance of any water hazards or water feature, any structures appurtenant to the Golf Courses and any related equipment. Operator shall salvage, recycle, compost or mulch yard waste material at an approved site, if feasible and cost effective.

Operator shall replace or change any Supplies, materials, or procedures used by Operator that are found reasonably objectionable by Metro, within five (5) calendar days after receipt of Metro's written request for such replacement or change. Operator shall comply with all applicable local, state and federal clean water regulatory requirements, including but not limited to all federal NPDES requirements.

3.05.1 Chemical Herbicides and Pesticides. Operator shall ensure that employees are trained and knowledgeable about best management practices for using fertilizers, herbicides and pesticides to prevent any Hazardous Materials release and how to handle any such accidental release. Operator shall obtain any required Oregon State Department of Agriculture pesticide applicator licensing, permits and submit any required reports related to the use of permitted biocides, defoliants, chemical fertilizers, pesticides, herbicides or other agri-chemicals. If requested by Metro, an Integrated Pest Management and Chemical Application Management Plan (IPM-CHAMP) will be jointly developed by Metro and the Operator. The cost to develop and implement the plan will be a Direct Cost.

3.05.2 Best Management Practices. Operator shall develop and implement a Best Management Plan (BMP) as for the Golf and Tennis Center and grounds as described in this sub-section (i) to maintain the status of the Facilities as an Audubon Sanctuary; (ii) to meet OGCSA Environmental Stewardship Guidelines; and (iii) to address recommendations contained in the 2010 Salmon Safe Golf and Tennis Center review attached to this Agreement as Exhibit 1. The plan shall employ techniques to increase native habitat, decrease water usage and limit chemicals and fertilizers. Detailed tracking of type, quantity, purpose and storage requirements of all chemicals and fertilizers shall be included in the plan, which shall also include tracking of all pesticide, fertilizer and water usage on the golf course. Tracking of water usage including well water shall be reported electronically on a monthly basis. The Golf and Tennis Center weather station and irrigation control software must be maintained and operated to efficiently water the Golf and Tennis Facility. Operator shall also to assess, plan and manage roughs and out of play areas, to transition portions of the golf course to less

actively managed areas and incorporate native plants over time. Pesticide and herbicide usage on the golf courses will be reported to Metro on a monthly basis and incorporated into the Golf Course Maintenance Standards and Golf Course Maintenance Plan. Material Safety Data Sheets (MSDS) shall be maintained in Metro's online MSDS database in addition to storage in binders at the Golf and Tennis Center.

3.05.3 Water. Operator shall not cause any ponding on the Premises or any flooding on adjacent land. Unless otherwise specifically directed by Metro, Operator shall not engage in any activity that causes any change, disturbance, fill, alteration or impairment to the bed, bank, canal or channel of any natural water course, wetland or other body of water on, in, under, or about the Premises; nor shall Operator engage in any activity that would pollute or degrade the surface or subsurface waters or result in the diminution or drainage of such waters. Operator shall operate within current water rights for the two domestic water wells located on the property.

3.05.4 Protection of Utilities. At all times during the Term of this Agreement, Operator shall use its reasonable best efforts to protect the Facilities of utilities located on the Golf and Tennis Center from any damage, injury or disturbance. If Operator or any of its agents or Invitees damages, injures or disturbs any of the foregoing Facilities, Operator shall immediately notify Metro of that occurrence.

3.05.5 Trees and Other Plant Materials. Operator shall maintain all trees and other plant materials on the Golf and Tennis Facility. Operator shall not remove or destroy any tree or other plant materials or conduct major trimming or removal on the Premises without the prior written approval of Metro. Metro has a professional arborist available for consultation. In the case that a tree, or portion of a tree, has fallen on the Golf and Tennis Center and becomes a safety hazard, Metro's oral approval is acceptable for removal or pruning. All pruning shall be consistent with Metro guidelines and the International Society of Arboriculture Tree Pruning Guidelines. Operator shall not plant any trees or other plant materials on the Premises that are not included in the Course Maintenance Plan, without the prior written approval of Metro. Operator shall develop a tree management plan for the Golf and Tennis Center during the first year of operation that may include trimming, removal and disposal of slash and update this plan on a yearly basis.

3.05.6 Historic Preservation. In the event that the Operator discovers any historical, archaeological, architectural or other cultural artifacts, relics, remains, or objects of antiquity on the site, Operator shall immediately notify Metro and protect the site and material from further disturbance until Metro gives clearance to proceed.

3.05.7 Maintenance Personnel. Operator shall employ and maintain in its employ a Class "A" Golf Superintendent and Crew at the Premises daily during normal working hours. Operator shall employ sufficient personnel to perform all work required.

3.05.8 Course Maintenance Plan. Operator shall prepare an annual Course Maintenance Plan that details maintenance of the golf courses including but not limited to mowing, edging, trimming, overseeding, sanding, aeration, cup changes, topdressing, spraying, bunkers, disease and pest control, raising of divots and irrigation system service.

3.06 Food and Beverage Services. After October 1, 2013, Operator shall have the exclusive right and obligation to provide food and beverage services in the Pro Shop at the Golf and Tennis Facility, the expenses for which shall be Direct Costs. Metro shall also have the right to permit operation of an outdoor grill or other type of outdoor food service, provided that such service is consistent with any agreement between Metro and any restaurant-lessee on the property. Operator shall not permit the sale of food and beverages at the Golf and Tennis Center by outside third parties without Metro's approval.

3.06.1 Hours of Operation. Operator shall maintain consistent hours of operation for business during the hours as approved by Metro.

3.06.2 Health Certificates. Operator shall comply with all local, state and federal health laws, regulations and procedures that are applicable to operation of the Golf and Tennis Center and Food Service Facilities.

3.06.3 Licenses. Operator shall obtain and maintain for the term of this Agreement any and all permits and licenses required by any federal, state or local governmental agency in connection with the services to be provided by Operator under this Agreement, including the on-sale general liquor license and additional required license(s). Acquisition of all licenses and permits shall be considered a direct cost that shall be reimbursed as part of the Direct Cost Budget. Operator shall use its best efforts to notify all contractors and vendors of their obligation to obtain the required license(s). Operator shall verify required license(s) is obtained prior to the commencement of work on the Premises.

3.06.4 Level of Food Service. The food and beverage services provided at the Golf and Tennis Center shall be consistently of the highest quality. Operator shall provide food and beverage service in accordance with all Legal Requirements and Insurance Requirements and reputable business standards. Operator shall ensure that food and beverages are kept in stock sufficiently to meet customer demand. Operator shall provide beer, bottled beverages and wine but shall not serve hard alcohol.

3.06.5 Alcohol Sales. Metro reserves the right to prohibit or limit the sale of alcoholic beverages if, in Metro's sole and absolute discretion, Metro determines that such sales are leading to behavior which is disruptive to or inconsistent with the proper functioning of the Golf and Tennis Facility.

3.06.6 Future Events. Operator agrees not to book any events at the Golf and Tennis Center for dates after the initial term of this Agreement or any extension without the prior approval of Metro.

3.06.7 Tournament Food and Beverage Services. Operator shall coordinate with the Restaurant, the exclusive provider of tournament food services, for the provision of tournament catering.

3.06.8 On-Course Food and Beverage Services. After October 1, 2013, Operator shall provide on-course food service and beverage services on a regular basis to serve daily fee customers and during tournament play.



3.07 Personnel. Operator, as a Direct Cost, shall employ all of the employees of the Golf and Tennis Center and set all terms and conditions of the employment.

3.07.1 General. Operator shall make all decisions relating to the hiring of employees, the employment of its employees and the direction of its work force. The number of Operator's employees shall be no more than reasonably necessary to efficiently operate the Golf and Tennis Facility. Operator shall recruit, hire, train, discharge, promote and supervise the Management Staff of the Golf and Tennis Center and all other employees of the Operator. Recruitment process shall include as a direct cost, drug testing and the performance of criminal background checks (for all management employees, for all employees handling cash and for any employee who regularly interacts with children at the Golf and Tennis Facility. Upon Metro's request, and if permitted by law, Operator shall provide Metro with the results of any criminal background check Operator performs. All employees of the Golf and Tennis Center shall be properly qualified for their positions. Operator may at its expense assign management trainees to the Golf and Tennis Facility, who shall remain under supervision of the Operator's on-site Management Staff. Operator shall provide reports showing all employees and their job titles, as requested by Metro. Operator's Management Staff shall not be assigned to work at other Golf and Tennis Facilities managed or operated by Operator, without the written approval of Metro.

Operator shall retain at all times on the Premises during hours of operation a manager who will be responsible for the Golf and Tennis Center in matters pertaining to the performance of the duties and obligations in this Agreement. Operator shall during operating hours have sufficient personnel on the Premises to provide a level of service customary in the industry.

All employees shall be identifiable and appropriately attired with an easily readable name badge. Employees of the Operator shall be courteous and neat in appearance at all times. If any employee fails to meet this standard, is negligent in performance of his/her responsibilities, and after notice is provided by Metro, Operator is unable after a reasonable period of time to bring the employee up to this standard, Operator shall take reasonable actions to remove the employee from employment at the Golf and Tennis Facility.

3.07.2 Compensation. Compensation of Operator's employees shall be no greater than that paid at other Golf and Tennis Facilities managed by Operator, unless specifically approved by Metro, taking into consideration the budget, recognizable differences in scope of work and cost of living at other Golf and Tennis Facilities. All employees of Operator, other than the Salaried and Exempt Staff, shall use a time clock to keep track of the hours worked.

3.07.3 Prevailing Wages. When required by law, Operator shall pay prevailing wages to employees working on "public works" as defined by ORS 279C.800. Operator shall also comply with all other requirements local, state and federal law.

3.07.4 Employee Benefits. Operator shall have the obligation to provide all legally mandated employee benefits to its employees.

3.07.5 Temporary Assignment of Other Operator Personnel. If the positions of General Manager or Course Superintendent become vacant for whatever reason, Operator shall permanently fill those positions within 90 days of vacancy. Upon approval of Metro, Operator may temporarily assign during the 90-day period to these positions the staff of other Golf and Tennis Facilities operated or managed by Operator. During such time as these employees are temporarily assigned to the Golf and Tennis Facility, all such employees will be paid their regular Compensation, and the pro-rata share of such employees' Compensation for the actual time such employees worked at the Golf and Tennis Center shall be a Direct Cost.

3.07.6 Management Staff. The Management Staff shall be the following positions that will be solely dedicated to Golf and Tennis Center: the General Manager; Golf Course Superintendent; the Golf Professional and the Tennis Professional. Metro shall approve, said approval not to be unreasonably withheld, the Management Staff before hire and shall be informed prior to the termination or transfer of any of the Management Staff. Contact information, including without limitation, the name, cell phone number and email address, for all Management Staff shall be provided, in writing, to Metro and shall be current at all times. With Metro's prior approval, Operator may combine the positions comprising the Management Staff.

- a) General Manager. The General Manager of the Golf and Tennis Center shall be responsible for the day-to-day management and operation of the Golf and Tennis Facility. The General Manager must have a four-year college degree or equivalent, and should have at least five (5) years experience as a Golf and Tennis Center operations manager or assistant unless a candidate with less experience is approved by Metro. The General Manager shall be reasonably available during normal working hours to meet with Metro. After normal working hours, the General Manager shall be reasonably available to appear at all of Metro meetings, if deemed necessary by Metro.
- b) Superintendent. The Superintendent of the Golf and Tennis Center shall be a current Class "A" member in good standing of the Golf Course Superintendents Association, have a Qualified Applicators Certificate ("QAC"), and shall have had substantial prior experience as a Golf Course Superintendent. The Superintendent shall be responsible for the maintenance of the buildings, equipment, Driving Range and grounds of the Golf and Tennis Facility.
- c) Golf Professional. Operator will employ a Golf Professional. The Golf Professional shall be at a minimum, a PGA or LPGA apprentice. The Golf Professional shall report directly to the General Manager. Operator will provide targeted programming for youth, women and underserved portions of the population at Glendoveer or nearby schools.
- d) Tennis Professional. Operator will employ a United States Tennis Association (USTA) professional staff to provide lessons and instruction is required. Operator will provide targeted programming for youth, women and underserved portions of the population at Glendoveer or nearby schools.

3.08 Notification to Metro of Defect or Illegal Activity. Operator shall immediately notify Metro upon discovering a possible workmanship or material defect in any structure or improvement on the Golf and Tennis Center or upon discovery of any unauthorized dumping, disposal or illegal use or activity on the Golf and Tennis Facility.

3.9 Equipment, Supplies and Materials. Operator shall procure and maintain (as a Direct Cost) all necessary and appropriate equipment, Supplies and materials of good quality and in sufficient number to fulfill the maintenance requirements of this Agreement, but expenditures shall not exceed the amounts allocated in the Direct Cost Budget without the prior written consent of Metro. The required equipment, Supplies and materials shall include, but not be limited to:

- a) All equipment necessary and appropriate to operate the Golf and Tennis Facility;
- b) All necessary and appropriate gas, oil, maintenance and operating Supplies, and spare and replacement parts for all equipment used at the Golf and Tennis Facility;
- c) All necessary and appropriate topdressing, seed, fertilizers, pesticides, fungicides, insecticides and herbicides for maintenance of the Golf and Tennis Center and other landscaped areas on the Premises and in compliance with Section 3.03.9.
- d) Parts, Supplies and equipment necessary for the repair and maintenance of all Golf Course irrigation systems;
- e) Tee towels, soaps, ball washers, putting green cups and flags, benches, trap rakes, tee markers, tee mats, trash receptacles, trash receptacle liners, cleat brushes, distance markers on sprinkler heads and all other pertinent Golf and Tennis Center equipment;
- f) Materials for the installation and maintenance of French drains;
- g) Sand for traps on an as-needed basis; and
- h) Procurement of all necessary retail and concession inventory and consumable Supplies such as janitorial cleaning Supplies, paper products, soap, etc. that complies with Section 3.03.9 and 3.04.

3.10 Intrusions. Operator shall treat non-invitee users with consideration and courtesy even when they may be wrongfully on the Premises, but shall have the right to deny use of the Premises for unauthorized purposes. Metro reserves the right from time to time during the term of this Agreement, to promulgate such reasonable rules and regulations concerning the use of the Premises and any part or parts thereof, as Metro, in its sole discretion, shall deem appropriate.

3.11 Improvements. Except in the event of an emergency threatening imminent injury to persons or damage to property, Operator shall make no improvements, additions, alterations or changes to the Golf and Tennis Center("Improvements") unless Operator: (i) obtains the prior written approval of Metro, which approval may be granted or withheld in the sole and absolute discretion of Metro; (ii) complies with such terms and conditions as may be imposed by Metro; (iii) secures all applicable licenses, permits and other governmental approvals for the Improvements; and (iv) causes the Improvements to be designed and constructed so as to be consistent with the architecture and design of the currently-existing Golf and Tennis Facility, unless otherwise specifically approved by Metro

in writing. Any such Improvements shall be shown on as-built drawings that shall be delivered to Metro within thirty (30) days of completion of the work. The Operator shall make no improvements, additions, alterations or changes to the Golf and Tennis Center property or any structure without written approval of Metro.

3.12 Days and Hours of Operation. The Golf and Tennis Center shall be open year round and is closed only on Christmas Day and for extremely inclement weather. The minimum hours of operation shall be Dawn to Dusk. Operator shall make no changes in the days and hours for operation of the Center without the prior approval of Metro. Any proposed changes in the hours of operation shall be proposed in the Annual Plan for the facility.

3.13 Technology.

3.13.1 Technology Systems. Operator shall procure and maintain telephones, wiring, computers, software, data circuits, voice circuits, internet circuits and all equipment necessary and appropriate to operate and supply telephone communications to and within the Premises, automated tee sheet and starter functions, Point-of-Sale for all Pro Shop and Food and Beverage operations, and a website which provides public, on-line access to golf reservations. Operator shall use such systems to market, record all Golf and Tennis Center and Food and Beverage sales, retain customer and sales transaction data and produce all documents and reports necessary to effectively operate the Golf and Tennis Center and comply with Metro's reporting and auditing requirements. Technology systems shall satisfy Metro's and other government requirements for security and internal controls, including but not limited to, security of credit card and other customer data.

3.13.2 Scoring Terminal. A scoring terminal to permit golfers to post scores shall be provided in a convenient location at the Clubhouse.

3.13.3 Security of Data. Operator shall notify Metro immediately upon any known or suspected loss, theft or unauthorized disclosure of Metro or Operator data, including but not limited to loss of customer personal or credit data.

3.13.4 Security Procedures. Operator will be solely responsible for the selection, implementation, and maintenance of security procedures, anti-virus, and similar defensive measures and policies that are sufficient to ensure that (a) Operator's technology systems are secure and used only for authorized purposes; and (b) Operator's business records and data, and any data kept on behalf of Metro, are protected against improper access, use, loss, alteration or destruction. All credit card systems shall meet any applicable Payment Card Industry (PCI) Data Security Standard.

3.14 Waste Disposal & Recycling. Operator shall maintain adequate trash and recycling Facilities on the Premises and shall promptly empty the containers regularly. Operator shall use its best efforts to reduce the amount of waste generated from Golf and Tennis Center and to acquire products for use on the Premises that reuse or recycle packaging. Operator shall initiate and operate a recycling program in compliance with Section 3.04. Operator shall not permit the burning, dumping or other disposal on, under or about the Premises of landfill, refuse, grass, hazardous materials or other materials, with the exception of Golf Course clippings that can be dispersed on the courses. Operator shall dispose of all wastes in compliance with Legal Requirements and Environmental Laws.

3.14a Recycling Standards. Operator shall establish recycling standards and receptacles/sorting areas in the Clubhouse, Driving Range and at each hole on the Golf Course and in all Tennis Facilities to encourage recycling of paper, bottles, cans, and other recoverable materials. Operator shall maintain a facility-wide recycling program that complies with the Business Recycling requirements at <http://www.oregonmetro.gov/index.cfm/901byweb/id26294>. The recycling program should include at a minimum the following requirements:

1. Separating paper, cardboard and containers (aluminum, plastic and glass) for recycling.
2. Establishing food composting as food service is developed in the clubhouse.
3. Ensuring that there are containers for collection of these recyclables.
4. Posting signs at the collection areas indicating which materials should be recycled.

3.15 Customer Service. Customer service is an integral part of the business of running Glendoveer. Operator is to maintain a commitment delivering to high quality customer service. Operator shall provide excellent Customer Service at all times to ensure that neighbors, trail users, golfers and tennis players should feel equally welcome at Glendoveer.

3.15.1 Service Audit Program. Operator shall implement a service audit program to evaluate the Golf and Tennis Center and Clubhouse operations no more frequently than semi- annually and no less frequently than annually. The service audit shall evaluate the operations of the Golf and Tennis Center and make recommendations concerning said operations, including, without limitation, recommendations relative to quality, quantity and selection of merchandise, and customer service provided by Operator's employees. Operator shall submit the results of each service audit to Metro for Metro's evaluation and disposition at the completion of each audit. This provision in no way precludes or limits Metro's ability to conduct its own audit of financial records and operations including using "secret shopper" audits to determine that financial transactions are being handled appropriately.

3.15.2 Customer Evaluation Forms. Customer evaluation forms or electronic surveys shall be utilized and shall be visible and readily available. Completed forms shall be sent to Metro on a quarterly basis.

3.15.3 Customer Service Training Program. As part of the initial training of new employees and annually thereafter, Operator shall implement a customer service training program for all employees of Operator who come into contact with guests at the Golf and Tennis Center and Clubhouse. Costs for this program shall be a Direct Cost.

3.16 Emergency Services. Operator shall provide Metro's Project Manager with contact information for all Management Staff in order that they can respond to any emergency on a twenty-four hour basis. During periods of severe inclement weather conditions, Operator will provide reasonably sufficient personnel for the purpose of sandbagging, keeping drains clear, and/or any other tasks required to prevent serious damage to Golf and Tennis Center improvements and Facilities. Costs for emergency services shall be a Direct Cost.

3.17 Nondiscrimination. During the performance of this Agreement, Operator and its subcontractors shall not unlawfully discriminate against any employee or applicant for employment, or customer, because of race, color, ancestry, religion, sex, national origin, marital status, age, physical disability, mental disability, medical condition or sexual orientation. Equal opportunity for employees extends to, but is not limited to, recruitment, compensation, benefits, layoff, termination, and all other conditions of employment. Operator and subcontractor shall ensure that the evaluation and treatment of their employees, applicants for employment and Invitees are free of such discrimination.

3.18 Drug Free Workplace. Operator agrees to maintain and enforce a drug-free workplace policy.

3.19 Signs. Operator, as a Direct Cost, shall be responsible for installing and maintaining all signage necessary for the Golf and Tennis Center operations. Operator shall not post outdoor signs at or on the Premises without the prior written approval of Metro, except for temporary directional or advisory signs. Operator shall not install any new or replace existing signage without the prior review and approval by Metro. Any branding or logo changes to signs or the course logo must be approved by Metro.

3.20 Publicity. Any commercial advertisements, press releases, articles, or other media information not provided for in the Annual Marketing Plan and Budget shall be subject to the prior approval of Metro, which approval shall not be unreasonably withheld.

3.21 Utilities. Operator shall ensure such utility service is provided to effectively operate the Golf and Tennis Facility. Operator's costs for such utility service, as well as Operator's costs incurred in connecting any defect, deficiency or impairment of any utility, water, drainage, heating, gas or electrical apparatus and/or wires serving the Premises, shall be approved by Metro and shall be Direct Costs.

3.22 Safety and Security. Operator shall exercise caution at all times for the protection of persons and property. Operator shall install adequate safety guards and protective devices for all equipment and machinery and structures. Operator shall post appropriate caution signs to alert personnel or the public of unsafe conditions. Operator shall comply with all applicable laws relating to safety precautions. Operator shall immediately correct any unsafe condition of the Premises, as well any unsafe practices occurring thereon. Promptly after the occurrence of injury or damage to persons or property occurring on the Premises, Operator shall submit to Metro a report on the incident. Operator shall cooperate fully with Metro in any further the investigation of any injury or damage to persons or property occurring on or about the Premises.

3.23 Security. The Golf and Tennis Center shall contain appropriate security systems, security alarm systems, motion detection sensors for after-hours control, and locks for the Maintenance Yard and perimeter gates.

3.24 Public Use and Access. Operator will ensure that continued access is available to the soft surface trail located on the perimeter of the east course and west of the Driving Range during hours of operation of the Golf and Tennis Facility.

3.25 Use of Premises: Metro Functions. Operator shall cooperate with Metro in allowing Metro to have access to the Clubhouse and course for use for Metro approved recreation programs or meetings, provided that any costs to Operator in doing so shall be Direct Costs and further provided that such use shall not negatively impact gross revenues.

3.26 Prices and Fees.

3.26.1 Goods and Services. Operator shall at all times maintain a complete list or schedule of the prices charged for all food and beverages supplied to the public on or from the Premises. Such list or schedule of prices shall be provided to Metro with the Annual Business Plan. The prices shall be fair and reasonable based on the following considerations: (a) that the operation of the Premises is intended to serve the needs of the public for the goods and services, supplied at a fair and reasonable cost; (b) that the prices charged should be comparable to prices charged for similar goods and services in the general area; and (c) that the margin of profit should be reasonable considering the cost of providing the goods and services in compliance with the obligations of this Agreement. If Metro notifies Operator that the prices being charged are not fair and reasonable, Operator shall have the right to confer with Metro and justify such prices. Following reasonable conference and consultation thereon, Operator shall make such price adjustments as may be ordered by Metro; provided, however, that in no event shall Operator be required to price any item below its wholesale cost.

3.26.2 Golf Course and Tennis Fees. Metro hereby reserves the right to establish a schedule providing price ranges for the fees Operator may charge for green fees, use of the Driving Range, golf cart rental fees, tennis court rental fees, equipment rental fees and lesson fees for the Premises. Operator may not impose any charges outside the approved price ranges for any service or facility use without the advance written consent of Metro, in Metro's sole and absolute discretion. Notwithstanding the foregoing, from time to time with Metro's approval, Operator may offer discounted fees outside of the approved fees range as a promotion to increase revenues. The Operator shall honor all pre-existing 2012 membership agreements for golf and tennis unless directed otherwise by Metro.

All fees must fall within the ranges to be approved in advance by Metro. If Operator desires changes to the green fees (including membership offerings), Driving Range fees, tennis court rental fees and/or golf cart rental fees, Operator shall submit to Metro a written request and analysis seeking Metro's approval of the change in price range.

3.26.3 Sale of Golf Course Tee Times to Third Parties. Operator may convey for valuable consideration golf course tee times to third party re-sellers of such golf tee times, provided that Operator has obtained the prior approval of Metro, which approval shall not be unreasonably withheld.

3.27 Meetings. As determined by Metro, Operator's General Manager and Metro shall meet on a monthly basis as needed to review Operator's performance under this Agreement, review the monthly financial reports submitted by Operator in accordance with Section 7.03, and discuss any problems, opportunities and proposed changes to the approved plans.

### 3.28 Hazardous Materials.

#### 3.28.1 Definition of Hazardous Materials. Hazardous Materials shall mean:

- a) Petroleum;
- b) Asbestos;
- c) Polychlorinated biphenyls;
- d) Radioactive materials;
- e) Any and all substances, products, by-products, waste or other materials of any nature or kind which is or becomes listed, regulated or addressed by any federal, state or local laws, statutes, ordinances, regulations, resolutions, decrees, rules, regulations, directives, orders, guidelines or court decisions (collectively "Environmental Laws");
- f) Any materials, substances, products, by-products, waste or other materials of any nature or kind whatsoever whose presence in and of itself or in combination with other materials, substances, products, by-products or waste give rise to liability under any Environmental Law or any statutory or common law theory based on negligence, trespass, intentional tort, nuisance, strict or absolute liability or under any reported decision of the state or federal court; or
- g) Any substances, products, by-products, waste or other materials which may be hazardous or harmful to the air, water, soil, environment or affect industrial hygiene, occupational, health, safety or general welfare conditions.

#### 3.28.2 Use and Storage of Hazardous Materials Prohibited. The use and storage of any Hazardous Materials on the Premises are prohibited except as follows:

- a) Operator may park and use vehicles and equipment on the Premises in connection with Golf and Tennis Center activities under this Agreement, which vehicles may contain gasoline, petroleum products, batteries, diesel fuel, and oil of those kinds and quantities normally contained in such vehicles and equipment. Operator shall ensure that employees are trained and knowledgeable about best management practices for operating and maintaining such vehicles and equipment to prevent any Hazardous Materials release and how to handle any such accidental release.
- b) Fertilizers, herbicides, fungicides and pesticides on the Golf and Tennis Center in a manner consistent with the Maintenance Standards outlined in Section 3.06 and Environmental Laws. Biocides, defoliants, chemical fertilizers, pesticides, herbicides, fungicides or other agri-chemicals shall be stored in the Maintenance Yard in an appropriate structure or location designated by Metro. Operator shall ensure that employees are trained and knowledgeable about best management practices for using fertilizers, herbicides and pesticides to prevent any Hazardous Materials release and how to handle any such accidental release. MSDS sheets shall be kept on site and up to date at all times.



3.28.3 Indemnification for Hazardous Materials. Operator shall indemnify, hold harmless and defend Metro, its officers, officials, employees, volunteers and agents from all loss, damage, liability and expense resulting from the presence, use or release of Hazardous Materials by the Operator or arising from Golf and Tennis Center operations under the control of Operator. Operator shall not be responsible for, nor shall it indemnify, hold harmless or defend Metro, its officers, officials, employees, volunteers and agents from any loss, damage, liability and expense resulting from the presence, use or release of Hazardous Materials prior to the date on which Operator assumes responsibility for maintenance of the Golf and Tennis Facility.

#### 4.0 METRO OBLIGATIONS.

In consideration of Operators performance of the work described in this Agreement and the Operator's performance of all duties, tasks and obligations of this Agreement throughout the term of this Agreement, Metro agrees to pay Operator the Management Fee and Incentive Fee in accordance with the provisions set forth in Section 6 and to perform any other obligation specifically enumerated in this Section or in this Agreement.

Metro agrees to cooperate, in all reasonable respects and to execute any and all applications and such other documents as shall be reasonably required to assist Operator in the application for, and obtaining and maintenance of all licenses and permits required of Operator in connection with the operation and management of the Golf and Tennis Facility, including a license for on-premises sale of liquor;

Metro shall keep all parking lots on the Premises in a clean and good condition and shall provide parking lot maintenance services including, but not limited to, capital improvements and landscaping maintenance.

Metro shall be responsible for the maintenance of all walking trails and natural areas outside of the golf course

Metro shall contract directly for all solid waste collection services.

#### 5.0 APPROVALS.

5.01 Standard for Approvals. Wherever this Agreement provides for approval of Metro, such approvals shall be issued in writing. Except as otherwise provided in this Agreement and, specifically, where this Agreement expressly provides that an approval or determination is within the sole and absolute discretion of Metro, in which case this paragraph shall not apply, a consent or approval referred to herein of either party shall not be unreasonably withheld or conditioned. In the event that either party refuses to give its consent or approval to any request by the other, such refusing party shall indicate by written notice to the other the reason for such refusal unless this Agreement permits the consent or approval to be withheld without cause or in the sole discretion of either party.

5.02 Other Metro Approvals. Neither Metro's execution of this Agreement nor any consent or approval given by Metro hereunder in its capacity as a party to this Agreement shall waive, abridge, impair or otherwise affect Metro's power and duties as a governmental

body. Any requirements under this Agreement that Operator obtain consents for approvals of Metro are in addition to and not in lieu of any requirements of law that Operator obtain approvals or permits. However, Metro shall attempt to coordinate its procedures for giving contractual and governmental approvals so that Operator's requests and applications are not unreasonably denied or delayed.

## 6.0 ANNUAL PLAN.

### 6.01 Preparation of the Annual Plan; Timing for Initial & Subsequent Annual Plans.

Operator shall submit to Metro a proposed Annual Plan for the Golf and Tennis Center as provided in this Section for the purpose of guiding the operation of the facility, providing business and marketing goals and objectives; determining how the golf course will be maintained and improved; and allowing Metro to evaluate the performance and activities of Operator.

By March 1, 2013, Operator shall submit to Metro its initial proposed Annual Plan to cover the period of the first Operating Year. Such plan shall include Operator's anticipated start-up costs including a start-up budget setting forth the cost of purchasing point of sale computer software, event management software, computers, telephones, installation of internet access to the clubhouse, and other operating costs to provide a basic level of service within the clubhouse. No later than thirty (30) days following the submittal of the first proposed Annual Plan, Metro shall advise Operator of any required modifications. If such modifications are made to the satisfaction of Metro, Metro shall approve the initial Annual Plan.

Commencing on August 1, 2014, and on each August 1<sup>st</sup> thereafter, Operator shall submit a proposed plan to Metro to cover the period of the following calendar year. By no later than September 1, 2014, and each September 1<sup>st</sup> thereafter, Metro shall review the proposed Annual Plan and either approve the Annual Plan or make reasonable changes to the proposed Annual Plan. The Annual Plan shall be subject to changes by Metro until the budget is approved by Metro Council. In conjunction with the Metro budget process, Operator shall provide any changes to the Annual Plan that Metro requests.

### 6.02 Contents of the Annual Plan. The Annual Plan shall include:

a) An income and expense report and a business plan containing actual revenue numbers for previous year, the current year, the current year revised and estimates for the next Operating Year, including the following items: (i) Gross Revenues separated into green fees, Driving Range fees, cart fees, lesson fees, merchandise revenue: food and beverage revenue, and tournament revenue, (ii) number of round projected and played and categorized by weekday/weekend/holiday, time of day, rate, senior/non-senior and residents/nonresidents.

b) The Direct Cost Budget, (the "Direct Cost Budget") reflecting routine monthly expenses and small capital purchases that are needed to maintain a consistent level of services, and also showing Golf and Tennis Center and Food and Beverage Expenses for previous year, current year, current year revised and estimates of all Golf and Tennis Center Expenses for the next Operating Year, including, but not limited to expenditures for: (i) labor, (ii) operations and maintenance, (iii) repairs, replacements, and alterations

which do not constitute Capital Expenditures, (iv) Furnishings and Equipment and Cost of Goods Sold, and (iv) advertising, sales, and business promotion;

c) Net Cash Flow Budget for previous year, current year, and current year revised and projected for the next Operating Year. Net Cash Flow budget shall contain Gross Revenue and all expenses, including Direct Costs, and Fixed and incentive Management Fees; Operator will provide Metro an annual income and expense report.

d) Marketing Plan for the Golf and Tennis Center including a report of activities undertaken during the current year; marketing strategies to increase rounds of golf played; to increase the number of tournaments held; to maximize the use of the Golf and Tennis Center; and projections for the number of rounds played and revenues expected for the next Operating Year. The Marketing Plan shall also include:

1. Proposals for expanded youth golf and tennis programs serving the surrounding neighborhood;
2. If appropriate, programs for middle school children to provide instruction on sustainability measures within the golf industry and information on careers related to golf and tennis play and career information.
3. Proposals for development of tournament event business including shotgun style tournaments, with packages including food and beverages to attract groups to Glendoveer; and
4. Proposals to improve and differentiate the marketing of the Glendoveer East and Glendoveer West courses.

e) Budget and Capital Expenditures Plan for the current year, as well as a proposed five (5) year capital investment plan;

f) Operations Plan including proposed Golf Course Maintenance Standards, Operator's Tree Maintenance Plan, and a proposed Equipment Replacement Plan.

g) Results of the Service Audit Program concluded in previous years and plans for the next Operating Year; and

6.03 Fee Changes. Any requested change to the price ranges of: green, Driving Range, golf cart and equipment fees, shall be submitted for approval with the Annual Plan.

6.04 Compliance. Operator shall comply with the applicable Annual Plan. Without the prior consent of Metro, the actual amount expended for Direct Costs shall not exceed the Direct Cost Budget including budget adjustments, approved by Metro.

6.05 Review of Annual Plan. Metro and Operator's General Manager shall meet as needed to discuss the operating results of the Golf and Tennis Facility. The parties shall agree upon any amendments or revisions to the Annual Plan to take into consideration variables or events that did not exist, or could not be anticipated by Operator or Metro, at the time the Annual Plan was prepared. Any revisions to the Annual Plan shall require approval of Metro.

6.06 Direct Costs. Direct Costs shall be those costs which are directly related to the staff, operation and maintenance of the Premises and which are established by the Direct Costs Budget, including, the following and any other costs approved in writing by Metro:

- a) Salaries of local employees of Operator whose positions are predominantly performed at the Glendoveer Golf and Tennis Center.
- b) Operator employee benefits including vacation, sick leave, health insurance, disability insurance, worker's compensation insurance and retirement benefits.
- c) Purchase, lease and/or rental of equipment necessary for the operation of the Premises. If Metro's Project Manager determines that purchasing any item of equipment would be most cost-effective alternative, then the annual Direct Cost associated with that equipment shall be Operator's actual cost, provided Metro gives advance approval, in Metro's sole discretion of the amount of such cost.
- d) Repair and maintenance of golf carts, irrigation systems and other equipment used solely in the operation of the Premises.
- e) Fuel, oil and lubricants.
- f) Fertilizers, pesticides, chemicals and grounds maintenance Supplies as described in Section 3.05 of this Agreement.
- g) Uniforms, laundry and linens.
- h) Operating Supplies, office Supplies, cleaning Supplies and other miscellaneous Supplies.
- i) Accounting and audit expenses.
- j) Advertising and marketing expenses.
- k) Mileage reimbursement and travel related expenses, and excluding all long distance travel and corporate travel costs unless related to employee training and development programs.
- l) Training expenses.
- m) Telephone, postage and freight.
- n) Fees for permits and licenses.
- o) Utilities, including natural gas, water, electric power, and telephones.
- p) Insurance premiums.
- q) Accounting, credit card processing and related services.

r) Point of Sale system as described in Section 7.07 and in Exhibit 2.

s) Lesson Expenses.

t) Taxes and assessments arising out of Operator's operations at the Golf and Tennis Facility, including, without limitation, possessory interest taxes, if any, and personal property taxes, but only to the extent attributable to equipment and other items of personal property used exclusively at the Golf and Tennis Facility.

u) Professional and consulting services, including legal services obtained after obtaining the express approval of Metro.

v) Contract services including removal of hazardous materials, trees and debris.

w) Computer equipment and software.

6.07 Excluded Costs. The following costs are not considered Direct Costs, shall not be reimbursed and shall not be included in the Direct Cost Budget:

a) Any penalties or fines imposed by any governmental agency, except for those penalties or fines caused solely by the act or omission of Metro.

b) Employee salaries or any Compensation of any corporate or regional employee of the Operator

c) All travel costs for corporate personnel, which shall be included in the base management fee.

6.08 Direct Cost Budget. The Direct Cost Budget is the total sum budgeted annually for Direct Costs pursuant to Section 6.02 of this Agreement. Operator is responsible for monitoring adherence to the Direct Cost Budget Expenditures, and shall inform Metro of any expenditures that are expected at the end of any calendar year to be more than 10 percent higher than the sums budgeted for such expenditure.

6.09 Lesson Expenses. All payment for lessons shall be processed through the Pro Shop cash register and shall be included in the daily Gross Revenue Deposits in accordance with the cash handling procedures which meet Metro's security and internal control policies.

6.10 Capital Expenditures. Capital Expenditures are expenditures for equipment, improvements to existing Facilities or construction of new Facilities, the cost of which is equal to or in excess of Five Thousand Dollars (\$5,000) and have a useful life of more than one (1) year.

a) All Capital Expenditures are in Metro's sole control and discretion, and all costs and expenses of Capital Expenditures shall be approved by Metro as part of the Annual Capital Plan. Operator shall not make any Capital Expenditure prior to obtaining the written approval of Metro, in its sole and absolute discretion. Capital Expenditures shall not be included in any category of the Direct Cost Budget, unless expressly approved by Metro in writing.

b) Except in the event of an emergency threatening imminent injury to persons or damage to property, the parties acknowledge and agree that this Agreement imposes no responsibilities or obligations on the part of Operator with respect to any aspect of a Capital Expenditure project, including design, construction, or supervision. In the event Metro desires Operator to be involved in any capacity in a Capital Expenditure project, the parties will enter into a separate agreement setting forth the terms and conditions of such involvement, including without limitation fees to be received by Operator for such involvement. Any improvements made as part of this negotiated agreement will become property of Metro at termination or expiration of the contract.

6.11 No Incentives or Disincentives. Operator shall not be entitled to any portion of the savings if the level of Direct Costs is less than the Direct Cost Budget during an Operating Year, nor shall Operator be required to pay any portion of cost overruns if the level of Direct Costs is more than the Direct Cost Budget during an Operating Year, unless required approvals were not obtained.

6.12 Termination for Direct Cost Overruns. If the Direct Costs in any Operating Year are more than 10% higher than the Direct Cost Budget, except if the level of such cost overruns is greater than might reasonably be caused by increased levels of patronage of the Premises, results from causes beyond Operator's reasonable control or if Operator has given Metro written notice of the event(s) causing such cost overruns, Metro may terminate this Agreement in accordance with Section 10, subject to Operator's right to cure such cost overruns by depositing Operator's own funds in the Direct Cost Bank Account Metro shall act reasonably in exercising its rights under this Section.

6.13 Termination for Unsatisfactory Performance. Metro, upon 90 days written notice, shall have the right to terminate this Agreement at any time after if Metro, in its reasonable determination, concludes that the Operator is not performing at least as well as similarly situated golf course operators operating in the Portland Metropolitan Area, including Southwest Washington.

It is recognized that it takes time to turn around a Golf and Tennis Center and Metro desires to provide ample time for the Operator to implement its new business plan. The key elements used to measure performance will include growth in rounds and Gross Revenue, expense management, cash flow, course conditions and customer satisfaction. To the extent possible, these elements will be compared both before Operator took over and after Operator took over for the subject property as well as the courses generally assumed to be competitive to the subject property.

## 7.0 MANAGEMENT FEES AND ACCOUNTING FEES.

7.01 Combined Management Fee. For the provision of all work and services performed under this Agreement, Metro shall pay to Operator a Management Fee consisting of the annual Fixed Management Fee set forth in Sub-section 7.02 and paid in equal monthly installments and the Incentive Management Fee set forth in Sub-section 7.03 and paid in a single lump-sum payment as provided in Sub-Section 7.04.

### 7.02 Annual Fixed Management Fee.

For Calendar Year 2013, the Annual Fixed Management Fee paid to Operator shall be \$105,000.00.

For Calendar Year 2014, the Annual Fixed Management Fee paid to Operator shall be \$125,000.00.

For Calendar Year 2015 and for each Calendar Year thereafter, the Annual Fixed Management Fee paid to Operator shall be \$145,000.00.

Commencing on January 1, 2016, and on each January 1<sup>st</sup> thereafter, the Annual Fixed Management Fee shall be adjusted by an amount equal to the rate of inflation for the previous Calendar Year by reference to the annual Consumer Price Index for all urban consumers, "West-Size Class A" series, published by the U.S. Department of Labor, Bureau of Labor Statistics ("BLS"). If such BLS series is discontinued, a replacement index shall be agreed upon by the contracting parties. If the BLS designates an index with a new title and/or code number or table number as being the continuation of the index cited above, the new index will be used. If the specific index "West-Size Class A" is discontinued, the "West Urban All Items" index shall be used. If both such indices are discontinued, the parties shall agree on an appropriate substitute.

7.03 Incentive Management Fee. In addition to the Fixed Management Fee, Operator shall earn, and Metro shall pay, an Incentive Management Fee in the amount that is equal to 5 percent of the first \$300,000 of any increases in Gross Revenues above the Gross Revenue Base; and in the amount that is equal to 15 percent of any increase in Gross Revenues above the Gross Revenue Base in excess \$300,000.

7.04 Payment of Incentive Management Fee. Operator shall submit to Metro an invoice detailing Gross Revenues received in the previous Operating Year no later than March 1st of each year and outlining a calculation of any Incentive Management Fee due. Metro shall pay Operator the Incentive Management Fee no later than thirty (30) days following receipt of the statement and supporting documents.

7.05 Correction to Gross Revenues and Incentive Management Fee. If an inspection or audit pursuant to Section 3.16.1 results in a correction of the amount of Gross Revenues: (a) Metro shall pay Operator any additional Incentive Management Fee amount pursuant to Section 7.04 within Thirty (30) days of receipt of notice of the correction, if the amount of Gross Revenues has been adjusted upward; or (b) Operator shall refund to Metro the amount of any overpayment of the Incentive Management Fee pursuant to Section 7.04 within thirty (30) days of receipt of notice of the correction, if the amount of Gross Revenues has been adjusted downward.

7.06 Accounting Fee. In consideration for accounting services related to this Agreement that Operator shall perform at its corporate offices, including without limitation Financial Reporting and Budgeting, Accounts Payable processing and preparation and submittal of monthly Financial statements, Metro shall pay Operator a monthly Accounting Fee of \$1,500 per month. Commencing on January 1, 2016, and on each January 1<sup>st</sup> thereafter, the Accounting Fee shall be adjusted by an amount equal to the rate of inflation for the previous Calendar Year by reference to the annual Consumer Price Index for all urban consumers, "West-Size Class A" series, published by the U.S. Department of Labor, Bureau of Labor Statistics ("BLS"). If such BLS series is discontinued, a replacement index shall be agreed upon by the contracting parties. If the BLS designates an index with a new title and/or code number or table number as being the continuation of the index cited above, the new index will be used. If the specific index "West-Size Class A" is discontinued, the "West Urban All Items" index shall be used. If both such indices are discontinued, the parties shall agree on an appropriate substitute.

## 8.0 FINANCIAL AND ACCOUNTING PROCEDURES.

8.01 Bank Account. Metro will establish and maintain a bank account at a bank designated by Metro (the "Bank Account") for the purposes of accepting deposits of the Gross Revenues and paying Direct Costs. The funds in the Bank Account and all interest thereon, are the property of Metro.

8.02 Deposits. Operator shall deposit all cash and check receipts into the Bank Account on a daily basis when bank is open from the previous day during the term of the agreement for all fees and sales attributed to the facility. All payments from credit card companies shall be directly deposited into the Bank Account. Cash on hand for register tills, petty cash, and the change bank shall not exceed \$3,500.00 and shall be deposited in the on-site drop safe nightly. Deposits shall be reconciled to the Point-of-Sale daily transaction reports. The consolidated Point-of-Sale daily transaction reports will be made available to Metro as requested. Operator shall be responsible for verifying identification for checks and securing credit card authorization. Operator shall be responsible for reimbursing Metro for any returned checks/credit cards and associated fees, unless Operator shows that it followed proper protocols in accepting the check.

8.03 Payment of Direct Costs. Metro shall pay all budgeted Direct Costs from the Bank Account. Payment of all legitimate claims shall be made in a timely manner. Operator shall submit to Metro an invoice and monthly report detailing Direct Costs pursuant to Section 8.06 no later than the 15<sup>th</sup> of the succeeding month. Reimbursement shall be net 30.

8.04 Supplies, Inventory, Working Capital and Operating Equipment. (a) Metro shall provide Operator a working capital advance. Operator shall utilize the Working Capital Advance to acquire, obtain or fund, as the case may be, inventory, Supplies, and operating expenses that are reasonably necessary in connection with the operation of the Property and performance of the Services hereunder. Operator shall have no obligation whatsoever to advance its own funds for Supplies, inventory (except merchandise inventory) or operating expenses; capital alterations or improvements to the Property, Golf and Tennis Center or Clubhouse. Purchases made for items such as Supplies, inventories (except merchandise inventory) and operating equipment shall become the exclusive property of Metro. Operator shall cooperate with Metro's Finance and Regulatory Services to assure that all such Metro properly continues to be properly accounted for throughout the term of this Agreement. All expenses and costs incurred by Operator in connection with such inventory and property control compliance shall be Operating Expenses.

(b) Merchandise inventory purchased by Operator. Operator shall pay for all invoices for merchandise directly and shall not include these in Direct Costs. However, when such merchandise is sold, Operator shall sell the merchandise through the golf course Point of Sale system, and all cash received shall be included with deposited money to Metro's bank account as though the revenue belonged to Metro. Each month, Operator shall invoice Metro for the gross amount of the revenue received for sale of such inventory, less 50% of the previous months gross profit on sale of such merchandise with included worksheet. Metro shall apply its 50% share of merchandise gross profit directly towards the facility capital improvement fund, and shall pay such invoices to Operator within 30 days of receipt. Operator shall make its books and records for merchandise GROSS PROFIT available to Metro for inspection at any time.

8.05 Financial Reports. The Operator shall cause to be prepared such additional financial reports concerning the Golf and Tennis Facility, as Metro may reasonably request within five (5) days of request, provided reasonable time has been given to close out the month.



8.06 Cash Registers. All financial transactions shall be processed through a point of sale ("POS") system. POS system registers shall display to the customer the amount of each transaction and shall be equipped with dual tape, which provides a receipt to the customer and a record of each transaction including transaction number and sales detail. Each POS system register shall lock in sales totals and transaction records and use counters that cannot be reset. Operator shall record POS system readings at the beginning of each day. Receipts shall be issued to all customers. Operator shall establish procedures which satisfy Metro's security and internal control requirements

8.07 Point of Sale System. As a Direct Expense and with the approval of Metro Operator will select, obtain, and implement a fully-functional Point of Sale ("POS") system, with related software, that complies with the requirements set forth in Exhibit 2 to improve cash handling and reporting of sales and bookings by each business center for all operations at Glendoveer.

8.07.01 POS System and related software shall have the following features:

- Reservations: Track all reservations and rounds, all payment activity; and allow online booking by customers.
- Customer Relationship Management (CRM) by maintaining a marketing database (email and social media) and developing a customer loyalty program that includes search capability, filter on fields, and export to a spreadsheet.
- Application must maintain e-mail and short message service (SMS) functionality that may include reminders, confirmations and events.
- Coupon/discount capability.
- (POS) must be integrated with the tee sheet and CRM to provide transaction processing, including refunds, cash, credit card, split form of payment, real time inventory, cash out reports by cash drawer and end of day close out with integrated batch settlement.
- Back Office, sales reporting, comparative analysis, calculates cost of sale, profit/loss statements, budget and forecasting.
- Automated reporting and export to spreadsheet.

8.07.02 Technical Requirements. The following technical requirements must be met:

Operator shall develop, administer, maintain and support all aspects of the operating system and application email and social networking, and website hosting, including upgrades to support new technologies and new functional needs. Application must be accessible through a web browser and must be tested and work on the following combinations. The browser version listed must be at least the minimum version within which the application is compatible: Firefox 3+ (PC, Linux and Mac), Internet Explorer 7.0+ (PC), Opera 6+ (PC and Mac), Safari 4+ (Mac), Chrome 5+.

- a) Application shall be both mobile web compatible, and a mobile web application.
- b) Application shall be PCI compliant, with evidence provided to Metro.

- c) Application shall be hosted with transparent high availability and failover capability with evidence and service level agreement provided to Metro.
- d) Operator shall acquire an appropriate domain name or names for the Golf and Tennis Facility.
- e) Vendor will need to establish links with affiliates, including Oregon Golf Association, National Golf Foundation, The Weather Channel, and Greenskeeper.org, etc.
- f) Read-only access to reporting and forecasting functions within the application must be provided to Metro.

8.08 Contracts and Agreements. All third-party contracts relating to the operation and maintenance of the Golf and Tennis Center (including without limitation Golf Professional contracts, contracts for maintenance and repair services, pest control, Supplies, and landscaping services, and contracts for tournaments, banquets, and other group functions) shall abide by the requirements in this section.. Except as provided in this Agreement, all leases and financing agreements for Furnishings and Equipment, and all contracts and agreement relating to the operation and maintenance of the Golf and Tennis Center entered into during the term of this Agreement, shall be entered into by Operator as the contracting party. If the term of the lease, financing agreement, or other contract or agreement is for more than one year or extends beyond the expiration date of this Agreement or if the date for performance under such contract is after the expiration date of this Agreement, then approval of Metro is required and Metro shall agree to assume such leases (subject to Lessor approval) for the remainder of the lease conditional upon Metro maintaining possession of such leased equipment.

#### 8.09 Contracting Procedures

- a) Purchases over \$5,000. For purchases over \$5,000, except those purchases that are part of national pricing contract to which Operator is a party or purchase that are otherwise justified and approved by Metro, and further excluding Resale Inventory, Operator shall obtain and document at least three (3) informal bids. Operator shall retain records related to the informal bids for review by Metro.
- b) Emergency Expenditures. Operator shall be entitled to make additional expenditures not authorized under the then applicable Annual Plan in the event of an emergency, which may result in immediate damage or danger to life or property. All purchases will be subject to Metro's approval.
- c) Purchases by Operator for Metro's Account. Operator shall take advantage of all available discounts and other prompt pay strategies for all purchases associated with the Golf and Tennis Facilities. In connection with any purchases made by Operator or any Affiliate of Operator for the account of Metro, Operator or such Affiliate may perform services as a representative of the manufacturer to secure the benefits of lower costs, and that any resulting savings, including representatives' fees, shall be passed on to Metro when the benefit is realized.

d) Trade Discounts, Rebates, Refunds and National Accounts. All trade discounts, rebates and refunds, including national accounts, pertaining directly to purchases for the Golf and Tennis Center shall be disclosed to and accrue to the benefit of Metro. Metro shall be paid its pro rata share of discounts, rebates and refunds accruing to the Operator for purchases that benefit the Golf and Tennis Center and other properties operated or managed by the Operator at the time Operator receives those discounts, rebates and refunds.

e) Purchases from Operator Affiliates. If any purchases of goods or services for the Golf and Tennis Center are made from or through an Affiliates of Operator the charges to the Golf and Tennis Center for such goods or services shall be on the same terms as those made to other Golf and Tennis Facility's and country clubs operated by Operator and such charges shall not exceed the invoice prices for such goods and services. These requirements shall not apply to retail merchandise purchase by the Operator.

8.10 Approval of Metro. All contracts that have not been approved through the Annual Budget or that exceed the budgeted amount for the item or service shall require the prior written approval of Metro.

8.11 Requirements for Third-Party Contracts. Subcontractors, lessees, concessionaires, tenants and any other third-party contractors shall:

a) Maintain and carry insurance in the amounts set forth in Article 9.0 with Metro named as additional insured by endorsement, unless covered by the Operator's insurance.

b) Comply with the requirements of this Agreement, including but not limited to the nondiscrimination provision set forth in Section 3.18, the drug free workplace provision in Section 3.19 and the Labor Code requirements in Section 3.08.3, each of which shall be included in all subcontracts, leases, concessionaire and other third-party contracts.

8.12 Reports. Operator shall provide a list of all open contracts and agreements related to the Golf and Tennis Facility, with a brief description of the contract, term, dollar amount, contact name and phone number, upon request by Metro.

## 9.0 BUSINESS RECORDS.

9.01 Types of Records. Operator shall maintain a modified accrual method of accounting that complies with generally accepted accounting principles for all the Revenues and expenses (including without limitation, Gross Revenues, and Direct Costs) in connection with the operation of the Premises. Operator shall establish and implement adequate internal controls for the operation of the Golf and Tennis Facility. The accounting, books and records for the operation of the Golf and Tennis Center shall be separate from the accounting, books and records for any other business or facility operated or managed by Operator. Such accounting, books and records shall include the keeping of at least the following documents:

a) Regular books of account such as general ledgers showing all assets, liabilities including cash balances, accounts payable, deposits, accounts receivables, fixed assets and equipment inventory;

- b) Journals, including, without limitation, any supporting and underlying documents such as vouchers, checks, tickets, bank statements etc;
- c) Cash register reports that will enable identification of day-to-day sales;
- d) Any other accounting, books and records for the operation of the Golf and Tennis Center that Metro, in its sole discretion, deems necessary or appropriate for proper reporting of Gross Revenues and Direct Cost disbursements;
- e) Operator shall maintain a computerized system, showing all information on the number and types of rounds of golf played and the corresponding revenues and fee categories, customer addresses and associated data, resident versus non-resident status, and the fee paid per round; and
- f) Logs showing the dates and times of golf play and lessons must be maintained and available at the site for inspection by Metro at any time. In the event Driving Range equipment that tracks dates and times of play is not available at a price acceptable to Project Manager, Operator shall maintain and keep available documentation sufficient to facilitate an audit of Driving Range Revenues.

9.02 Ownership of Documents and Maintenance of Records. Unless otherwise provided herein, all documents, instruments and media of any nature produced by Operator pursuant to this agreement are Work Products and are the property of Metro, including but not limited to: drawings, specifications, reports, scientific or theoretical modeling, electronic media, computer software created or altered specifically for the purpose of performing this Agreement, customer data bases, works of art and photographs. Unless otherwise provided herein, upon Metro request, Operator shall promptly provide Metro with an electronic version of all Work Products that have been produced or recorded in electronic media. Metro and Operator agree that all work Products are works made for hire and Operator hereby conveys, transfers, and grants to Metro all rights of reproduction and the copyright to all such Work Products.

a) Operator and subcontractors shall maintain all fiscal records relating to such contracts in accordance with generally accepted accounting principles. In addition, Operator and subcontractors shall maintain any other records necessary to clearly document:

- (1) The performance of the contractor, including but not limited to the Operator's compliance with contract plans and specifications, compliance with fair contracting and employment programs, compliance with Oregon law on the payment of wages and accelerated payment provisions; and compliance with any and all requirements imposed on the Operator or subcontractor under the terms of the contract or subcontract;
- (2) Any claims arising from or relating to the performance of the Operator or subcontractor under a public contract;
- (3) Any cost and pricing data relating to the contract; and
- (4) Payments made to all suppliers and subcontractors.

b) Operator and subcontractors shall maintain records for the longer period of (a.) six years from the date of final completion of the contract to which the records relate or (b.) until the conclusion of any audit, controversy or litigation arising out of or related to the contract. If requested by Metro, Operator shall provide all records relating to this agreement upon the expiration or termination of this Agreement.

c) Operator and subcontractors shall make records available to Metro and its authorized representatives, including but not limited to the staff of any Metro department and the staff of the Metro Auditor, within the boundaries of the Metro region, at reasonable times and places regardless of whether litigation has been filed on any claims. If the records are not made available within the boundaries of Metro, the Operator or subcontractor agrees to bear all of the costs for Metro employees, and any necessary consultants hired by Metro, including but not limited to the costs of travel, per diem sums, salary, and any other expenses that Metro incurs, in sending its employees or consultants to examine, audit, inspect, and copy those records. If the Operator elects to have such records outside these boundaries, the costs paid by the Operator to Metro for inspection, auditing, examining and copying those records shall not be recoverable costs in any legal proceeding.

d) Operator and subcontractors authorize and permit Metro and its authorized representatives, including but not limited to the staff of any Metro department and the staff of the Metro Auditor, to inspect, examine, copy and audit the books and records of Operator or subcontractor, including tax returns, financial statements, other financial documents and any documents that may be placed in escrow according to any contract requirements. Metro shall keep any such documents confidential to the extent permitted by Oregon law, subject to the provisions of section (e).

e) Operator and subcontractors agree to disclose the records requested by Metro and agree to the admission of such records as evidence in any proceeding between Metro and the Operator or subcontractor, including, but not limited to, a court proceeding, arbitration, mediation or other alternative dispute resolution process.

f) Metro and subcontractors agree that in the event such records disclose that Metro is owed any sum of money or establish that any portion of any claim made against Metro is not warranted, the Operator or subcontractor shall pay all costs incurred by Metro in conducting the audit and inspection. Such costs may be withheld from any sum that is due or that becomes due from Metro.

g) Failure of the Operator or subcontractor to keep or disclose records as required by this document or any solicitation document may result in debarment as a bidder or proposer for future Metro contracts as provided in ORS 279B.130 and Metro Code Section 2.04.070(c), or may result in a finding that the Operator or subcontractor is not a responsible bidder or proposer as provided in ORS 279(b).110 and Metro Code Section 2.04.052.

9.03 Annual Financial Statements. Operator is required to submit audited financial statements for the operation of the Premises including an independent auditor's report and corresponding audit management letter to Metro within one hundred twenty (120) days after the end of each Operating Year, unless instructed by Metro that it waives this requirement or has selected a lesser requirement. The audit shall be performed by an independent certified public accountant acceptable to Metro, and the cost of the audit shall be included as a Direct Cost.

9.04 Public Records. All information obtained in connection with Metro's inspections of Operator's records or audits, with respect to the Premises, may be or become subject to public inspection and/or reproduction as public records. All records, documents, books and accounting records shall be open for inspection by Metro at any reasonable time during the term of the agreement, upon three (3) days written notice. At the expiration or termination of the agreement, all records shall be turned over to Metro. Audited financial statements shall be submitted within 120 days after each fiscal year. The audit shall be performed by a certified public accountant selected by Metro.

9.05 Comparable Market Data. Operator undertakes a fiduciary role for Metro, and covenants to treat Metro's Golf and Tennis Center in an equitable manner in relation to any other Golf and Tennis Center it may lease or operate. With a reasonable request of Metro, Operator shall provide non-confidential, comparable market data or information regarding a certain Golf and Tennis Center Expense or Fee item. The market data or information may not specifically identify a particular Golf and Tennis Facility. If the information being provided is not a public record, then Metro shall keep this information confidential to the extent allowed by law under the Oregon Public Records Act.

9.06 Monthly Reports. Within twenty (20) calendar days after the end of each month, Operator shall provide Metro with the following monthly financial information regarding deposits, sales, expenses and disbursements, reports and documents to allow Metro to reimburse the Operator for agreed upon costs without markup from the Operator.

- a) Year-to-date balance sheet and income and expense statement, including but not limited to, unearned and deferred Revenues, all Direct Costs for that month and Gross Revenues for that month (itemizing each source of Gross Revenues including, without limitation, green fees, golf cart rentals, Pro Shop sales, golf food and beverage sales, lesson fees, Driving Range operations, resident cards);
- b) Duplicate bank statement;
- c) Check register or equivalent report;
- d) A reconciliation of the bank statement and the check register and year-to-date balance sheet;
- e) Consolidated sales report from Point of Sale system for the month reported; and
- f) Total number of golf rounds played by fee categories for the month reported and
- g) Operating Year- to-date.
- h) Other financial information reasonably related to the operation of the Golf and Tennis Facilities; and
- i) Updates and changes to all approved capital and expense and budget plan for upcoming months will be presented to Metro on a monthly basis if such changes exist.
- j) Metro will pay directly all utilities, including without limitation gas, electric, water and sewer charge, and any property taxes, if they are imposed. Metro and the

Operator acknowledge that Metro asserts that the Golf and Tennis Facility is not subject to ad valorem property taxation. If ad valorem property taxes are imposed on the property, then such taxes shall be a Direct Cost unless otherwise negotiated by both parties.

## 10.0 INSURANCE.

10.01 Insurance. Operator shall purchase and maintain at the Operator's expense, the following types of insurance, covering the Operator, its employees, and agents:

- a) The most recently approved ISO (Insurance Services Office) Commercial General Liability policy, or its equivalent, written on an occurrence basis, with limits not less than \$1,000,000 per occurrence.. The policy shall include coverage for bodily injury, death, property damage, personal injury, contractual liability, premises liability and products/completed operations liability.
- b) Automobile insurance with coverage for death, bodily injury and property damage and with limits not less than minimum of \$1,000,000 per occurrence;
- c) Workers' Compensation insurance meeting Oregon statutory requirements including Employer's Liability coverage with limits not less than \$500,000 per accident or disease;
- d) Liquor Liability insurance with limits of not less than \$1,000,000 per occurrence;
- e) Excess or Umbrella Liability Coverage with limits not less than \$2,000,000 per occurrence. The Excess or Umbrella policy will provide coverage over the Commercial General Liability, Automobile and Liquor Liability insurance policies resulting in a per claim limit of \$2,000,000;
- f) All Risk Physical Damage Insurance covering CONTRACTOR's insurable personal property, equipment, improvements and betterments.

10.01.1 Deductibles and Self-Insured Retentions. Any insurance of Operator with deductibles in excess of Five Thousand Dollars (\$5,000) or self-insured retentions must be declared to and approved by Metro. At the option of Metro either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions or (2) Operator shall guarantee payment of losses and related investigations, claim administration and defense expenses, notwithstanding the insurance deductible.

## 10.02 Other Insurance Provisions.

The policies shall contain, or be endorsed to contain, the following provisions:

- a) Metro, its officers, officials, employees, agents and volunteers are to be covered as additional insured's as respects: (i) liability arising out of activities performed on behalf of the Operator; (ii) products and completed operations of Operator; (iii) Premises owned, occupied, or used by Operator (including the Common Areas); or (iv) automobiles owned, leased, hired or borrowed by Operator. The Coverage shall contain

no special limitations on the scope of protection afforded to Metro, its officers, officials, employees, agents, or volunteers.

- b) Operator's insurance coverage shall be primary insurance as respects Metro, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by Metro, its officers, officials, employees, agents or volunteers shall be the excess of Operator's insurance and shall not contribute with it.
- c) Any failure to comply with reporting provisions of the policies shall not affect coverage provided to Metro, its officers, officials, employees, agents, or volunteers.
- d) Operator's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
- e) The insurer shall waive all rights of subrogation against Metro, its officers, officials, employees, and volunteers for losses arising from the acts, omissions or use of the Premises by the Operator.
- f) Operator shall provide thirty (30) days' prior written notice in the event any insurance required under this agreement is suspended, voided, canceled or reduced in limits
- g) Operator shall place all insurance with an insurer suitable to Metro. Unless otherwise authorized in writing, a suitable insurance carrier will be licensed in the state of Oregon and maintain an AM Best (or equivalent) rating for Financial Strength of "A" (or higher) and a Financial Size Category of "VII" (or higher) for the length of this contract.
- h) Operator shall provide Metro with a Certificate of Insurance complying with this article upon return of the Operator signed agreement to Metro. Certificate of Insurance shall identify the Metro contract number.
- i) No later than January 1st of each year, Operator shall provide Metro with an updated Certificate of Insurance complying with this Section.

10.03 Increases In Limits. Not less than every three (3) years during the term of this Agreement, Metro may require increases in all of Operator's insurance policy limits for all insurance to be earned by Operator as set forth in this Article, if such increases are commercially reasonable.

## 11.0 INDEMNIFICATION AND HOLD HARMLESS.

11.01 Hold Harmless. Operator shall fully defend, indemnify and hold harmless Metro and its elective and appointive boards, commissions, officers, agents, and employees, from and against any and all damages, liabilities, claims, costs or expenses, including but not limited to reasonable attorneys' fees and costs, claims for economic damage to third parties claims for property damage, bodily injury or death; and fines imposed by administrative or regulatory bodies for actions caused by Operator or its officers, employees or agents which are:

- a) The result from any act or omission by Operator or any officer, director, employee or subcontractor of Operator in connection with Operator's performance under this Agreement or operation of the Golf and Tennis Facility;



- b) The result of any action taken by Operator relating to the Golf and Tennis Center(i) that is prohibited by this Agreement, or (ii) that is not within the scope of Operator's duties under this Agreement, or (iii) that is not within Operator's delegated authority under this Agreement;
- c) The result of Operator's violation of any Insurance Requirements or Legal Requirements; or
- d) Imposed on Metro, by reason of any alleged breach of a "non-delegable duty," to which Metro is subject because of the Operator's violation of any national, state or local law, regulation or order which pertains to providing safe working conditions for Operator's employees, or because of Operator's failure to provide safe working conditions for Operator's employees.

The foregoing indemnification shall not apply to any damages or other liability caused by the sole negligence or willful misconduct of Metro, nor shall it limit any right of Operator hereunder to pursue any remedy for Metro's failure to pay the Management Fee or to terminate this Agreement for any breach by Metro.

## 12.0 DEFAULT.

12.01 Operator Default: The Operator's breach of any provision of this Agreement or the failure to keep, observe or perform any material covenant, including the occurrence of any one or more of the following events, shall constitute a default and breach of this Agreement by Operator. A violation of one or more of the following events shall not be curable:

- a) The violation of any combination of provisions of the Agreement on more than ten (10) occasions during the term of this Agreement, regardless of whether the violations were cured. By way of example, violation of a provision in January, a violation of the same provision in June, and a violation of a different provision in November shall constitute three of the ten occasions of default;
- b) Operator's abandonment or vacation of the Premises;
- c) As provided in Section 5.12, Operator's expenditure of Direct Costs exceeds the Direct Cost Budget by more 10% in any year, except if the level of such costs is greater than might reasonably be caused by increased patronage of the Premises, or results from causes beyond Operator's reasonable control, and provided that Operator has given Metro written notice of the event(s) causing such cost overruns, or Operator has paid for such overruns with its own funds.
- d) Operator's use of Bank Account funds for any purpose not expressly provided for by this Agreement or approved by Metro in writing.
- e) The levy of a writ of attachment or execution on this Agreement or on any of the property of Operator located in or on the Premises and such levy or execution is not stayed prior to the enforcement of such writ of attachment or execution; or

- f) An event of bankruptcy or insolvency including but not limited to: (i) Operator applies for or consents to the appointment of a receiver, trustee or liquidator of Operator or of all or a substantial part of its assets; (ii) Operator files a voluntary petition in bankruptcy or commences a proceeding seeking reorganization, liquidation, or an arrangement with creditors; (iii) Operator files an answer admitting the material allegations of a bankruptcy petition, reorganization proceeding, or insolvency proceeding filed against Operator; (iv) Operator admits in writing its inability to pay its debts as they come due; (v) Operator makes a general assignment for the benefit of creditors; or (vi) an order, judgment or decree is entered by a court of competent jurisdiction, on the application of a creditor, adjudicating Operator a bankrupt or insolvent or approving a petition seeking reorganization of Operator or appointing a receiver, trustee or liquidator of Operator or of all or a substantial part of its assets, and such order, judgment or decree continues unstayed and in effect for any period of thirty (30) consecutive days.
- g) Failure to take advantage of prompt pay strategies; curable by payment of Operator for any additional costs incurred due to lack of prompt payment.

12.02 Metro's Default. Metro's breach of any provision of this Agreement, the failure to keep, observe or perform any material covenant including, without limitation, the covenant to pay the Management Fee, shall constitute a default and breach of this Agreement by Metro.

12.03 Curing Default. Except as otherwise expressly stated in this Agreement, the defaulting party shall have ten (10) days after receipt of written notice from the other party to cure any monetary default under this Agreement. The defaulting party shall have thirty (30) days after receipt of written notice from the other party or the specific time permitted under this Agreement to cure any default under any other covenant, condition or agreement contained in this Agreement or, in the event that any such default is of a nature such that it cannot be cured within thirty (30) days, the defaulting party shall immediately commence to cure and thereafter diligently pursue such cure to completion. Notwithstanding the foregoing, Operator shall be in default under this Agreement, with or without written notice from Metro, in the event Operator abandons or vacates the Premises for any period exceeding twenty-four (24) hours except if such abandonment or vacating results from a force majeure event or other cause beyond Operator's control.

#### 12.04 Remedies.

12.04.1 Metro's ability to do the work at Operator's expense. In the event of Operator's default as described in Section 12.01, if Operator fails to cure the default by the date specified, Metro may elect to undertake the work that Operator has failed to do or any work necessary or appropriate to diligently maintain the Premises. Should Metro elect to undertake such work, it shall serve Operator written notice of its intent to enter the Premises and the exact nature of the work or correction it intends to perform. The performance of the foregoing work by Metro shall be at the sole expense of Operator and shall not be included as a Direct Cost.

If Metro undertakes work pursuant to these procedures, Metro shall make a demand upon Operator for payment of its costs. If Operator fails to pay the costs incurred by Metro within thirty (30) days of the date the demand is made, Metro may bring legal action to collect the sums due or may deduct such costs from the Fixed Management Fee

and Incentive Management Fee otherwise payable to Operator. If legal action is necessary or appropriate to collect the amounts expended by Metro, Operator shall pay Metro's attorneys' fees and costs, court costs, and staff costs together with interest from the date which is thirty (30) days after Metro has made demand for payment. If Metro, in its sole discretion, elects to use in-house attorneys from the Office of the Metro Attorney, attorneys' fees recovered by Metro pursuant to this section shall be at the hourly rate including fringe benefits. Any actions taken by Metro pursuant to this Section 12.04.1. shall not cure any default by Operator.

12.04.2 Termination of the Agreement. In the event the defaulting party fails to cure any default of this Agreement within the applicable cure period, the other party may terminate this Agreement upon ten (10) days' written notice to the defaulting party.

If Metro terminates this Agreement pursuant to this Section 12.04.2 Metro shall have the following rights:

- a) Collect from Operator any and all monies owing Metro under this Agreement;
- b) Take sole possession of the Bank Accounts;
- c) Take sole possession of all equipment and materials, and
- d) Pursue any and all other appropriate civil and criminal remedies.

Operator shall be entitled to any unpaid portion of the Fixed Management Fee attributable to performance that occurred prior to Operator's default, less any damages incurred by Metro as a result of Operator's default.

If Operator terminates this Agreement pursuant to this Section 12.04.2, Operator shall have the right to collect from Metro any and all monies owing Operator under this Agreement.

12.04.3 Remedies Cumulative. Neither the right of termination, nor the right to sue for damages, nor any other remedy available to a party under this Agreement shall be exclusive of any other remedy given under this Agreement or now or hereafter existing at law or in equity.

12.05 Effect of Termination. The termination of this Agreement under the provisions of this Article 11 shall not affect the rights of the terminating party with respect to any damages it has suffered as a result of any breach of this Agreement, nor shall it effect the rights of either party with respect to any liability or claims accrued, or arising out of events occurring, prior to the date of termination.

### 13.0 CONTRACT ENDING TRANSITION PROCEDURES.

13.01 Contract Ending Transition Period The "Contract Ending Transition Period" shall mean: either (i) the six (6) month period immediately prior to expiration of the term; or (ii) the period from the date Metro gives notice of default under Section 13.02 until the date of termination;

13.02 Contract Ending Transition Procedures. During the Contract Ending Transition Period:

- a) Operator shall allow Metro and others to interview and discuss employment opportunities with Operator's on-site employees.
- b) Operator shall not transfer any Management Staff without the consent of Project Manager, said approval not to be unreasonably withheld..
- c) Operator and Metro shall refrain from coercing, threatening or harassing any employee who expresses interest in being employed by Metro, Operator or other party after the Agreement has expired, or has been terminated or cancelled.
- d) Operator and Metro shall cooperate in good faith on post-contract support services, data management, inventory control, transfer of employees and other issues necessary and appropriate to ensure smooth transition of operating responsibilities from one party to another. Nothing in this paragraph shall be construed to require Metro or Operator to hire additional personnel or spend additional monies.
- e) Operator shall deliver to Metro all records and information related to tournaments, banquets and other events booked at the Golf and Tennis Center for the Contract Transition Period or any time thereafter.
- f) Operator shall deliver to Metro current copies of all contracts, permits and licenses affecting Golf and Tennis Center operations, including without limitation, leases for golf carts and other Golf and Tennis Center equipment
- g) All real and personal property that is currently located at the Golf and Tennis Facility (except for golf and tennis merchandise inventory owned by Operator), together with any real or personal property purchased or leased in accordance with the Direct Cost Budget or otherwise with Metro funds is and shall remain the property of Metro. Operator shall transfer possession of the Premises, Facilities, Furnishings and Equipment, Supplies, software, databases, books, records and materials purchased, prepared or maintained under this Agreement to the new Operator or Metro, as Metro shall direct. If Metro determines that the Premises, any Facilities, Furnishings and Equipment or other item is not in an acceptable condition accounting for normal wear and tear and budget constraints, if any, Operator shall have the burden of demonstrating that the item was properly maintained or that the item is useable and in good condition. Operator shall reimburse Metro for the cost of repair or replacement of any item that is not in useable and good condition, normal wear and tear and budget constraints excepted. Operator shall surrender the Premises in broom clean condition.
- h) Operator shall transfer all keys, convey all alarm codes and vacate the Premises.
- i) Operator shall assign (subject to lessor approval) to Metro and Metro shall assume Operator's obligations under any loans and leases incurred or entered into by Operator with respect to Furnishings and Equipment or Supplies then in use at the Golf and Tennis Facility, provided that the following conditions are met unless waived by Metro: (i) Operator shall have delivered to Metro written documentation

acceptable to Metro showing that Operator has fully performed its obligations under such loans and leases through the date Metro assumes such obligations, and (ii) with respect to any agreements in excess of one year or whose term extended beyond the expiration date of this Agreement, Metro shall have given its written approval to the agreement.

- j) Operator shall promptly transfer the liquor license for the Premises to Metro's designee for the sum of \$1.00. Metro shall bear the cost of the escrow fees.

#### 14.0 WORK STOPPAGES, DAMAGE OR DESTRUCTION.

14.01 Work Stoppage. In the event concerted activities by labor groups, including, but not limited to, picketing, strikes, or other similar events, result in Operator's employees not entering and working at the Premises, Operator shall, if Project Manager so requests in writing, seek appropriate administrative or court orders to return operations to normal. During such period, Operator shall operate the Premises on a best efforts basis until labor relations are normalized. If and only if Project Manager gives Operator a written request to seek administrative or court orders will the cost of doing so shall be a Direct Cost.

14.02 Damage or Destruction. Should the Golf and Tennis Center be destroyed or substantially damaged by fire, flood, acts of God, or other casualty, Metro, by written notice to Operator, shall have the right to cancel this Agreement pursuant to Article 12 on the basis that Metro does not choose to rebuild or restore the Golf and Tennis Facility, and in such event neither party shall have any further obligation to the other party under this Agreement, except with respect to liabilities accruing, or based upon events occurring, prior to the Effective Date of such cancellation. For the purpose of this Section 14.02, the Golf and Tennis Center shall be deemed to have been substantially damaged if the estimated length of time required to restore the Golf and Tennis Center substantially to its condition and character just prior to the occurrence of such casualty shall be in excess of six (6) months. If this Agreement is not cancelled in the event of damage to the Golf and Tennis Center either because (a) the damage does not amount to substantial damage as described above, or (b) notwithstanding destruction of or substantial damage to the Golf and Tennis Facility, and Metro elects, in its sole and absolute discretion, to restore the Golf and Tennis Facility, then Metro may proceed, at Metro's own expense, to commence and complete restoration of the Golf and Tennis Center to its condition and character just prior to the occurrence of such casualty. If as a result of any damage or destruction to the Golf and Tennis Center as provided in this Section 14.02, the responsibilities of Operator under this Agreement are substantially changed, then the parties shall meet and discuss in good faith appropriate modifications to this Agreement including the Combined Management Fees. Any insurance proceeds made available after such damage or destruction shall be payable to Metro except for proceeds associated with the merchandise inventory that Operator owns, which proceeds shall be paid to Operator.

14.04 Force Majeure Events. As used in this Agreement, the term "Force Majeure" means declared or undeclared war, sabotage, riot or acts of civil disobedience, acts or omissions of governmental agencies, accidents, explosions, floods, earthquakes, or other acts of God, shortages of materials, or any other event not within the control of Operator and not caused by the negligence or intentional wrongful conduct of Operator or Metro.

If either Operator or Metro is unable by reason of Force Majeure to carry out any obligation under this Agreement, such obligation shall be suspended only so far as it is physically affected by such Force Majeure. The party unable to perform shall give the other party prompt notice of such Force Majeure with a detailed explanation and the probable extent to which it will be unable to perform or be delayed in performing such obligation. The party unable to perform shall use all possible diligence to remove such Force Majeure as quickly as possible. The requirement that any Force Majeure shall be removed with all possible diligence shall not require the settlement by the party unable to perform because of strikes, lockouts or other labor disputes or the meeting of any claims of or demands by any supplier or government entity which reasonably may be harmful to the best interests of Metro or Operator.

Costs incurred as a result of a Force Majeure shall be reimbursed by Metro as a Direct Cost, if the expenditure was approved in advance by Metro, which approval will not be unreasonably withheld.

If as a result of the occurrence of a Force Majeure, the responsibilities of Operator under this Agreement are substantially changed, then the parties shall meet and discuss in good faith appropriate modifications to this Agreement including the Combined Management Fee.

#### 15.0 SUBMISSION OF INVOICES, REPORTS AND NOTICES.

15.01 Invoices. Any invoice required by this Agreement shall include the Metro contract number, Operator name, remittance address, invoice date, invoice number, invoice amount, tax amount (if applicable), and an itemized statement of work performed and expenses incurred during the billing period, and will not be submitted more frequently than once a month. Operator's invoices shall be sent to:

Metro Accounts Payable  
600 NE Grand Avenue  
Portland, OR 97232-2736

or [metroaccountspayable@oregonmetro.gov](mailto:metroaccountspayable@oregonmetro.gov) The Metro contract number shall be referenced in the email subject line.

Operator's billing invoices for services through June 30 shall be submitted to Metro by July 15. Payment shall be made by Metro on a Net 30 day basis upon approval of Operator invoice.

15.02 Reports and Other Documents. Any report and other documents required by this agreement shall be submitted to:

Metro  
600 NE Grand Avenue  
Portland, OR 97232  
Attn: Lydia Neill, Parks and Environmental Services

15.03 Other Notices. Any notice, demand, request, consent, approval or communication that either party desires or is required to give to the other party shall be in writing and shall be deemed given as of time of hand delivery to the addresses set forth below, or three (3) days after deposit into the United States mail, postage prepaid, by first class mail. Unless notice of a different

address has been given in accordance with this Article 14, all such notices shall be addressed as follows:

If to Metro:

Metro  
600 NE Grand Avenue  
Portland, OR 97232  
Attn: Allison Kean Campbell, Office of Metro Attorney

If to Operator:

Company Name  
Address  
City State Zip  
Attn:

## 16.0 DISPUTE RESOLUTION.

16.01 Controversies Subject to Mediation. Any controversy between the parties regarding the construction or application of this Agreement, and any claim arising out of this Agreement or its breach, may first be submitted to mediation if agreed to by the parties.

16.02 Selection of Mediator. The parties may agree on a mediator. If the parties cannot agree on a mediator within ten (10) days after service of the request for mediation, either party may request the American Arbitration Association to provide a list of three (3) possible mediators with each party having the right to strike a name on an alternating basis until one name remains. If either party delays beyond five (5) days in striking a name, then the other party may choose anyone from the remaining list to serve as mediator.

16.03 Mediation Schedule. The mediation shall take place before the mediator at the time and place selected by the mediator unless the parties agree otherwise. The mediator shall select the time and place promptly and shall give each party written notice of the time and place at least ten (10) days before the date selected; provided that the meeting shall take place not less than thirty (30) days after the request for mediation.

16.04 Cost of Mediation. Each party hereto shall bear the attorneys' fees, costs, and expenses incurred by it in connection with such mediation, and both parties shall share equally the costs and expenses attributable to the services of the mediator.

16.05 Other Proceedings. If mediation does not prove successful, either party may institute a proceeding in a court of law or the parties may agree to nonbinding or binding arbitration.

## 17.0 MINORITY, WOMEN AND EMERGING SMALL BUSINESSES PROGRAM.

In the event that any subcontracts are to be utilized in the performance of this Agreement, Contractors shall follow, to the maximum extent possible, the provisions of Metro Code Section 2.04.100, to encourage the use of minority, women and emerging small businesses (MWESB). If subcontracts or supply contracts are identified as potential candidates for MWESB use, Contractor shall coordinate

any outreach efforts with Metro's Procurement Office. Contractor acknowledges Metro's strong commitment to provide business opportunities for MWESB firms.

Contractor shall not discriminate against any person or firm on the basis of race, color, national origin, sex, sexual orientation, age, religion, physical handicap, political affiliation, or marital status. Written approval by Metro shall be required in the event Contractor proposes to replace an MBE, WBE or ESB subcontractor or supplier. A good faith outreach effort to qualified MWESB firms shall be required of Contractor when selecting a replacement.

#### 18.0 HOURS OF LABOR FOR CONTRACTOR'S EMPLOYEES.

The provisions set out in Oregon Revised Statutes ("ORS"), Chapters 187, 279A, and 279B, as amended or superseded, including the latest applicable additions and revisions, and all applicable provisions of the Metro Code, are incorporated by reference as part of this Agreement as if set forth in full. In addition, specific requirements of certain of these ORS Sections are set out below. These provisions are applicable to this Agreement unless or until they are superseded by federal law. If any of the specific State law requirements set out below in this Article are amended or superseded, then Metro may, at its option, notify Contractor that such a change has occurred and that the new or amended provision is thereafter applicable to all work performed pursuant to this Agreement. In such event, Metro may, to the extent applicable, reduce payments to Contractor as provided in this Agreement.

Pursuant to ORS 279B.220, Contractor shall make payment promptly, as due, to all persons supplying Contractor labor or material for the performance of the work as provided in this Agreement. Contractor shall pay all contributions or amounts due the Industrial Accident Fund from Contractor or any subcontractor incurred in the performance of this Agreement. Contractor shall not permit any lien or claim to be filed or prosecuted against Metro on account of any labor or material furnished. Contractor shall pay to the Department of Revenue all sums withheld from employees pursuant to ORS 316.167.

Contractor specifically agrees that if Contractor fails, neglects or refuses to make prompt payment of any claim for labor or services furnished to Contractor or a subcontractor by any person in connection with this Agreement as such claim becomes due, Metro may pay such claim to the person furnishing the labor or services and charge the amount of the payment against funds due or to become due to Contractor by reason of this Agreement. Metro's payment of such a claim in the manner authorized by this Article shall not relieve Contractor or Contractor's Surety from obligation with respect to any unpaid claims.

Pursuant to ORS 279B.020 and ORS 279B.235 Contractor must give written notice to employees who perform work under this Agreement of the number of hours per day and per week that employees may be required to work, as specified in this Article. Such notice must be provided either at the time of hire, before commencement of work, or by posting a notice in a location frequented by employees. Except as permitted by federal law or other state statutes or regulations:

A. No person shall be employed under this Agreement for more than ten (10) hours in any one day, or forty (40) hours in any one week, except in cases of necessity, emergency or where the public policy absolutely requires it, and in such cases the employee shall be paid at least time and a half pay for all time worked in excess of ten



(10) hours a day or in excess of forty (40) hours in any one week, whichever is greater; and

B. All persons shall be paid at least time and a half pay for all work performed under this Agreement on the legal holidays specified in a collective bargaining agreement, if applicable, or on the following annual legal holidays: New Year's Day on January 1, Memorial Day on the last Monday in May, Independence Day on July 4, Labor Day on the first Monday in September, Thanksgiving Day on the fourth Thursday in November, and Christmas Day on December 25. For purposes of this provision, each time a holiday falls on a Sunday, the succeeding Monday shall be recognized as a legal holiday, and each time a holiday falls on a Saturday, the preceding Friday shall be recognized as a legal holiday.

Pursuant to ORS 279B.230, Contractor shall promptly, as due, make payment to any person, co-partnership, association or corporation, furnishing medical, surgical and hospital care services or other needed care and attention, incident to sickness or injury, to the employees of Contractor, of all sums that Contractor agrees to pay for such services and all moneys and sums that Contractor collected or deducted from the wages of employees pursuant to any law, contract or agreement for the purpose of providing or paying for such services. Contractor shall ensure that all subject employers working under this Agreement shall either comply with ORS 656.017 or be exempt employers under ORS 656.126.

Notwithstanding the provisions of this Article, Contractor may enter into a labor agreement under the Labor Management Relations Act of 1947 as amended with any or all of its employees who perform services under this Agreement, and employees covered by any such labor agreement shall not be subject to the provisions of this Article 29.

## 19.0 MISCELLANEOUS PROVISIONS.

19.01 Tax-Exempt Financing. If Metro decides in the future to finance additional improvements to the course with tax-exempt financing the parties acknowledge that tax-exempt financing is regulated by federal law, including, without limitation, Internal Revenue Service regulations. If any provision of this Agreement conflicts with any applicable law or regulation, the parties shall negotiate in good faith to modify such provision as necessary to bring this Agreement into compliance with such law or regulation

19.02 Ownership. Ownership of the Golf and Tennis Center, all Facilities, Furnishings and Equipment, Resale Inventory and Supplies acquired by Metro or acquired by the Operator on behalf of Metro, and all alterations, additions or betterments thereto, shall remain the property of Metro except for retail inventory other than food and beverage items for sale in the Pro Shop.

### 19.03 Warranties.

19.03.1 Operator Warranties. Operator warrants and represents that it has full power and authority to enter into this Agreement and perform the obligations in this Agreement; that consummation of this Agreement will not create a default under any other agreement and will not violate any law, regulations, order, judgment, decree or rule; that Operator has conducted its own review of the plans and specifications for the Golf and Tennis Center prior to execution of this Agreement; and that Operator is not relying on any representation of Metro

in connection with the execution of this Agreement including but not limited to any representation concerning potential future Revenues to be derived from the Golf and Tennis Center. Operator warrants and represents that it is authorized to transact business in the State of Oregon and that all of Operator's employees are properly licensed and trained for their respective positions and responsibilities.

19.03.2 Metro Warranties. Metro warrants and represents that it has full power and authority to enter into this Agreement and perform the obligations in this Agreement and that consummation of this Agreement will not create a default under any other agreement and will not violate any law, regulations, order, judgment, decree or rule. Metro warrants and represents that it is authorized to transact business in the State of Oregon and that all of Metro's employees are properly licensed and trained for their respective positions and responsibilities.

#### 19.04 Premises.

19.04.1 Metro's Right of Possession. This Agreement does not constitute a lease and the right of possession of the Premises shall at all times remain with Metro. Metro and its authorized representatives shall have the right to enter the Premises at any time without notice and for any purpose, including, without limitation, the following: (i) to determine whether the Premises are in good condition and whether Operator is complying with its obligations under this Agreement; (ii) to do any necessary maintenance and to make any restoration to the Premises that Metro has the right to require or perform; to serve, post or keep posted any notices required or allowed under the provisions of this Agreement; (iii) to show the Premises to prospective brokers, agents, buyers, tenants or at any time during the term of the Agreement; and (iv) to undertake emergency maintenance, repairs or restoration. Metro reserves the right to establish, grant or utilize easements or rights-of way over, under, along and across the Premises.

19.04.2 Condition of Premises. Operator acknowledges that, except as expressly set forth in this Agreement, Metro has made no representations or warranties concerning the condition of the Premises and Operator agrees to commence operations on the Premises on the Effective Date of this Contract, as determined by Metro. This Agreement is subject to all easements, liens and other interests affecting title to the Premises, whether or not they are of record.

19.05 Waiver. No delay or failure on the part of any party in exercising any right hereunder shall impair any such right or any remedy of the party so delaying or failing. No waiver of any provision of this Agreement shall be binding unless executed in writing by the party making the waiver. No waiver of any provision of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver.

19.06 Integration. This Agreement is the entire agreement between the parties, and supersedes all prior and contemporaneous agreements, representations and understanding of the parties concerning the subject matter hereof.

19.07 Modification of Agreement. No modification, amendment or supplement to this Agreement shall be binding unless executed in writing by both of the parties.

19.08 Severability. The parties agree that any provision of this Contract that is held to be illegal, invalid, or unenforceable under present or future laws shall be fully severable. The parties further agree that this Contract shall be construed and enforced as if the illegal, invalid, or unenforceable provision had never been a part of them and the remaining provisions of the Contract shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Contract. Furthermore, a provision as similar to the illegal, invalid, or unenforceable provision as is possible and legal, valid and enforceable shall be automatically added to this Contract in lieu of the illegal, invalid, or unenforceable provision. Any failure by Metro to enforce a provision of the Contract is not to be construed as a waiver by Metro of this right to do so.

19.09 Time of the Essence. Time is of the essence in the performance of all obligations under this Agreement for which specific time periods have been specified.

19.10 Cumulative Remedies. The remedies granted under the terms of this Agreement shall not be exclusive but shall be cumulative and in addition to all other remedies allowed under law.

19.11 Assignment. Metro shall have the right to assign its interest in this Agreement without limitation, except that Metro shall not have the right to assign its interests hereunder without Operator's prior written agreement if in the reasonable judgment of the Operator, such an assignment will effect Operator's performance of this Agreement or expose Operator's confidential and proprietary information to a competitor. Upon any such assignment, Metro shall be relieved of any further obligation under this Agreement provided such assignee assumes all of Metro's obligations under this Agreement. Operator acknowledges that Metro is entering into this Agreement in reliance on the unique skill and experience of Operator and its employees. Operator shall not subcontract or assign all or any part of its right or obligations under this Agreement, unless approved in writing by Project Manager, said approval not to be unreasonably withheld. Any change in the control of Operator, including, without limitation, any transfer or acquisition of a controlling percentage of Operator's equity or stock or a controlling percentage of the equity or stock of Operator, shall constitute an assignment for purposes of this Agreement.

19.12 Time References. Except as otherwise specifically provided in this Agreement, all references to "days" herein shall mean calendar days and not business days.

19.13 No Third Party Beneficiaries. This Agreement is not intended for the benefit of any specific person, entity or third party beneficiary other than the named parties hereto and no person or entity that is not specifically named as a party herein shall have any right to enforce the provisions of this Agreement.

19.14 Golf and Tennis Center Name. The Golf and Tennis Center shall be known by such trade name and/or trademark or logo as may from time to time be determined by Metro. The parties acknowledge and understand that the names, logos, and designs used in the operation of the Golf and Tennis Facility, together with appurtenant goodwill, are the exclusive property of Metro. Operator may identify the Golf and Tennis Center as a Golf and Tennis Center managed and operated by Operator.

19.15 Independent Contractor. Operator shall at all times be considered an independent contractor under this Agreement. Nothing contained in this Agreement shall be construed to be or create a partnership or joint venture between Metro and its successors and assigns, on the one part, and Operator and its successors and assigns, on the other part. Operator agrees to be solely

responsible for its own matters including payment of its employees, compliance with Social Security, withholding and other such personnel regulations. Operator'S employees shall not be entitled to any salary, fringe benefits, pension, workers' compensation, sick leave, insurance or any other benefit or right connected with employment with Metro.

19.16 Headings. The Article, Section and Subsection headings contained in this Agreement are for convenience and reference only and are not intended to define, limit or describe the scope or intent of any provision of this Agreement.

19.17 Survival of Covenants. Any covenant, term or provision of this Agreement which in order to be effective must survive the termination of this Agreement shall survive any such termination.

19.18 Applicable Law. This Agreement shall be construed and interpreted in accordance with, and shall be governed by, the laws of the State of Oregon.

19.19 No Presumption Regarding Drafter. The language of each and all paragraphs, terms and/or provisions of this Agreement, shall, in all cases and for any and all purposes, and in any way and all circumstances whatsoever, be construed as a whole, according to its fair meaning. Metro and Operator acknowledge and agree that the terms and provisions of this Agreement have been negotiated and discussed between Metro and Operator, and that this Agreement reflects their mutual agreement regarding the subject matter of this Agreement. Because of the nature of such negotiations and discussions, it would be inappropriate to deem either Metro or Operator to be the drafter of this Agreement, and therefore no presumption for or against the drafter shall be applicable in interpreting or enforcing this Agreement.

19.20 Counterparts. This Agreement and any amendment may be executed in counterparts, and upon all counterparts being so executed each such counterpart shall be considered as an original of this Agreement or any amendment and all counterparts shall be considered together as one agreement.

19.21 Authority. The parties represent for themselves that (a) such party is duly organized and validly existing, (b) the person or persons executing this Agreement on behalf of such party is/are duly authorized to execute and deliver this Agreement on behalf of such party, (c) by so executing this Agreement, such party is formally bound to the terms and provisions of this Agreement, and (d) the execution of this Agreement does not violate any provision of any other agreement to which such party is bound.

19.22 Conflict of Interest. Operator shall avoid all conflict of interest or the appearance of conflict of interest in performance of this Agreement. The parties hereto hereby covenant that during the term of this Agreement they will not employ any person to administer any portion of this Agreement that has an interest, direct or indirect, which would conflict in any manner or degree with the performance of services required under this Agreement.

IN WITNESS WHEREOF, the undersigned have executed this Agreement effective as of the date first above written.

COURSE CO., INC.

Metro

By: 

By: 

Print Name:

Thomas Booth Isaak  
President

Print Name:

Scott Robinson  
Deputy Chief Operating Officer

**EXHIBIT 1. 2010 SALMON SAFE GOLF AND TENNIS CENTER REVIEW**

**SALMON-SAFE INC.**

**Draft Report of the Evaluation Team regarding  
Salmon-Safe Certification of  
Glendoveer Golf Course,  
Portland, Oregon**

**June 30, 2010**

**RECOMMENDATION SUMMARY**

The Salmon-Safe Evaluation Team has concluded that Glendoveer Golf Course (Glendoveer), located in Portland, Oregon, is a candidate for certification only with significant changes in its existing physical state and condition of operation. Major structural issues will need to be addressed, and integrated pesticide management improvements will need to be implemented, for the golf course to meet Salmon-Safe standards. By meeting the Pre-Conditions and Conditions identified in this report, Glendoveer can become eligible for Salmon-Safe certification and serve as an example of Metro's ongoing commitment to environmental stewardship and sustainable site practices.

**BACKGROUND**

In 2000, Salmon-Safe began an initiative to apply the Salmon-Safe label to urban restoration efforts and land management. This initiative significantly advanced urban restoration efforts by developing urban aquatic protection guidelines and a citizen education campaign throughout the Northwest.

Working closely with independent scientists and a project team from the City of Portland, Salmon-Safe developed a comprehensive certification framework oriented towards reducing water quality and fish habitat impacts from park operation and management. In 2004, the Portland Parks system became the first Salmon-Safe certified park system in the country. In 2005, Salmon-Safe expanded this urban effort to include corporate and university sites. Under this new site project, Salmon-Safe certified Nike World Headquarters and has since certified Toyota, Portland State University, Oregon Convention Center, OMSI, and other institutional and corporate sites.

In 2009, certification standards for golf courses were created by Salmon-Safe and its consulting scientists with a focus on golf course management practices that minimize impacts to sensitive aquatic and upland resources and protect water quality. Golf Course standards were then refined through a peer review process involving scientists and industry experts. Glendoveer Golf Course represents a pilot golf course, or "site," to be assessed under the golf course certification program.

An interdisciplinary team with expertise in fish and wildlife habitat and restoration, golf course design, integrated pest management (IPM), and stormwater treatment conducts the certification evaluation for Salmon-Safe. The assessment team conducts a

## **EXHIBIT 1. 2010 SALMON SAFE GOLF AND TENNIS CENTER REVIEW**

comprehensive assessment of the overall management policies and planning related to habitat and water quality protection of the site. The team also conducts a field review of the site management practices and habitat conditions to evaluate whether the management is consistent with Salmon-Safe's site-specific standards for avoiding harm to fish and wildlife.

### **OVERVIEW OF THE PROJECT PROPERTY & OPERATIONS**

Glendoveer Golf Course is owned by Metro and is located in northeast Portland. Glendoveer was purchased in 1924 and has operated as a golf course since construction to the present day. The facility is composed of two 18-hole golf courses, a driving range, a clubhouse, maintenance facilities, two parking lots, and four constructed pond features. In addition to the golf facilities, a tennis court facility is adjacent to the clubhouse and the property is circled by a pedestrian trail managed by Metro for recreation. The site is serviced by two domestic water wells on the property. In 2001 Glendoveer was officially certified as an Audubon International Cooperative Sanctuary property.

Most of the Glendoveer property is in the Columbia Slough watershed, although roughly 10 percent of the south part of the golf course is in the Johnson Creek Watershed. Prior to development, the site was likely composed of a mixture conifer and hardwood forest with occasional open meadow areas. Areas today that are not within golf course play are typically covered with small patches of mixed hardwood overstory canopy. Several large oaks and patches of mid-seral conifer forest present today were likely on the property prior to development of the golf course.

Golf and tennis facilities on the property are currently managed for Metro by Glisan Street Recreation (GSR) Management. GSR has been managing the facility for over 20 year, prior to Metro's acquisition of the property. GSR's current management contract runs until 2012. Metro manages the other parts of the site, including the walking trail, several wooded areas, and both parking lots.

Metro is currently undergoing a sustainability review of its entire ownership portfolio, and expects to develop an internal sustainability plan over the coming months. Metro is interested in identifying environmental stewardship opportunities at Glendoveer and other Metro properties as the sustainability plan is developed.

## CERTIFICATION EVALUATION OF GLENDOVEER GOLF COURSE

### Assessment Date

The field inspection and evaluation of Glendoveer Golf Course took place on June 3, 2010.

### Evaluation Team

The interdisciplinary assessment team conducting the inspection and evaluation on behalf of Salmon-Safe was composed of the following individuals:

**Josh Cerra:** Environmental Designer and Senior Ecologist, Herrera Environmental Consultants (Herrera). Mr. Cerra received a Master of Landscape Architecture from the University of Minnesota, and a B.A. in Biology from Vassar College, Poughkeepsie, New York. Mr. Cerra worked as a wildlife biologist and landscape ecologist for the United States Bureau of Land Management and other public agencies for over ten years prior to his graduate education. In 2001, he entered the private sector, focusing his work on urban ecological design, restoration and conservation planning, and habitat quality management. In 2008 he joined Herrera, where he is currently working both nationally and internationally on large infrastructural projects that incorporate urban-ecological thinking into development master plans and site design plans. Mr. Cerra was a primary author of Salmon-Safe's Residential Development Certification Standards and Golf Course Certification Standards, and is the Certification Team Lead for these programs.

**Carrie Foss:** Urban IPM Coordinator, Washington State University (WSU) Puyallup. Ms. Foss manages the WSU IPM Certification Program and the Pesticide Safety Education Program in western Washington. Landscape maintenance personnel are trained in plant problem diagnosis, integrated pest management, personal safety and environmental protection through lectures and workshops. Carrie earned a Bachelor of Science degree in botany from the University of Washington and a Master of Science degree in plant pathology from the University of Hawaii. Her background includes plant problem diagnosis, research on beneficial microorganisms and management strategies for turf and ornamental diseases. Carrie has been evaluating IPM practices for Salmon-Safe urban projects, starting with the Portland Parks assessment in 2003.

**John F. Harbottle III, ASGCA:** John is a graduate of the University of Washington Landscape Architecture Program and a member of the American Society of Golf Course Architects. Early in his career, he traveled to the British Isles to study the great courses of Scotland and Ireland. He was inspired by the natural links courses and the way they were formed without the appearance of disturbing Mother Nature. His commitment to environmentally sensitive design has been nationally recognized with awards for achievements in the preservation of wetlands and other sensitive habitats, wildlife conservation, scenic beauty, playability, and tradition. John serves on the American Society of Golf Course Architects Environmental Committee and assisted with the production of the publication *An Environmental Approach to Golf Course Development*.

**Mary Larkin, P.E.:** Water resources engineer, Herrera. Mary is a Leadership in Energy and Environmental Design (LEED)-accredited professional. She works on all areas of



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stormwater management, including sustainable stormwater design, development of design standards and analysis of water quality impacts. Mary has a master's degree in environmental engineering (University of Washington) and a bachelor's degree in civil engineering (Washington University). Mary was an important contributor to the Salmon-Safe Golf Course Certification Standards, Residential Standards, and updates to the Salmon-Safe Farm Certification Standards.

### **Assessment Process**

Glendoveer staff assembled documentation that was reviewed by Salmon-Safe Evaluation Team members during the field inspection phase of the assessment process, including pesticide records, well-pumping records, the Audubon International certification documentation, and various historical documents. The evaluation team met with staff from Metro and GSR, including the superintendent and his assistant. Over the course of the review, the team toured the golf course property, focusing on areas with water features, significant vegetation, and the maintenance shop. At the end of the field review, the assessment team members met to review the certification criteria against notes taken during the process. The team members discussed observations and recommendations with respect to current practices at the golf course and the potential for the golf course to be certified under Salmon-Safe. On June 23, 2010, the team and Salmon-Safe staff developed draft conditions for certification and reached an initial decision on certification options for Glendoveer Golf Course.

### **General Observations & Conclusions**

The Salmon-Safe Evaluation Team has determined that the Glendoveer Golf Course falls short of meeting general and non-provisional (mandatory) habitat-specific Salmon-Safe Golf Course certification standards. Glendoveer will need to implement significant structural improvements and substantially improve key integrated pesticide management activities to be considered eligible for Salmon-Safe certification. As Metro implements their forthcoming Sustainability Plan and makes key capital improvements as part of the golf course maintenance contract renewal, Glendoveer has the potential to more closely reflect Metro's environmental goals and become a regional example of sustainable golf course stewardship and landscape practice.

### **COMMENDATIONS**

During their evaluation, the Salmon-Safe team noted the following positive observations as they relate to the physical and operational condition of Glendoveer:

#### **CHEMICAL AND NUTRIENT MANAGEMENT**

- Available documentation was well-organized and relevant. Audubon International certification reporting documents were provided ahead of time, providing pesticide and fertilization information, in particular.
- The golf course was able to provide a list of pesticides used, rationale for decisions not to use pesticides, and a framework pesticide application tracking system. (Standard 6.1.1.10)

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- Annual fertilizer application rates seem reasonable and within Salmon-Safe standards. A limited application of soluble fertilizers is applied monthly.
- Maintenance staff use low-pressure wands and spot treatment methods when applying pesticide. Maintenance staff appear to be sensitive to pesticide drift conditions. (Standard G.6.1.1.6)
- Management expressed interest in further consulting with turf specialists to treat plant health, weed, fungal, and insect concerns without additional chemical inputs into the system.
- Landscaped areas near the clubhouse do not appear to be intensively managed with frequent chemical, fertilizer, or irrigation inputs, with the possible exception of a single small area adjacent to the building.
- Dogs and associated animal waste are restricted from the course.
- Grass clippings collected during course maintenance are composted and buried rather than disposed of in a landfill.

### STORMWATER MANAGEMENT

- Almost all water entering the site via precipitation or irrigation is infiltrated onsite via a network of sumps and drywells.
- No natural streams or wetlands exist on the site; therefore associated stormwater management concerns area not applicable.

### WATER USE MANAGEMENT

- An evapo-transpiration/weather station is located onsite to inform water application.

### HABITAT PROTECTION AND RESTORATION

- Fallow meadow areas on the west side of the property in the rough, while lacking habitat structure and native plant diversity, offer significant landscape space for future habitat enhancement.
- Canopy cover in out-of-play areas is adequate. Opportunities exist to enhance sub-canopy and groundlayer vegetation in these areas.
- In out-of-play areas along the edge of the course, snags and dying trees are allowed to remain for use by birds and other wildlife.

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- Management interest in building wetland features near hole 4 on the west side of the property is consistent with Metro's habitat goals, provided it does not result in significant increases in water demand.

### OPPORTUNITIES FOR IMPROVEMENT

The Salmon-Safe Evaluation Team also identified management practices that were not compatible with Salmon-Safe certification standards. These observations are summarized below. Additional details are furnished in the Recommendations and Discussion section.

#### CHEMICAL AND NUTRIENT MANAGEMENT

- A lack of electronic records inhibits ability to compile and analyze data to review trends in chemical use.
- The existing Integrated Pest Management (IPM) plan document is mostly composed of a list of safety best management practices (BMPs). Typical IPM plan components directing pesticide application, pest response strategies, and other elements are not included in the document.
- IPM as defined by the industry is not being practiced. The following IPM shortfalls were identified: Glendoveer staff are conducting regular, calendar chemical applications rather than adaptive response. There is a lack of standardized site scouting and monitoring, and no diagnosis and treatment standards are being followed.
- Chemical mixing and loading sites at the maintenance building are not contained. An existing onsite containment facility is not functional and is not in use. The turf area used for mixing and loading chemicals appears to drain onto an impervious surface and into a drain. Mixing and loading sites need to be upgraded so they are functional.
- Pesticide storage facilities are substandard and may not meet regulatory requirements. Pesticide storage within employee offices is ill-advised.
- Staff applying chemicals may not be licensed pesticide applicators, and may not be reading labels for safe application and use of chemicals.
- Standard personal protection equipment (PPE), shower/decontamination equipment, and incident response spill kits were not located during the site visit.
- Spill containment facilities are substandard or not existent. Oil and gas resources are stored and dispensed without spill containment features, lack oil-water separators, and have potential for groundwater containment.
- There is no designated wash down area in the maintenance facility and wash down activities appear to take place in the parking lot.

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- A suitable use has not been determined for re-use of a large amount of annually composted grass-clippings, which are currently composted and buried.

### STORMWATER MANAGEMENT

- Stormwater runoff in the parking lots drains directly to the storm sewer without treatment or flow control. Clubhouse/tennis court runoff is also not treated prior to discharge into the municipal sewer.
- The course does not actively test for contamination of water bodies or groundwater.

### WATER USE MANGEMENT

- Quantification of water use is not available, since only one of the two wells (west pump) is equipped with a gauge for measuring water use.
- The extent of the existing water right is not known. This in combination with the unknown extent water use made it impossible for the team to determine conformance with the existing water rights.
- Irrigation systems are manually operated and not as efficient as an automated system.
- Reducing the amount of managed golf course (fairways, greens, and tees) would reduce the water demand associated with irrigation.

### HABITAT PROTECTION AND RESTORATION

- Habitat quality in fallow meadow out-of-play areas on the west side of the property could be greatly enhanced by introducing habitat structure, habitat features, and vegetative biodiversity more reflective of prairie or oak savanna conditions.
- Invasive plant populations are a dominant component of the sub canopy and groundcover layers in some forested out-of-play areas.
- Lined pond features function mostly as conventional water bodies with marginal habitat value other than their role as a consistent water source for wildlife.
- While patches of habitat are designated onsite, there are significant opportunities for site-wide conservation planning to improve habitat quality, landscape connectivity, and beneficial interaction between habitat types.

## RECOMMENDATIONS AND DISCUSSION

With respect to site operation, Glendoveer follows an 'old-school', or highly conventional approach. For example, rather than using a science-based IPM approach which includes scouting for pests, 'calendar' pesticide applications are used to manage pest problems. Water use tracking is rudimentary and insufficient. Irrigation management, in general, does not reflect advances in irrigation technology. Likewise, some stormwater management methods do not treat stormwater and are not consistent with current, low impact development approaches to water quantity and water quality treatment. The overall inadequacies in Glendoveer's site operations can be seen at the maintenance building where the improper management of chemical storage and mixing could cause negative environmental and human health impacts. In aggregate, these issues and others discussed in this report point to the need for an overhaul of operation and the infrastructure that supports it.

**Certification Recommendation:** Based on review of documentation and field assessment, the Salmon-Safe Evaluation Team has determined that Glendoveer Golf Course is not a suitable candidate for certification in its existing physical state and operational condition. Significant structural issues to be addressed and significant integrated pesticide management improvements to be implemented for the golf course to meet Salmon-Safe standards. The evaluation team has identified the following Pre-conditions, Conditions, and Additional Recommendations to aid Glendoveer in improving the facility in a manner consistent with Salmon-Safe Standards for Golf Course Certification.

The following pre-conditions must be met by Glendoveer before it may be considered for Salmon-Safe Certification. Should these pre-conditions be met, Glendoveer may pursue certification with the understanding that further additional Conditions below must be met, or written agreement provided to meet the Conditions within a specified timeframe. Timelines for accomplishing the Conditions would be measured from the official date of Salmon-Safe certification of Glendoveer Golf Course. All conditions are subject to annual verification by Salmon-Safe. Finally, the Additional Recommendations below identify strongly suggested activities for enhancing habitat quality within Glendoveer for overall benefit to fish and wildlife.

## PRE-CONDITIONS REQUIRED PRIOR TO CERTIFICATION

**Pre-Condition 1:** Metro shall provide a signed letter to Salmon-Safe stating that Glendoveer Golf Course management is not in violation of national, state, or local environmental laws, or associated administrative rules or requirements as determined by a regulatory agency in an enforcement action, per General Standard A.1. This statement shall specifically reference regulatory or legal compliance with:

- chemical safety and containment laws and administrative rules
- pesticide application licensure requirements by the Oregon Department of Agriculture and/or other regulatory entities

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- conformance to existing water rights on the property

**Timeline:** Compliance is a pre-condition of certification, then subject to annual verification by Salmon-Safe.

**Pre-Condition 2:** Glendoveer shall upgrade the golf course maintenance facility consistent with standard G.6.1.1.ix and G.6.1.3.iii so that no contamination of stormwater occurs during pesticide handling or storage. Until permanent upgrades are undertaken, an offline stormwater collection system (e.g., lynch type catch basin or trench drain) may be installed as an intermediate option so that spills may be contained and cleaned up prior to entering stormwater systems. The existing catch basin that is connected to the storm system may remain only if a solid cover is installed to prevent contaminants from entering the drain, or it is otherwise isolated.

Glendoveer shall immediately separate office facilities and personnel protection equipment from pesticide storage locations, e.g., by storing pesticides in an outdoor storage unit or locked cabinet.

Glendoveer shall provide containment facilities so that oil, gas, and other materials can be handled and stored in dry areas where spills can be cleaned up without risk of stormwater contamination, consistent with Standard G.6.1.3.2.

**Timeline:** Compliance is a pre-condition of certification, then subject to annual verification by Salmon-Safe.

**Pre-Condition 3:** Glendoveer Golf Course shall not allow use of pesticides with ingredients listed on Salmon-Safe's High Risk pesticide list, per Standard G.6.1.1, unless such use is justified in a written request approved by Salmon-Safe or as part of an integrated pest management plan approved by Salmon-Safe. Glendoveer Golf Course has been using several pesticides on the Salmon-Safe High Risk list including chlorothalonil, iprodione, mancozeb, and pendimethalin. Justification for use of a "high risk" pesticide includes demonstrating a clear need for use of the pesticide, that no safer alternatives exist, and that the methods of application (such as timing, location, and amount used) represent a negligible risk to water quality and fish habitat. Consult Oregon State University or other qualified experts in determining options for reducing or eliminating "high risk" pesticide use and documenting that a limited "high risk" use exception is required, should that course of action be followed.

**Timeline:** Compliance is a pre-condition of certification, then subject to annual verification by Salmon-Safe.

**Pre-Condition 4:** Metro shall provide written agreement to incorporate stormwater treatment of all of Glendoveer's impervious surface runoff into all future capital upgrades. This commitment will also be referenced in Metro's forthcoming sustainability plan where the Glendoveer property is addressed.

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The City of Portland requires treatment for all projects that develop or redevelop over 500 square feet of impervious area. These improvements or retrofits include:

- Infiltration or flow control, and water quality treatment, in accordance with current City of Portland stormwater requirements for impervious areas draining to Johnson Creek.
- Retrofit of the NE fitness trail parking lot to intercept stormwater and provide water quality treatment, using the stormwater hierarchy of the City of Portland Stormwater Management Manual (preference for vegetated infiltration facility where feasible). Consider use of pervious pavement where feasible.
- Installation of stormwater treatment facilities during future upgrades of the clubhouse parking lot. Consider use of pervious pavement where feasible.
- Retrofit of the clubhouse/tennis court to provide water quality treatment, using the stormwater hierarchy of the City of Portland Stormwater Management Manual (preference for vegetated infiltration facility where feasible).
- Retrofit of the maintenance facility to intercept stormwater for spill containment purposes. Areas where wash down, vehicle storage and fueling, and other areas potentially subject to spills must comply with applicable provisions of the source control chapter (Chapter 4) of the City of Portland Stormwater Management Manual.

**Timeline:** Written agreement to comply is a pre-condition of certification.

### CONDITIONS REQUIRED FOR CERTIFICATION

**Condition 1:** If temporary measures were employed to meet the requirements of Pre-condition 2, Glendoveer shall permanently upgrade the golf course maintenance facility consistent with standard G.6.1.1.ix and G.6.1.3.iii so that no contamination of stormwater occurs during pesticide handling or storage, or other chemical handling or storage.

**Timeline:** This condition shall be completed within two years, subject to annual verification of progress by Salmon-Safe.

**Condition 2:** Glendoveer shall provide permanent facilities so that maintenance equipment may be stored and cleaned in an area without risk of contamination of runoff, per Standard G.6.1.3.

**Timeline:** This condition shall be completed within two years, subject to annual verification of progress by Salmon-Safe.

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**Condition 3:** Per General Standard A.3, Glendoveer shall develop a comprehensive IPM plan. The plan must be prepared with the assistance of professionals with extensive expertise in preparing IPM plans and in managing landscapes using IPM practices, as well as industry resources such as the Northwest Golf Industry Environmental Alliance.

In addition to plan elements outlined in Appendix C, Standard G.6.1, and related material in Pre-condition 3, the plan shall include the following elements:

- A. Formalize a pesticide reduction policy, including considering alternatives to pre-emergent herbicides.
- B. Include a campus approved "limited use" pesticide list per Standard B.6.1.1.
- C. Provide site specific plans for different types of areas, or "management zones." Include a site map showing the different management zones.
- D. Provide specific procedures for pesticide application timing.
- E. Establish restricted use zone policy for nutrient and pesticide application restriction policy around all water bodies.
- F. Maintain electronic pest management use records that can be used to demonstrate management consistent with Salmon-Safe standards and quantify reduction in pesticide use over time.
- G. The recordkeeping system shall include notes on pest monitoring, all IPM methods used, and evaluation of effectiveness.
- H. Discussion of specific pest problems on the sites and the effective management strategies that will be used, including manual controls.
- I. Include pesticide disposal policies and procedures.

**Timeline:** The IPM plan shall be completed within one year and management shall be fully consistent with the plan within one year, subject to annual verification of progress by Salmon-Safe.

**Condition 4:** Consistent with agreements satisfying Pre-Condition 4, Glendoveer shall develop a plan setting priorities and a timeline to install stormwater facilities to treat all impervious surface runoff during future capital upgrades. Glendoveer shall then execute this plan. Key improvements or retrofits to be included in the plan include:

- Infiltration or flow control and water quality treatment in accordance with current City of Portland stormwater requirements for impervious areas draining to Johnson Creek.
- Retrofit of the NE fitness trail parking lot to intercept stormwater and provide water quality treatment, using the stormwater hierarchy of the City of Portland Stormwater Management Manual (preference for vegetated infiltration facility where feasible). Consider use of pervious pavement where feasible.
- Installation of stormwater treatment facilities during future upgrades of the clubhouse parking lot. Consider use of pervious pavement where feasible.
- Retrofit of the clubhouse/tennis court to provide water quality treatment, using the stormwater hierarchy of the City of Portland Stormwater Management Manual (preference for vegetated infiltration facility where feasible).



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- Retrofit of the maintenance facility to intercept stormwater for spill containment purposes. Areas where wash down, vehicle storage and fueling, and other areas potentially subject to spills must comply with applicable provisions of the source control chapter (Chapter 4) of the City of Portland Stormwater Management Manual.

**Timeline:** The written plan shall be completed within one year. Implementation of the plan will be completed within five years, and is subject to verification by Salmon-Safe.

**Condition 5:** Glendoveer shall install water gauges at all well locations for the purposes of collecting and recording water use data. Per Standard G.4.2.2, Glendoveer shall also develop a water use monitoring plan to document declines in water use over time.

**Timeline:** This condition shall be completed within one year and management shall be fully consistent with the plan within one year, subject to annual verification of progress by Salmon-Safe.

**Condition 6:** Glendoveer shall agree to install equipment that improves irrigation system efficiency for a greater degree of control of water use and water conservation during forthcoming planned upgrades.

We recommend installing an updated, fully automatic computer controlled irrigation system designed with individual sprinkler control to provide the maximum water usage efficiency regarding course features (greens, tees, fairways, roughs, etc.), soil condition (sand, clay, drainage, etc.), exposure (sun, shade) and turf type. The system computer program should be integrated with a full function weather station that will modify the program to the most efficient mode with respect to air temperature, wind speed, wind direction, solar radiation, relative humidity, barometric pressure, and rainfall. The system should also be installed with a dual layer soil monitoring system to indicate real time measurements of soil temperature, soil moisture and salinity levels to provide further system efficiency. If the system has a pumping station, the pumping facility should be fitted with current sensors to provide the most efficient watering window with respect to power company kilowatt hour consumption rates during off-peak times.

**Timeline:** This condition shall be completed within two years, subject to annual verification of progress by Salmon-Safe.

**Condition 7:** Glendoveer shall develop and implement a water conservation plan, as detailed in Standard G.4.2.1, that formalizes existing conservation practices and states how and when further feasible reductions in water use will be achieved. The water conservation plan shall include a drought management plan that details how significant reductions will be achieved during a drought. The plan shall include a map that documents the zones in different kinds of irrigation practices. The plan shall also provide a list and map of potential conservation projects, timelines, and budgets, and

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include consideration of the types of projects listed below. These projects shall be in addition to requirements outlined in Conditions 6 and 7. At least two projects shall be completed within five years. Possible projects may include the following and/or other projects identified in the water conservation plan:

- Rainwater harvest as part of new construction or renovation
- Changes in landscape management that result in less water use, e.g., reduced irrigation to roughs

**Timeline:** Development of a water conservation plan shall be completed within one year and at least two projects identified in the plan shall be completed in five years, subject to annual verification of progress by Salmon-Safe.

**Condition 8:** Glendoveer shall develop and prepare a golf course habitat enhancement plan that formalizes agency commitment to habitat conservation and enhancement on the property. The plan shall identify and prioritize habitat enhancement projects to take place on the property and set timelines for their implementation. At least two projects shall be completed within five years. Possible projects may include one of the following and/or projects identified in the water conservation plan:

- Develop an invasives control plan to identify priority areas for invasives control, replace invasive plant populations with compatible native species, and maintain these areas with long-term invasive management and monitoring activities.
- Enhance fallow meadow areas on the western side of the golf course to more closely emulate prairie and oak savanna habitat. Meet this objective by improving the native composition of the groundcover and shrub layers of these areas, consistent with the typical vegetative structure of these habitats. Reconfigure these areas where possible to create larger, more contiguous patches of prairie connected by vegetated corridors as part of an overall habitat conservation network.
- Develop a property-wide strategy to create larger, more contiguous patches of forest habitat connected by vegetated corridors as part of a deliberate habitat conservation network. Work with golf course managers to implement this strategy in a manner compatible with golf course and other recreation objectives on the property.
- Establish buffers or increase buffer-area widths adjacent to water bodies for the purposes of improving water quality and habitat quality.
- Improve pond features for greater benefit to local flora and fauna by:
  - providing unlined edge features with sufficient hydrology for establishing emergent plants and/or wetland shrubs
  - varying pond depths for increased habitat complexity

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- installing habitat features in ponds, like basking logs and submerged large wood, to create niche elements for amphibians, reptiles, and other wildlife.

**Timeline:** Development of a habitat enhancement plan shall be completed within one year and at least two projects identified in the plan shall be completed in five years, subject to annual verification of progress by Salmon-Safe.

**Condition 9:** All future construction at Glendoveer shall comply with *Appendix B: Standards for New Golf Courses and Improvements to Existing Certified Golf Course Facilities*. As stated, future improvements shall meet the certification standards for existing golf courses as well as those identified in Appendix B.

**Timeline:** This condition applies throughout the life of Salmon-Safe certification, subject to annual verification by Salmon-Safe.

### ADDITIONAL RECOMMENDATIONS

#### Chemical and Nutrient Management

- Restrict management of out-of play-areas to reduce chemical and irrigation inputs.
- Explore other options for constructively using harvested grass clippings. Possible options include use of clippings as mulch to contain weeds, making grass clippings available to offsite owners (if persistent chemicals are not used), and/or composting of clippings for use in landscape areas.
- Consider establishment of "pesticide free" zones and include educational signage indicating their locations along the walking trail and the golf course pathways.
- Use mulch/bark chips below narrow forested strips to limit the amount of maintenance, labor, and chemical inputs into these areas.

#### Water Use Management

- If applicable, consider a water conservation easement or other arrangement with a water trust for portions of a water right that are not utilized/exercised.
- Consider increasing course rough areas to limit water use application. The goal is a steady decline in managed landscape requiring water and chemical inputs.

#### Erosion Control and Sedimentation

- Identify areas of high cart traffic that are experiencing erosion. Implement solutions to reduce exposed bare soil and erosional influences in these areas.

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- Mulch areas of exposed dirt in parking lot dividers and strips with wood chips or other suitable mulch to reduce exposed bare soil and risk of sediment transport.

### **Habitat Protection and Restoration**

- Seek interpretive opportunities that highlight restoration and habitat enhancement activities, as well as overall environmental stewardship.
- Consider establishment of a native plant nursery for the purpose of establishing plantings for use in the golf course in out-of-play areas.

## **CONCLUSIONS**

Salmon-Safe and the Evaluation Team appreciate the opportunity to conduct certification assessment activities at Glendoveer Golf Course. The Pre-Conditions, Conditions, and Additional Recommendations outlined in this report provide a framework for Metro to meet important environmental goals as it strives to improve sustainable practices and site stewardship at Glendoveer Golf Course.

We extend appreciation and congratulations to Metro and GSR for their outstanding work in preparing for the assessment and assisting the Salmon-Safe Team in its evaluation.

**EXHIBIT 2. SOFTWARE ACQUISITION****Point of Sale, Reservation and Business Reporting Systems**

Operator will obtain, and install and maintain the EZ Links, EZ Facility, Stratago and Pipeline360 and reservation systems to improve cash handling, track reservations, reporting of sales and tournament bookings by each business center for all operations at Glendoveer. Business Works will be used for back office sales and reporting for all business centers. The applications will track the east and west golf courses, Driving Range use, lessons, memberships, Pro Shop retail sales, food and beverage, cart rental options and booking of tennis court reservations and lessons. The expense for acquiring and maintaining these systems will be expensed directly to Metro. All of these systems will be installed and operable within 30 days of the inception of the contract. The POS software will meet the following functional requirements:

- Reservations
  - Track all reservations (golf and tennis), tournament and group, individuals, and all payment activity
  - Maximize rounds, track, alert and charge for no shows, late cancellations, weather, closures
  - Track all booking and player-specific payment activity, including groups
  - Allow online booking by customers
- Customer Relationship Management (CRM)
  - Maintain a marketing database and develop a customer loyalty program
  - Customer contact information, including e-mail address and utilization of social media
  - Identify customer spending in detail
  - Track tee time usage
  - Allow customer classification
  - Allow notes and messages areas
  - Search capability, filter on fields, and export to a spreadsheet
- Application must maintain e-mail and short message service (SMS) functionality that may include reminders, confirmations and events.
- Coupon/discount capability
- Point of Sale (POS) must be integrated with the tee sheet and CRM
  - Transaction processing, including refunds, cash, credit card, split form of payment
  - Real time inventory
  - Cash out reports by cash drawer
  - End of day close out with integrated batch settlement
- Back Office, sales reporting, comparative analysis, calculates cost of sale, profit/loss statements, budget and forecasting
  - Automated reporting and export to spreadsheet

## Technical Requirements

- Operator will develop, administer, maintain and support all aspects of the operating system and application, and website hosting, including upgrades to support new technologies and new functional needs
- Operator will setup, maintain, monitor and reply to and from e-mail and social networking
- Application must be accessible through a web browser
- Application must be tested and work on the following combinations. The browser version listed must be at least the minimum version with which the application is compatible: Firefox 3+ (PC, Linux and Mac), Internet Explorer 7.0+ (PC), Opera 6+ (PC and Mac), Safari 4+ (Mac), Chrome 5+
- Application should be both mobile web compatible, and a mobile web application
- Application must be PCI compliant, with evidence provided to Metro
- Application must be hosted with transparent high availability and failover capability with evidence and service level agreement provided to Metro
- Operator will need to acquire the domain name golfglendoveer.com and glendoveertennis.com for customer access
- Operator will need to establish links with affiliates, including Oregon Golf Association, National Golf Foundation, The Weather Channel, Greenskeeper.org, etc.
- Read-only access to reporting and forecasting functions within the application must be provided to designated Metro staff

**Kim Bardes**

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**From:** Angela Houck  
**Sent:** Tuesday, December 11, 2012 3:09 PM  
**To:** Kim Bardes  
**Subject:** Golf Operators Planholders.xlsx  
**Attachments:** Golf Operators Planholders.xlsx

This email will serve as an exemption to the MWESB requirements.

Organization	Notes	Address 1	Address 2	City	St	Zip	Contact	Direct Line	Phone	Fax
Marriott Golf	Very large	6649 Westwood Blvd		Orlando	FL	32821			407 206-6000	
TGMS -Total Golf Management	1 course-local	19586 Kari Ann Court		Oregon City	OR	97045	Gordon Tolbert		503 722-1838	503 518-3299
Century Golf Partners	nothing in OR/WA, TX & AZ	5080 Spectrum Drive	Suite 1100 East	Addison	TX	75001	Greg Adair		972 419-1400	
Eagle Golf	Nothing in OR; TX and AZ	4851 Lyndon B. Johnson Fwy	Suite 600	Dallas	TX	52444			214 722-6000	
OB Sports	Centennial-Medford, Langdon, Quail Point, Tethrow	7025 E Greenway Parkway	Suite 550	Scottsdale	AZ	85254	C.A. Roberts		480 776-8107	480 948-0990
Touchstone Golf	WA, CA, muni	11450 Golf Links Rd		Oakland	CA	94605			512 756-8000	512 316-0136
Oki Golf	11 Seattle course public/private	1416 112th Ave NE		Bellevue	WA	98004	Nancy Cho		425-454-2800	425-646-6999
Redtail Inc. (Double Eagle Golf)	manages Redtail	8200 SW Scholls Ferry Rd		Beaverton	OR	97008				
Cumpston Bros.	East Moreland	2425 SE Bybee Blvd		Portland	OR	97202				
Premier Golf	Muni courses, Seattle	4851 Lyndon B. Johnson Fwy		Dallas	TX	75226	Bill Sheckler			
Heritage Golf Group	mostly clubs	12750 High Bluff Dr		San Diego	CA	92130			858 720-0694	
Bellows Golf Management	AZ, CA, 5 total	1415 North Mill Ave		Tempe	AZ		Jim Bellows		480 350-5274	480 350-5080
Sierra Golf Management	CA	PO Box 788		Chowchilla	CA	93610			559 665-4462	559 665-4367
Course Co. Inc	Juniper, Bend	PO Box 1019		Petaluma	CA	94954			707-763-0335	707-763-8355
Billy Casper Golf	Tri Mountain WA	8300 Boone Blvd	Ste 350	Vienna	VA	22182	Mike Cutler		703-761-1444	703-893-3504
Kemper Sports	Heron, Bandon, Old Mac, Chambers	500 Skokie Blvd.	Ste 444	Chicago	IL	60062	Douglas Hellman	847 291-6740 cell 708-214-4287	847-850-1818 312 755-3500	847-291-0271 847 559-0406
Wright Golf Management Inc.	NV- muni	2100 W. Warm Springs Rd.		Henderson	NV	89014	Andrew Wright			
American Golf Corp.	Pumpkin, CA	2951 28th St		Santa Monica	CA	90405				
Troon Golf	Pronghorn, Club Paradise in Grants Pass	15044 N. Scottsdale Rd	Ste 300	Scottsdale	AZ	85254			480-606-1000	480-606-1010