

REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www. CityofSacramento.org

3

Consent
January 19, 2010

Honorable Mayor and
Members of the City Council

Title: Amendment No. 6: Sacramento Area Youth Golf (SAY Golf) (The First Tee of Greater Sacramento (TFTGS)) Operating Agreement 98-114

Location/Council District: William Land Golf Course, District 4

Recommendation: Adopt a **Resolution** authorizing the City Manager to: 1) execute the Sixth Amendment to City Agreement Number 98-114 with TFTGS to: a) accept the delivery of a promissory note in the amount of \$140,049 by TFTGS for the payment of principal owed to the City under Agreement Number 98-114 and waiving interest owed in an amount totaling \$16,025 and b) allocate \$15,000 of the annual \$25,000 administrative fee paid to the City by TFTGS to a new Capital Improvement Project (CIP) for repairs to William Land Golf Course; 2) establish a CIP (M17400100) for William Land Golf Course improvements; and 3) establish the necessary expenditure budgets within the William Land Golf Course project (Fund: 2603) in an amount equal to \$15,000 on an annual basis over the term of the agreement.

Contact: Douglas C. Parker, Golf Manager, 808-6315; Barbara E. Bonebrake, Director, Convention, Culture & Leisure, 808-8225

Presenters: Not applicable

Department: Convention, Culture and Leisure Department

Division: Golf

Department ID: 17001221

Description/Analysis

Issue: The current agreement (98-114) with TFTGS requires the organization to contribute an annual administration fee of \$25,000 to the City and pay for all utilities (phone etc.). Due to increased costs and the impact of the economic downturn the organization has fallen behind in their payments. Currently, TFTGS owes the City \$140,049, excluding \$16,025 in interest. Staff has worked with the TFTGS Board of Directors on a new amendment to the existing city agreement (98-114) to establish a repayment plan that will allow them to continue to operate William Land Golf Course

and provide junior golf programs for the Sacramento community. Staff is recommending approval of the amendment to accept the delivery of a promissory note in the amount of \$140,049 from TFTGS and waiving the interest owed. If TFTGS fails to make payments when due under the promissory note or keep current on monthly payments of \$2,083 for the Administrative Fee and CIP account, it will be in default under the Agreement.

To address much needed capital repairs at William Land Golf Course staff also recommends the creation of a new CIP. The CIP is proposed to be funded by an annual appropriation of \$15,000 of the \$25,000 administration fee.

Policy Considerations: The recommended action is consistent with the City's efforts to promote public/private partnerships in providing services to the community.

Environmental Considerations:

California Environmental Quality Act (CEQA): This amendment does not constitute a "project" under CEQA guidelines, California Code of Regulations, title 14, section 15378(b)(2), and therefore is not subject to review under CEQA.

Sustainability Considerations: Approval of this amendment is not applicable to the goals, policies and targets of the Sustainability Master Plan.

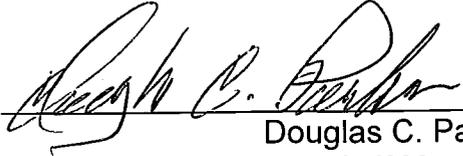
Other: None

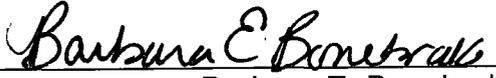
Commission/Committee Action: None

Rationale for Recommendation: Due to increased operating costs and the recent economic downturn, TFTGS has fallen behind in their administrative fee payments and other reimbursements to the City. Staff has been working with the TFTGS Board of Directors to reduce operating costs and establish a payment plan that will allow them to continue to operate William Land Golf Course and provide junior golf programs for the Sacramento community (see Attachments 2 and 3 for details). The payment plan includes modifications to the agreement with the TFTGS. These modifications include allocating \$15,000 of the \$25,000 administrative fee collected each year to a Capital Improvement Program (CIP) account to reinvest in the property, and waiving the interest owed on the past due administrative fee, and adding additional events of default relating to nonpayment. The annual \$15,000 set aside for capital improvements is necessary to ensure an ongoing reinvestment into the golf course physical plant. This will assist in keeping the 75 year old facility playable and ensure revenue from green fees.

Financial Considerations: The past due amount TFTGS owes to the City, excluding interest, is \$140,049. Staff is recommending approval of a promissory note in the amount of \$140,049 from TFTGS and waiving the interest owed totaling \$16,025. Payment on the promissory note will begin May 1, 2010 with a final payoff on October 1, 2017. Additionally, a CIP for William Land Golf Course improvements will be established in fund 2603. Funds collected from TFTGS will be proportionately allocated to the William Land Golf Course improvement CIP and the Golf operating budget. There will be no additional impact to the General Fund (1001).

Emerging Small Business Development (ESBD): No goods or services are being purchased under this report.

Respectfully Submitted by: 
Douglas C. Parker
Golf Manager

Approved by: 
Barbara E. Bonebrake
Director
Convention, Culture and Leisure Department

Recommendation Approved:


for Ray Kerridge
City Manager

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Background

SAY Golf, now doing business as The First Tee of Greater Sacramento (TFTGS), entered into an agreement with the City of Sacramento in 1998 to operate and maintain William Land Golf Course. Through this partnership, TFTGS provides junior golf programs that teach life enhancing values through the game of golf and offers affordable access to all players.

TFTGS has been dedicated to introducing young people of all backgrounds to the game of golf and its positive values. Since 1998, TFTGS has served over 7,500 junior golfers in the Sacramento area. TFTGS programs have taught these juniors the game of golf along with life skills such as integrity, courtesy, good sportsmanship, and honesty. So far in 2009, TFTGS has reached almost 900 young people in the City of Sacramento.

In 2009, with grant funding from the Sacramento Sports Commission, TFTGS partnered with the Sacramento Unified School District to offer The First Tee National Schools Program. The focus of The First Tee National Schools Program is to establish a lifelong interest in golf by engaging young people in a structured golf curriculum that promotes personal character development within a physical education setting. The students from kindergarten through 5th grade receive lessons not only on the game of golf, but also nutrition and sportsmanship. Over 3,900 students have participated in the program.

The agreement requires TFTGS to provide a minimum of \$50,000 in capital improvements annually at William Land Golf Course. Since execution of the agreement in 1998, TFTGS has provided \$935,000 in capital improvements. Improvements include the construction of a two-acre Teaching Center, an adjoining picnic and learning area, the complete renovation of three greens (#3, #5, #9) and two tee boxes (#1, #3), and the repaving of the parking lot. Because of the investment TFTGS has made to course improvements to-date, they have completed their annual capital improvement requirement through June 30, 2017.

The agreement also requires TFTGS to assume all costs relating to capital needs and repair of the premises at William Land Golf Course. Due to the age of the facilities, it has become increasingly difficult for TFTGS to cover these requirements. To ensure the facility is maintained, the City is proposing to allocate \$15,000 of the \$25,000 annual administrative fee paid to the City by TFTGS and establish a Capital Improvement Project (CIP) to reinvest in capital projects for William Land Golf Course. Projects may include building improvements, irrigation plans and replacement, and tees and greens replacement. The CIP is not for the ongoing maintenance of the facility. The primary purpose of the administrative fee was to cover golf direct costs including insurance. Estimated direct costs are approximately \$10,000 annually, thereby freeing up \$15,000 annually to reinvest in the property.

TFTGS is in arrears in payment owed to the City, excluding interest, in the amount of \$140,049. Under the Agreement, TFTGS owes interest on the Administrative Fee past due amount of \$91,667. Staff has been working with the TFTGS Board of Directors to reduce operating costs and establish a repayment plan that will allow them to continue to operate William Land Golf Course and provide junior golf programs for the Sacramento community. Staff is recommending approval of a promissory note in the amount of \$140,049 from TFTGS and waiving the interest owed. If TFTGS fails to make payments when due under the promissory note or keep current on monthly payments of \$2,083 for the Administrative Fee and CIP account, it will be in default under the Agreement.

Additionally, the \$140,049 contains \$48,382 of charges billed to TFTGS for utilities, phones and facility maintenance that should have been paid when billed. This amount is included in the promissory note and a requirement added to the agreement requiring TFTGS to pay all charges for operating costs billed to them from the City within 30 days. Any nonpayment shall constitute an event of default.

Letter from The First Tee of Greater Sacramento (TFTGS)

In the past several months TFTGS has taken the following cost reductions in both Governance and Course Operations to bring their financial well being in line with contractual requirements:

- Closure and consolidation of administrative offices-\$15,000/year
- Elimination of equipment and accounting contracts-\$35,000/year
- Reductions in management, administrators and benefits-\$180,000
- Tightening of insurance, overhead and related expenses-\$20,000
- Reductions in full-time staffing for events and WLPGC-\$30,000
- Elimination or tightening of promotional efforts-\$20,000

This get well plan will reduce the cost of overall operations \$300,000 annually, however it will take time to see the impact of these savings. Additionally, TFTGS Board has realigned its efforts to address funding and events in the community on a volunteer basis. These efforts will compliment the resource we have at the WLPGC. This combination of efficiencies and outreach will prove to be a basis for the strong promotion of our brand and put TFTGS on sound financial footing.

In spite of the efforts outlined above, the priority of providing the highest level of life skills training and core values experience has not been compromised. Ironically, the coaches and kids enjoy an ongoing, outstanding experience and learning opportunity, on a daily basis.

I would add that the cooperation and guidance of City staff has been unparalleled and appreciated. Specifically, Barbara Bonebrake, Doug Parker and Mike Kerton have gone above and beyond to make this transition successful.

For the Board of TFTGS, I thank you for your attention in this matter. I am available for questions and support.

Respectfully,

John B. Kelly, Chair
The First Tee of Greater Sacramento

The First Tee of Greater Sacramento Participant Summary
 City of Sacramento Sites (1/1/09 - 10/1/09):

Haggin Oaks:
Total Participants: 443

Bing Maloney
Total Participants: 43

William Land
Total Participants: 396

Gender:
 Male 320 72.23%
 Female 123 27.77%

Gender:
 Male 33 76.74%
 Female 10 23.26%

Gender:
 Male 260 65.66%
 Female 136 34.34%

Life Skill Level:
 Target 72 16.25%
 Player 24 5.42%
 Player Certified 2 0.45%
 Par 326 73.59%
 Par Certified 9 2.03%
 Birdie 10 2.26%
 Birdie Certified 0 0.00%
 Eagle 0 0.00%
 Eagle Certified 0 0.00%
 Ace 0 0.00%
 Ace Certified 0 0.00%

Life Skill Level:
 Target 0 0.00%
 Player 0 0.00%
 Player Certified 0 0.00%
 Par 43 100.00%
 Par Certified 0 0.00%
 Birdie 0 0.00%
 Birdie Certified 0 0.00%
 Eagle 0 0.00%
 Eagle Certified 0 0.00%
 Ace 0 0.00%
 Ace Certified 0 0.00%

Life Skill Level:
 Target 89 22.47%
 Player 0 0.00%
 Player Certified 0 0.00%
 Par 285 71.97%
 Par Certified 7 1.77%
 Birdie 9 2.27%
 Birdie Certified 5 1.26%
 Eagle 0 0.00%
 Eagle Certified 1 0.25%
 Ace 0 0.00%
 Ace Certified 0 0.00%

Grade Level:
 Pre-School 20 4.51%
 Kindergarten 49 11.06%
 1 33 7.45%
 2 50 11.29%
 3 51 11.51%
 4 60 13.54%
 5 47 10.61%

Grade Level:
 Pre-School 0 0.00%
 Kindergarten 3 6.98%
 1 8 18.60%
 2 10 23.26%
 3 3 6.98%
 4 7 16.28%
 5 4 9.30%

Grade Level:
 Pre-School 20 5.05%
 Kindergarten 29 7.32%
 1 57 14.39%
 2 40 10.10%
 3 46 11.62%
 4 33 8.33%
 5 19 4.80%

Amendment No. 6: SAY Golf/TFTGS Operating Agreement 98-114 January 19, 2010

6	42	9.48%	6	2	4.65%	6	32	8.08%
7	36	8.13%	7	2	4.65%	7	36	9.09%
8	31	7.00%	8	3	6.98%	8	31	7.83%
9	15	3.39%	9	0	0.00%	9	18	4.55%
10	4	0.90%	10	1	2.33%	10	15	3.79%
11	4	0.90%	11	0	0.00%	11	16	4.04%
12	1	0.23%	12	0	0.00%	12	4	1.01%

Ethnicity:

African American	17	3.84%
Asian American	34	7.67%
Caucasian	239	53.95%
Hispanic	36	8.13%
Multi-Racial	28	6.32%
Native American	0	0.00%
Other	89	20.09%
Pacific Islander	0	0.00%

Ethnicity:

African American	2	4.65%
Asian American	18	41.86%
Caucasian	16	37.21%
Hispanic	4	9.30%
Multi-Racial	0	0.00%
Native American	0	0.00%
Other	3	6.98%
Pacific Islander	0	0.00%

Ethnicity:

African American	70	17.68%
Asian American	73	18.43%
Caucasian	143	36.11%
Hispanic	46	11.62%
Multi-Racial	33	8.33%
Native American	0	0.00%
Other	30	7.58%
Pacific Islander	1	0.25%

RESOLUTION NO. 2010-

Adopted by the Sacramento City Council

APPROVING THE SIXTH AMENDMENT TO CITY LEASE AGREEMENT 98-114 BETWEEN CITY OF SACRAMENTO AND THE FIRST TEE OF GREATER SACRAMENTO (TFTGS) AND PROMISSORY NOTE FROM TFTGS

BACKGROUND

- A. On June 30, 1998, the City Manager was authorized and directed by Council Resolution No. 98-350 to execute Lease Agreement No. 98-114 with SAY Golf for the operation and management of William Land Golf Course.
- B. On November 24, 1998, the City Manager was authorized and directed by Council Resolution 98-586 to execute an amendment (Amendment No. 1) to Lease Agreement 98-114 transferring title of golf course equipment from the City to SAY Golf.
- C. On October 21, 2003, an amendment (Amendment No. 2) to Lease Agreement No. 98-114 was approved by Council Resolution 2003-736 changing the boundaries of the leased property on William Land Park Golf Course to accommodate continuation of the William Land Jogging Path.
- D. On January 27, 2004, the City Manager was authorized and directed by Council Resolution 2004-041 to execute an amendment (Amendment No. 3) to Lease Agreement 98-114 that addressed golf course management, ADA Compliance, and security at William Land Golf Course.
- E. March 29, 2005, the City Manager was authorized and directed to execute an amendment (Amendment No. 4) to extend the term of City Agreement No. 98-114 through the year 2024 (contingent on receipt of State Grant).
- F. On November 8, 2005, the City Manager was authorized and directed by Council Resolution 2005-811 to execute an amendment (Amendment No. 5) to Lease Agreement 98-114 recognizing capital improvements completed to-date, eliminating 1.0 Golf Course Supervisor position and implementing a minor reduction in administrative fees.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. Execute the Sixth Amendment to City Agreement Number 98-114 with TFTGS to accept the delivery of a promissory note in the amount of \$140,049 by TFTGS for the payment of principal owed to the City under

Agreement Number 98-114 and waiving interest owed in an amount totaling \$16,025.

Section 2. Establish a CIP (M17400100) for William Land Golf Course improvements and allocate \$15,000 of the annual \$25,000 administrative fee paid to the City by TFTGS to the new Capital Improvement Project (CIP) for repairs to William Land Golf Course.

Section 3. Establish the necessary expenditure budgets within the William Land Golf Course project (Fund: 2603) in an amount equal to \$15,000 on an annual basis over the term of the agreement.

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Exhibit A	Sixth Amendment to Agreement No. 98-114
Exhibit B	Promissory Note

Exhibit A

SIXTH AMENDMENT TO OPERATING AGREEMENT BETWEEN THE CITY OF SACRAMENTO AND THE SACRAMENTO AREA YOUTH GOLF ASSOCIATION, CITY AGREEMENT NUMBER 98-114

This Sixth Amendment ("Sixth Amendment") to City Agreement number 98-114 dated June 30, 1998 (the "Agreement") is made as of _____, 2010, by and between the City of Sacramento, a municipal corporation ("City") and the Sacramento Area Youth Golf Association, a 501 (c)(3) nonprofit public benefit corporation, d.b.a. The First Tee of Greater Sacramento, ("Tenant").

RECITALS

- A. City and Tenant entered into a Fourth Amendment to the Agreement in which the Initial Term of the lease was changed to commence on September 1, 1998 and end on December 31, 2024, subject to the City Manager's authority to revoke the Fourth amendment in the event Tenant did not receive a grant award for the William Land Park Golf Course Development Project.
- B. City and Tenant acknowledge that Tenant did not receive the grant award and, as of the date of this Sixth Amendment, the City Manager has not formally revoked the Fourth Amendment.
- C. By this Sixth Amendment, City and Tenant seek to effectuate a revocation of the Fourth Amendment.
- D. Tenant is in arrears in payment owed to the City under the Agreement in the amount of \$ 140,049, excluding interest.
- E. Concurrent with the execution of this Sixth Amendment, Tenant will execute and deliver a promissory note in the amount of \$140,049 for the payment of the amounts owed to the City under the Agreement.
- F. The parties intend that Tenant will make payments to the City pursuant to the terms of the promissory note while also fulfilling its other payment obligations under the Agreement.
- G. The parties intend that if Tenant fails to make any payments when due under the promissory note, it will be in default of the Agreement, and the City shall enjoy all rights incident to a default under the Agreement.

Now, therefore, the City and Tenant agree as follows:

1. Paragraph 3.2.1 of the Agreement is amended to read in its entirety as follows:

"3.2.1 ADMINISTRATIVE FEES: Beginning September 1, 2006 through August 31, 2013 (initial term), Tenant shall pay to the City without deductions, set-off, prior notice, or demand for each lease year during the initial term, an administrative fee in the sum of twenty-five thousand dollars (\$25,000) annually, which shall be paid in monthly installments of \$2,083.33. City shall establish a "Capital Improvement Account" and allocate up to fifteen-thousand dollars (\$15,000) of the annual administrative fee to the Capital Improvement Account which, upon prior written approval of the City Manager or the City Manager's designee, may be used by Tenant for the making of capital improvements to the leased premises.

In no event shall the funds from the Capital Improvement Account be used to complete the capital improvements identified in Exhibit C to the Agreement or used to satisfy the maintenance and operations obligations in Exhibit D to the agreement. Any funds remaining in the Capital Improvement Account at the end of any TFTGS fiscal year shall be rolled over into the succeeding fiscal year."

2. Paragraph 3.2.3 of the Agreement is amended to read in its entirety as follows:

"AGREEMENT INTENT. This agreement represents a long-term lease between the City and Tenant. The intent of this relationship is for Tenant to operate the William Land Golf Course and to enhance the complete facility and operation so it will become well known for introducing and developing new players to the game of golf. It is the purpose of this lease to provide an operation that both serves core playing customers and one that creates new golfers who will then become new customers for the other City of Sacramento golf course facilities. It is the intent of Tenant to actively promote and represent the other City of Sacramento golf facilities in a positive light, encouraging customers at William Land Golf Course to play the other City golf facilities. It is the spirit of this lease for Tenant to use its gross receipts to pay for operational expenses and capital improvements to the William Land Golf Course. Net profits from the operation, after expenses and capital improvements, are to be used to expand and promote, first, player development programs at William Land Golf Course and, second, player development programs at other City of Sacramento golf facilities as approved by the City Manager.

Gross receipts include, but are not limited to, all income generated from all activities taking place on the premises such as greens fees, cart rentals, merchandise sales, club repair and rental, food and beverage operations and learning center operations. Gross receipts do not include donations, sponsorships, grants and the like, except when they are used to pay for greens fees, cart rentals, merchandise sales, club repair and rental, food and beverage, and learning center use.

Tenant agrees to amend its bylaws to provide for the appointment of one of its board of director members by the City Manager."

3. Paragraph 3.2.4 is added to the Agreement to read in its entirety as follows:

"PROMISSORY NOTE. Tenant shall pay to the City without deductions, set-off,

prior notice or demand, the amounts owed under its promissory note to the City, attached hereto as Exhibit A and incorporated herein is though set forth in full. Failure by Tenant to pay the full amounts owed under the promissory note when due shall constitute an event of default under Paragraph 9.1 of the Agreement and the City shall enjoy all rights and remedies under the agreement incident to such default.”

4. Paragraph 6.8 of the Agreement is amended to read in its entirety as follows:

“Utilities and Other Expenses: Tenant shall promptly pay (within 30 days if reimbursing the City) for all utilities and related services furnished to the premises during the term or any extension thereof, including, but not limited to, gas, electricity, waste removal, computer connections, telephone charges, fleet fuel, and facility maintenance charges. The City shall pay water and sewer utilities for the initial and any extended terms of this agreement. Failure to make any payment when due under this Paragraph 6.8 shall constitute an event of default under Paragraph 9.1 of the agreement and the City shall enjoy all rights and remedies under the agreement incident to such default.”

All other terms and conditions of City Agreement Number 98-114 and prior amendments shall remain the same. In the event of any inconsistencies between this Sixth Amendment, the Agreement, or any prior amendments, the provisions of this Sixth Amendment shall prevail.

CITY OF SACRAMENTO,
a municipal corporation

SACRAMENTO AREA YOUTH GOLF
ASSOCIATION, d.b.a THE FIRST TEE OF
GREATER SACRAMENTO, a 501 (c)(3)
corporation

By: _____
Ray Kerridge, City Manager

John B. Kelly, Board President

APPROVED AS TO FORM:

Deputy City Attorney

Michael L. Gilligan, Vice Chair Finance

ATTEST:

City Clerk

Exhibit B

PROMISSORY NOTE

\$140,049.03

Sacramento, California
Date: As of January __, 2010

FOR VALUE RECEIVED, the undersigned, the Sacramento Area Youth Golf Association (SAY Golf), a 501 (c)(3) nonprofit public benefit corporation, d.b.a. The First Tee of Greater Sacramento (TFTGS) ("Payor"), promises to pay to the CITY OF SACRAMENTO ("Payee"), or order, at Golf Division, Attn: Doug Parker, 1030 15th Street, Suite 220, Sacramento, California 95814-2604, or at such other place as the holder hereof may from time to time designate in writing, the sum of ONE-HUNDRED FORTY THOUSAND, FORTY-NINE DOLLARS AND 3/100 CENTS (\$140,049.03), payable in installments due and payable as follows:

<u>INSTALLMENT</u>	<u>DUE DATE</u>	<u>AMOUNT</u>
1	May 1, 2010	\$ 2,918.00
2	June 1, 2010	\$ 2,918.00
3	July 1, 2010	\$ 2,918.00
4	August 1, 2010	\$ 2,918.00
5	September 1, 2010	\$ 2,918.00
6	October 1, 2010	\$ 2,918.00
7	May 1, 2011	\$ 2,918.00
8	June 1, 2011	\$ 2,918.00
9	July 1, 2011	\$ 2,918.00
10	August 1, 2011	\$ 2,918.00
11	September 1, 2011	\$ 2,918.00
12	October 1, 2011	\$ 2,918.00
13	May 1, 2012	\$ 2,918.00
14	June 1, 2012	\$ 2,918.00
15	July 1, 2012	\$ 2,918.00
16	August 1, 2012	\$ 2,918.00
17	September 1, 2012	\$ 2,918.00
18	October 1, 2012	\$ 2,918.00
19	May 1, 2013	\$ 2,918.00
20	June 1, 2013	\$ 2,918.00
21	July 1, 2013	\$ 2,918.00
22	August 1, 2013	\$ 2,918.00
23	September 1, 2013	\$ 2,918.00
24	October 1, 2013	\$ 2,918.00

<u>INSTALLMENT</u>	<u>DUE DATE</u>	<u>AMOUNT</u>
25	May 1, 2014	\$ 2,918.00
26	June 1, 2014	\$ 2,918.00
27	July 1, 2014	\$ 2,918.00
28	August 1, 2014	\$ 2,918.00
29	September 1, 2014	\$ 2,918.00
30	October 1, 2014	\$ 2,918.00
31	May 1, 2015	\$ 2,918.00
32	June 1, 2015	\$ 2,918.00
33	July 1, 2015	\$ 2,918.00
34	August 1, 2015	\$ 2,918.00
35	September 1, 2015	\$ 2,918.00
36	October 1, 2015	\$ 2,918.00
37	May 1, 2016	\$ 2,918.00
38	June 1, 2016	\$ 2,918.00
39	July 1, 2016	\$ 2,918.00
40	August 1, 2016	\$ 2,918.00
41	September 1, 2016	\$ 2,918.00
42	October 1, 2016	\$ 2,918.00
43	May 1, 2017	\$ 2,918.00
44	June 1, 2017	\$ 2,918.00
45	July 1, 2017	\$ 2,918.00
46	August 1, 2017	\$ 2,918.00
47	September 1, 2017	\$ 2,918.00
48	October 1, 2017	\$ 2,903.03

1. At the option of the holder hereof, this Note shall become immediately due and payable, without further notice or demand, upon the occurrence at any time of any of the following events:
 - (a) Default in the payment of any installment due hereunder which is not cured within five days;
 - (b) The filing by Payor of a voluntary petition for bankruptcy or if the Payor is named as a debtor under an involuntary petition for bankruptcy;
 - (c) Payor institutes any proceeding under any bankruptcy or insolvency laws relating to the relief of debtors; or
 - (d) Payor makes an assignment for the benefit of its creditors.

2. If this Note is not paid when due, whether at maturity or by acceleration, Payor, and every guarantor and endorser of this Note, and every person who assumes the obligations of this Note, promise to pay all costs of collection, including, but not

limited to, reasonable attorneys' fees (incurred by the Sacramento City Attorney's Office and/or outside counsel) whether or not suit is filed hereon. Additionally, the holder hereof shall be entitled to reimbursement for all attorneys' fees and costs incurred in enforcing any judgment arising from or out of this Note, whether incurred by the Sacramento City Attorney's Office or outside counsel, which shall not merge into said judgment and may be added to the judgment and substantiated by supplemental cost bill.

3. Payor, every guarantor and endorser of this Note, and every person who assumes the obligations of this Note, waive presentment, demand, protest, notice of protest, notice of dishonor, notice of nonpayment, and notice of any kind with respect to this Note or any guarantee of it.
4. Installments shall be payable in lawful money of the United States.
5. This Note may not be changed or terminated orally, but only by an agreement in writing signed by the party against whom enforcement of such change or termination is sought.
6. This Note may be prepaid at any time without penalty.
7. If Payor fails to make any payments when due under this Note, it shall be in default of City Agreement number 98-114 ("Agreement"), and the City shall enjoy all rights incident to a default under the Agreement.
8. The rights, duties, and obligations of Payor and Payee hereunder shall be binding upon and inure to the benefit of their respective successors, representatives, receivers, trustees, and assigns, if any.

"PAYOR"

Sacramento Area Youth Association, d.b.a.
The First Tee of Greater Sacramento, a
501 (c)(3) nonprofit corporation

By: _____
JOHN B. KELLY, Board President

By: _____
MICHAEL L. GILLIGAN, Vice Chair Finance