I. **Basic Terms**

**Type of Agreement:** Operating Agreement between San Francisco Recreation and Park Department (the Department) and Lifetime Activities, Inc. (Operator).

**Premises:** The Golden Gate Park Tennis Center (Tennis Center) which includes 17 tennis courts, 1 pickleball court, and one clubhouse (7,756 SF). See Exhibit A.

**Term:** 8-year term with no extension options.

**Rent:** The higher of an annual minimum annual guarantee rent (MAG) or 5 percent of gross receipts to be paid quarterly. Year 1 rent will be pre-paid and deposited into the Maintenance Fund account held at the San Francisco Parks Alliance on behalf of the Department.

MAG rent will follow this schedule:

<table>
<thead>
<tr>
<th>Year</th>
<th>MAG Rent</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$45,000</td>
<td>Year 1 will be pre-paid and deposited into the Maintenance Fund</td>
</tr>
<tr>
<td>2</td>
<td>$50,000</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>$55,000</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>$60,000</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>$65,000</td>
<td>Total at Year 5 will be $275,000</td>
</tr>
<tr>
<td>6</td>
<td>$70,000</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>$75,000</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>$80,000</td>
<td>Total at Year 8 will be $500,000</td>
</tr>
</tbody>
</table>

Quarterly reports: Along with each quarterly rent payment, the Operator will submit a quarterly statement detailing the accounting of:

- All gross receipts and rent calculated for that quarter
- Quarterly participation report that breaks down the types of Tennis Center users such as the number of resident/non-resident players; types of lessons and programs provided; number of adult, senior, and youth (under 18 years old) players; number of pickleball players; camps; USTA teams; court use hours/vacant hours; etc.

**Maintenance Fund for Replacements and Damage:** If the Maintenance Fund is under $500,000 at the time of the rent payment, 90% of the rent payment shall be deposited into the Maintenance Fund and 10% of the rent payment shall be deposited into the Tennis and Learning Center (TLC) Fund. If the Maintenance Fund is over $500,000 at the time of the rent payment, 25% of the rent payment shall be deposited into the Maintenance Fund and 25% of the rent payment shall be deposited into the TLC Fund. Any rent amounts paid by the Operator in excess of those portions allocated to the Maintenance Fund and the TLC Fund shall be paid by the Operator directly to the Department.

The Maintenance Fund will cover the future capital needs to sustain the Tennis Center at a high standard. Anticipated expenditures include, among other things, repair and/or replacement of windscreens, furniture and equipment, fencing, court resurfacing, and court lines. The Maintenance Fund can also be used for repairing any unforeseen damage (e.g. from storms or accidents) not covered by the Operator’s insurance.
The Department, in consultation with the San Francisco Parks Alliance, the Operator, and the Tennis Center Advisory Committee, will annually review the amounts held in the Maintenance Fund and plan the annual Maintenance Budget. Expenditures from the Maintenance Fund that are already included within the Maintenance Budget shall be deemed approved and shall occur promptly in coordination with the Department. Expenditures from the Maintenance Fund in excess of or otherwise not contemplated by the Maintenance Budget shall be permitted if approved by the Department after consultation with the Operator, the San Francisco Parks Alliance, the Tennis Coalition SF, and the TCAC.

In the event that the Maintenance Fund is not sufficient for replacement or repairs, the Department will be responsible for making necessary repairs.

II. Operating Requirements

A. Hours of Operation: The tennis courts will be accessible from 7 am to 10 pm, Sunday through Saturday, subject to adjustment after review of usage over the first 6 to 12 months of operations. The Tennis Center will be closed on Thanksgiving, Christmas Eve at 12:30 pm, Christmas Day, New Year’s Eve at 12:30 pm, and New Year’s Day.

B. Website and Reservation System: Operator will have a website for the Tennis Center and provide and online reservation system that will allow users to easily reserve the courts and sign up for programs. The online reservation system should also provide a customer relationship management system. The Operator, with community input, will set the rules for online reservations. The Operator will also accept reservations over the phone and in-person at the Tennis Center.

C. Fees: The court fees are set in the San Francisco Park Code and will be as follows (subject to annual CPI adjustments):

<table>
<thead>
<tr>
<th></th>
<th>Residents</th>
<th>Non-Residents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weekdays</td>
<td>$8</td>
<td>$12</td>
</tr>
<tr>
<td>Weekends &amp; evenings</td>
<td>$9</td>
<td>$15</td>
</tr>
<tr>
<td>Seniors**</td>
<td>$4</td>
<td>$6</td>
</tr>
<tr>
<td>Youth**</td>
<td>no fee</td>
<td>$12</td>
</tr>
<tr>
<td>USTA matches***</td>
<td>$18</td>
<td>$18</td>
</tr>
</tbody>
</table>

*Reservations can be reserved by the half hour.  
**Senior and youth discounted fees are available only during off peak hours. The off-peak hours will be established by the Operator but are expected to be weekdays before 3 pm for seniors and before 6 pm for youth.  
***Fees for non-USTA tournaments will be subject to negotiations but will in no event be less than the USTA rate.

Pickleball fees will be assessed based on either as a pickleball court fee (the same as above) or as a per person fee equivalent to the above fees and assuming doubles play (so Senior Pickleball players would pay $1 per hour per person).

Other fees including camps, clinics, group play, challenge courts, rental and event fees will be set annually by the Operator as part of the budget in the Operating Plan.
D. **Court Use:** The Operator will be responsible for coordinating the scheduling of the Tennis Center with the goal of ensuring that it is welcoming to all and balances the desires and needs of a variety of users including online reservations, access for the Department’s youth programs, access for San Francisco high school matches, leagues and USTA matches, lessons and clinics to be offered by the Operator, tournaments, pickleball, and special events such as social programs.

Any special events that require the closure of more than 50 percent of the courts will require the prior approval of the Department. Any agreement to provide access to or use the courts by third parties will require prior approval of the Department.

1. **Tennis Center Use:** Tennis Center facilities may not be structurally altered for use in any activity or sport other than tennis (e.g. no swimming pool or squash court). There shall be no use that materially interferes with the activities that support and encourage the playing of tennis. Examples of activities that support and encourage the playing of tennis include health and wellness programs that relate to tennis, social events for tennis players, and exhibitions and lectures about tennis. Recreational activities that are limited and incidental to public use of the facilities for tennis, such as ping pong tables in a place that does not obstruct tennis from being played on the courts, shall be permitted.

2. **Accommodating Youth Programs:** Operator will ensure coordination and collaboration with two Department run programs (one afterschool program and one summer camp) and with San Francisco high school team matches and end of season tournaments that have been historically held at the Tennis Center and will continue at the new Tennis Center as described below:

   a. **RPD Afterschool Program:** The Tennis and Learning Center (TLC) is a Department program that is operated in a variety of areas of the City serving disadvantaged elementary school students for tennis and tutoring after school and during the summer. The Department will expand the TLC program to serve middle school students at the Tennis Center in the dedicated classroom and recreation room from 3 pm to 6 pm during the school year and from 7 am to 6 pm during the summer LAFT sessions. During the school year, the Department will also have use of three courts from 3 pm to 6 pm. During the summer, the TLC program will share the use of the Department’s summer camp courts described below.

   b. **RPD Summer Camp:** The Learning and Fun Tennis (LAFT) Camp is the Department’s summer camp that will continue operating at the Tennis Center.

      - LAFT Camp serving 8 to 14-year-old players
         - At the Tennis Center for 6 to 7 weeks starting immediately with public school vacation
         - use 5 courts from 7 am to 6 pm and share these courts with TLC
         - use TLC Center and Recreation Room
         - At another location for 3 to 4 weeks (ideally in the south or east part of the city)
         - TLC will remain for all weeks of the summer and will use the TLC Center and 3 courts

      - TLC Program all weeks at the Tennis Center
         - Access to 5 courts when LAFT Camp is in session (share with LAFT Camp)
         - Access to 3 courts when LAFT Camp is not in session

   c. **Operator’s Summer Camps:**
• Tennis camps for 8 to 14-year-old players
  o At the Tennis Center for 4 to 5 weeks starting after the LAFT Camps end
  o At another location for the remaining weeks of summer (likely at DuPont Tennis Courts)
• Tot clinics
  o At the Tennis Center at any time but limited to 1.5 hours per clinic
  o Either for a week (5 days) or weekly (on a certain day)
• Other clinics
  o At the Tennis Center at any time but limited to 1.5 hours per clinic
  o Either for a week (5 days) or weekly (on a certain day)
• High performance camps
  o At the Tennis Center for players ranked in the section’s top 100 (by age division) or a
    UTR (Universal Tennis Rating) of 4.5 and higher

d. **High School Matches:** The Operator is required to coordinate San Francisco high school matches and end of season tournaments at the Tennis Center. The following courts will be needed during the high school competitive seasons:
• From 3 pm to 5:30 pm for league matches (no fee for use)
  o 6 courts on Monday, Tuesday, and Thursday
  o 12 courts on Wednesday and Friday
  o Weeks at end of each season for tournament finals will require 12 courts and extended hours
• The Operator will schedule court time for school matches generally three months in advance
• Unused time may be scheduled by the Operator for other users

3. **Annual San Francisco Tennis Tournament:** The Department and the Tennis Coalition SF will sponsor the annual Taube Family San Francisco Open Tennis Tournament and will have access to the courts for this event for no fees. The Operator will assist with onsite coordination.

4. **Concessions:** The Operator will offer a variety of concessions including: rentals (e.g. ball machines); retail sales of balls and tennis equipment; repair and restringing of racquets; and pre-packaged, prepared food and beverage (including coffee).

  a. **Menu items and pricing:** Operator shall provide menu items and pricing prior to starting operations to the General Manager and obtain the General Manager’s approval. Throughout the duration of the Operating Agreement, the General Manager won’t unreasonably withhold approval for menu items or pricing. Operator shall ensure that at least 25% of the meals offered on the menu meet the nutritional standards set forth in San Francisco Administrative Code Section 4.9-1(e).

5. **Community Relations:** The Operator will be responsible for meeting regularly with the community to garner input on operations and in order to balance the various demands for the tennis courts.

  a. **Tennis Center Advisory Committee (TCAC):** The TCAC will establish the regular processes for gathering input and feedback from the players at the Tennis Center and provide this information to the Operator. The Operator will meet monthly during the first year of
operations and then quarterly with the Department and TCAC to discuss Tennis Center operations and performance.

III. Daily Maintenance and Equipment

**Daily Tennis Court Maintenance:** The Operator will be responsible for ensuring that the tennis courts are cleaned daily and prepared and ready for play including the following: court cleaning, net replacement and maintenance, paint touch up to lines and striping, clean drinking fountains, provide scorecards, clean the path between courts, and make available for rent the following equipment including sweepers, ball baskets, and ball machines.

**Daily Maintenance of Other Facilities:** The Operator will be responsible for maintaining all other areas of the facility on a daily basis except landscaping. This work includes: cleaning the building, the patio, walkways, and the restroom; maintenance and small repairs (plumbing, building light replacements, hinges); minor paint touch ups; and cleaning the furniture.

The TLC classroom and recreation room shall be cleaned twice weekly by the Operator’s staff on a schedule to be confirmed.

**Structural Replacements and Repairs:** The Department will be responsible for maintaining basic building operations including heat/AC, roof, electrical, plumbing other than small blockages, and building painting and long-term maintenance of doors, windows, and court lighting (including replacement of light fixtures). City shall make reasonable efforts to maintain and repair the lights and light fixtures of the tennis courts with a target of assessing and/or addressing any issues within 10 business days.

**Utilities:** The Operator will be responsible for installing and maintaining the Tennis Center’s security system, internet service, and phone connections. The Department will be responsible for utilities and services such as water, sewer, electricity, garbage removal, and landscaping.

**Furnishings:** The Tennis Center will be furnished with tables, chairs, sofas, and cabinets for the common areas. The Operator will be responsible for maintaining these items and as needed replacing them. The Operator will also be responsible for providing all the needed start up equipment for the office area.

IV. Annual Reports and Operations Plan

Annual Reports: On or before the date which is 90 days following the close of each Agreement Year during the Term and 90 days following the end of the Term, Operator shall deliver to the Department:

- Annual Gross Receipts Statement
- Annual itemized income statement with Gross Receipts by department, expenditures, and a cash flow table
- Annual report detailing the hourly percentage of court time devoted to players under the age of 18 and the general public.
- Public benefits, scholarships awarded
- Participation totals by category: resident/non-resident players; types of lessons and programs provided; number of adult, senior, and youth (under 18 years old) players; number of pickleball players; camps; USTA teams; court use hours/vacant hours; etc.

Annual Operations Plan: Operator shall provide the Department and the TCAC with an annual Operations
Plan at least 60 days prior to the start of each Agreement Year covering proposed activities, staffing levels, court scheduling and fees among other things.

Annual operations plan will include at a minimum:
- Proposed programming for next fiscal year
- Facility improvement requests for next fiscal year
- Operational benchmarks with target, measure, description
- Community meetings with TCAC

V. General Provisions

San Francisco Bottled Water Ordinance: The San Francisco Environment Code Chapter 24 prohibiting the sale or distribution of drinking water in a sealed rigid plastic bottle having a capacity of twenty-one (21) fluid ounces or less at events held on City property with attendance of more than 100 people. The Operator agrees to comply with all applicable provisions and a violation of this provision is a material default under this and is subject to administrative fines as prescribed by San Francisco Environment Code Chapter 24. All terms in this Section are defined in San Francisco Environment Code Chapter 24.

Sustainable Foods: Operator shall use and cause their operator to use commercially reasonable efforts to incorporate sustainable food concepts into everyday operations of the business on the License Area. Sustainable foods are those which, through their production, purchase, and consumption, enhance the health of the environment, producers and consumers through one or more of these methods: growing, processing and distributing locally; using low or no synthetic agricultural chemicals; fairly trading with developing countries; meeting animal welfare standards; processing minimally; no genetic modification; no unnecessary antibiotics; and no added growth hormones.

Prohibition of Alcoholic Beverage Advertising: The Operator shall not allow advertising of alcoholic beverages on the Premises, except for those portions of the Premises used for the operation of a restaurant or other facility where the sale, production or consumption of alcohol is permitted.

Food Service and Packaging Waste Reduction Requirements: The Operator shall comply fully with and be bound by all of the provisions of the Food Service and Packaging Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16.

Personnel: Operator to hire, employ and or assign experienced, qualified recreational, repair, management and any other such persons necessary or advisable for the proper operation of the Tennis Center and performance of Operator’s obligations under the Operating Agreement.

Supervision of Minors: The Operator shall comply and require contractors and subcontractors to comply with the obligations in California Public Resources Code Section 5164. If the Operator or any contractor, or subcontractor is providing services at a City park, playground, recreational center or beach, the Operator shall not hire, and shall prevent any contractor or subcontractor from hiring, any person for employment or a volunteer position in a position having supervisory or disciplinary authority over a minor if that person has been convicted of any offense listed in Public Resources Code Section 5164.

First Source Hiring Ordinance: Applies to entry level positions only. Operator agrees to sign First Source Agreement. All terms in this Section are defined in San Francisco Administrative Code Chapter 83. [http://oewd.org/first-source](http://oewd.org/first-source)
Prevailing Wages: Operator shall comply with Prevailing Rate of Wages, as defined and established in San Francisco Administrative Code Sections 6.1, 6.22(e)(3), and 6.22(f) respectively for employment activities related to the Kiosk. Operator shall also comply with San Francisco Administrative Code Section 23.61, which requires prevailing wages and certain working conditions for construction on City property. Operator shall also comply with such prevailing wage and working conditions to the extent any other activity in the Premises is a “public work” as defined under California Labor Code Section 1720 et seq.

Local Hiring Requirements for Improvements and Alterations: Operator shall comply with San Francisco Administrative Code Section 23.62 (the “Local Hiring Requirements”). Improvements and Alterations are subject to the Local Hiring Requirements unless the cost for such work is (i) estimated to be less than $750,000 per building permit or (ii) meets any of the other exemptions in the Local Hiring Requirements.

Branding and Signage: Operator must comply with the City’s branding and signage guidelines. The Operator shall refer to the Tennis Center as the Lisa and Douglas Goldman Tennis Center, the clubhouse as the Taube Family Clubhouse, the championship court as the Taube Family Championship Court, and the Tennis and Learning Center as the Koret Tennis and Learning Center in all printed and published materials, on the website, and on the reservation system. The Department may amend this list when additional naming opportunities are assigned.

Condition of Premises: Operator accepts the Premises in its “as is” condition.

Possessory Interest Tax Assessment: Operator shall be responsible to pay any and all possessory interest tax assessments levied by the City and County of San Francisco, as well as any sales taxes levied by the State of California for this location. If the possessory interest tax exceeds $_____, Operator will have the right to terminate the Operating Agreement.

Insurance: Operator, at no cost to the City, shall procure and keep in effect at all times during the Term insurance as follows:

A. Commercial general liability insurance with limits not less than $2,000,000 each occurrence combined single limit for bodily injury and property damage, including contractual liability, independent contractors, broad-form property damage, fire damage legal liability (of not less than $250,000), personal injury, products and completed operations, and explosion, collapse and underground (XCU). If the operation of Operator’s business includes food sales, such coverage shall include Food Products Liability Insurance with limits not less than $1,000,000 each occurrence. If the operation of Operator’s business includes the sale of alcoholic beverages, such coverage shall include legal liquor liability coverage with limits not less than $1,000,000 each occurrence.

B. Worker’s Compensation Insurance with Employer’s Liability Limits not less than $1,000,000 each accident.

C. Business automobile liability insurance with limits not less than $1,000,000 each occurrence combined single limit for bodily injury and property damage, including owned and non-owned and hired vehicles, as applicable, if Operator uses automobiles in connection with its use of the Premises.

D. Such other risks in such amounts as City’s Risk Manager may from time to time reasonably require.

E. Licensed professionals (i.e., architects, engineers, certified public accountants, etc.) shall provide professional liability insurance with limits not less than One Million Dollars ($1,000,000) each
claim with respect to negligent acts, errors or omissions in connection with professional services to be provided under this Agreement or to the Premises.

F. All liability insurance policies shall be endorsed to provide the following: Name Operator as the insured and the City and County of San Francisco, its officers, agents and employees, as additional insureds, as their respective interests may appear hereunder.

G. The Workers’ Compensation policy(ies) shall be endorsed with a waiver of subrogation in favor of the City.

**Indemnification:** Operator’s Indemnity. Operator shall Indemnify City and the other Indemnified Parties from and against any and all Losses incurred in connection with or arising directly or indirectly, in whole or in part, out of:

A. any accident, injury to or death of a person, including, without limitation, Agents and Invitees of Operator, or loss of or damage to property (including, without limitation, the Department Facilities) howsoever or by whomsoever caused, occurring in, on or about the Premises or any other City property;

B. any default by Operator in the observation or performance of any of the terms, covenants or conditions of this Agreement to be observed or performed on Operator’s part;

C. the use, occupancy, conduct or management, or manner of use, occupancy, conduct or management by Operator, its Agents or Invitees or any person or entity claiming through or under any of them, of the Premises or any Improvements;

D. the condition of the Premises or any Improvements constructed by or on behalf of Operator, or Operator’s failure to properly repair or maintain any Improvements on the Premises;

E. any construction or other work under taken by Operator on or about the Premises or any Improvements whether before or during the Term of this Agreement; or

F. any acts; omissions or negligence of Operator, its Agents or Invitees, or of any trespassers, in, on or about the Premises or any Improvements; all regardless of the active or passive negligence of, and regardless of whether liability without fault is imposed or sought to be imposed on, the Indemnified Parties, except to the extent that such Indemnity is void or otherwise unenforceable under applicable Law in effect on or validly retroactive to the date of this Agreement and further except only such Losses as are caused exclusively by the gross negligence and intentional wrongful acts and omissions of the Indemnified Parties.

The foregoing Indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and City’s costs of investigating any Loss. Operator specifically acknowledges and agrees that it has an immediate and independent obligation to defend City and the other Indemnified Parties from any claim which actually or potentially falls within this indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Operator by City and continues at all times thereafter. Operator’s obligations under this Section shall survive the expiration or sooner termination of the Agreement.

This term sheet represents a general statement of the intent of the parties with respect to the transaction described. This term sheet is not intended to be, and will not become, contractually binding on the parties and no legal obligation will exist unless and until the parties have executed and delivered a final agreement, following environmental review and appropriate governmental approvals. Until a final agreement is agreed upon by both parties, approved by all required boards and commissions, and property executed, neither party shall have any obligation to the other (whether under this term sheet or
otherwise), including but not limited to any legal duty to continue negotiations and to reach such a definitive agreement, and either party may terminate negotiations for any time and for any reason.
Exhibit A – Premises