

MEMORANDUM

TO: County Council

FROM: ^{7M 7M} Marlene L. Michaelson, Senior Legislative Analyst
^{10/2} Michael Faden, Senior Legislative Attorney

SUBJECT: **Action:** Expedited Bill 44-06, Parks Department – Golf Courses – Lease with Revenue Authority

Planning, Housing, and Economic Development Committee recommendation: enact bill after lease is amended.

Expedited Bill 44-06, Parks Department – Golf Courses – Lease with Revenue Authority, sponsored by Councilmember Silverman at the request of the Planning Board, was introduced on October 3, 2006. A public hearing was held on October 24 and the Planning, Housing and Economic Development Committee met to discuss the bill on October 23 and 26. Bill 44-06 would approve the lease agreement between the Maryland-National Capital Park and Planning Commission and the Montgomery County Revenue Authority for operation of 4 golf courses owned by the Commission.

Circle 3-6 contain the cover memorandum from the Chair of the Planning Board and the Executive Director of the Revenue Authority summarizing the major issues addressed in the lease. The Bill is on ©7-103, and Parks Department and Revenue Authority Staff memoranda are on ©104-122. Answers to questions raised by Councilmembers at the hearing or Planning, Housing, and Economic Development (PHED) Committee worksession are attached at © 133 – 137.

This Bill is on an expedited schedule to allow the Revenue Authority enough time to prepare the courses for the spring golf season. In addition to hiring, the Authority wants to make necessary improvements that will require expenditures, but cannot do so until they are assured that they will receive the revenues from the courses they improve. M-NCPPC's debt payment on the Little Bennett Golf Course is due November 1, so the expedited schedule provides them with a rent payment to cover that debt service. Council Staff believes that the lease will significantly improve M-NCPPC's fiscal condition and is far more likely to ensure the long-term viability for public golf in the County than the current two-system approach. Given the fiscal issues and M-



NCPPC's inability to invest in its courses and infrastructure, Council Staff concludes that the transfer was the only reasonable option for M-NCPPC at this time.

BACKGROUND

The Planning, Housing and Economic Development Committee has expressed concern about M-NCPPC golf courses for a number of years and has closely monitored their operation. Issues the Committee discussed over the past four years include the following.

Increasing Financial Losses. Net revenues for M-NCPPC golf courses have **not** been positive for 12 of the last 13 years. The last time the courses covered revenues for more two or more consecutive years was in FY92 and FY93. Since then 6 new golf courses have opened in the County (including Little Bennett), creating significant new competition for M-NCPPC courses.¹ Although debt service for Little Bennett may have contributed to the losses, the \$405,000 annual debt does not fully account for the losses, particularly as the losses have grown in recent years. (Data on net revenue going back to FY91 appears on ©124.)

M-NCPPC GOLF COURSES							
NET REVENUE (REVENUES OVER EXPENDITURES) IN 000's							
FY00	FY01	FY02	FY03	FY04	FY05	FY06	Projected FY07 ²
-\$523	-\$608	-\$539	-\$1,790	-\$432	-\$497	-\$1,432	-\$1,371

These losses impacted the overall fiscal health of the Enterprise Fund and led M-NCPPC to ask for General Fund subsidies of close to \$600,000 in FY06 and FY07 to enable them to meet debt service payments.

By contrast, the Revenue Authority's net revenues have been positive in each year, including in FY03 and FY04, when it closed its most successful course (Falls Road) for renovation.

REVENUE AUTHORITY							
NET REVENUE (REVENUES OVER EXPENDITURES) IN 000's							
FY00	FY01	FY02	FY03	FY04	FY05	FY06	Projected FY07
\$1,298	\$1,329	\$1,437	\$7	\$219	\$635	\$1,346	\$1,088

¹ Trotters Glen 1993; Little Bennett 1994; Rattlewood 1995; Four Streams 1998; Hampshire Greens 1999; and Blue Mash 2001.

² Note that the projection for FY07 was made when the assumed net revenue for FY06 was \$1 million. Actual FY07 losses, as in FY06, may have been greater than projected.

Inability to Fund Capital Improvements. The Commission failed to make the necessary capital improvements at golf courses and was experiencing the continued decline of its infrastructure. The significant problems with the irrigation systems at each of the golf course discussed on © 113 are a good example of this problem. Two years ago the Enterprise Fund compiled a list of over \$17 million in desirable golf course capital improvements, but did not have any plan to fund these improvements due to fiscal constraints.

Merits of Two Public Golf Course Systems. The Committee discussed whether there was justification for 2 separate public golf course systems. It was not only inefficient, but counterproductive to have public agencies spend money on two separate marketing strategies to compete against each other. This is especially true in light of the national trend of flat demand for golf and the significant number of private courses that were built in or near the County over the past 10 years. A larger system also has greater opportunities to negotiate discounts with equipment and service vendors.

Lack of Planning. As independent systems, neither M-NCPPC nor the Revenue Authority had assessed the need for public golf in the County and whether the total number of courses was the correct number. M-NCPPC had not completed a comprehensive study of capital needs or long term planning to guide golf operations and growth.

Marketing. Until recently, when M-NCPPC hired a staff person to focus on marketing, its marketing strategies were very weak, especially when compared to the Revenue Authority.

Ability to Respond to Decline. M-NCPPC commissioned three separate reports to assess the decline in golf revenues and/or propose options to strengthen the system. The Commission failed to implement many of the recommendations in these reports (in some cases because the recommendations conflicted with existing policies related to personnel and compensation) and showed no sign of being able to reverse the trend of increasing losses and insufficient capital investment.

There are two issues the Committee was not aware of in its previous discussions regarding the golf courses. M-NCPPC golf courses were not complying with applicable law at several stormwater management ponds. In addition, there may be significant issues with the sufficiency of the water appropriation for Little Bennett Golf Course. The amount of water withdrawn from Little Bennett Creek to irrigate the golf course is limited by a state permit. Since the equipment that regulates the amount of water that can be taken from the stream has been broken for some time, it is unclear whether the water use has been consistent with the permit (see ©4-5 and 28).

In fall 2005, the PHED Committee indicated that it would give M-NCPPC 6 more months to turn around the financial losses or the Committee would begin considering options that would end M-NCPPC management of golf (e.g. close some courses or turn them over to the Revenue Authority or a private contractor).

BASIC TERMS OF LEASE

The main points of this lease are briefly summarized in the joint Planning Board/Revenue Authority memo on ©5-6. Significant provisions include the following:

- purpose §2.1 on © 23 (accessibility and affordability, improved maintenance, operating and cost efficiencies) which includes the non-competition clause;
- public access encouragement provisions in §2.7 on ©24-25, which are “subject to funding for implementation” (presumably tax funding);
- sign requirements in §2.11 on ©26;
- right of entry provisions in §2.12.2 on ©26 which give M-NCPPC a last-resort authority to make repairs that the Authority was “obligated” to do but did not;
- transfer of all courses “as is”, with specific exceptions, in §3.2 on ©28-29;
- a conflict provision in §5.2 on ©35 under which the lease, and the Authority’s rights under it, prevail over any conflicting park regulations;
- maintenance requirements in §5.7.1 which require the Authority to maintain these courses at the same level as its current courses;
- the golf master plan in §§6.1-6.2 on ©38-39 to be prepared by the Authority’s consultants, which requires no particular action by the Authority but does restrict the Authority’s Capital Improvements Program requests; and
- perhaps most important, the provisions controlling “extraction and closure” of these courses in §§12.1-12.2 on ©50, in which the Commission can retrieve a course from the Authority after 6 months notice by making certain payments, and the Authority can close a course and return it to the Commission if the Authority (apparently in its discretion) finds that the course “is adverse to the entire Golf System”. As discussed below, the parties have since amended this provision.

EMPLOYEES

Although the employment of M-NCPPC golf staff is not a lease issue, the Committee should be aware of efforts made by the M-NCPPC and the Revenue Authority to place each employee. M-NCPPC employed 31 full time employees at golf courses. The agency indicates that one of its main priorities was to ensure that all full time staff had new positions and that no employee would experience a reduction in actual salary as a result of the transfer. About 168 part-time seasonal employees were given priority for other seasonal jobs in the Parks system. Only one full-time career employee accepted a position with the Revenue Authority. Four employees took jobs in M-NCPPC that resulted in a downgrade, but no loss of pay. Except for a limited number of retirements, the remaining employees were placed in other positions at comparable grades.

PLANNING BOARD ROLE/REVENUE AUTHORITY REPORTING

The lease is structured to enable the Planning Board to retain a significant policy role with regard to environmental protection, public access, possible additional facilities and uses on the golf course land, and the impacts of capital improvements. In addition to specific provisions on

maintenance and environment, the Planning Board will receive various reports from the Authority, including quarterly income statements, annual cash flow statements, operating budget capital improvements program (CIP) proposals, audited financial reports, and annual reports on the number of rounds played. (See §7.2.6 on ©41 for a list of reporting requirements.) The Authority must appear before the Planning Board each year to present these reports and provide additional information on fees, activities, community outreach, compliance with the lease, and updates to the Golf Master Plan.

MAINTENANCE

The Council has received a limited number of complaints regarding levels of maintenance since the Revenue Authority took over management of the courses, but it appears that the late approval of the interim operating agreement (which limited the Revenue Authority's ability to hire all needed staff) and severe weather are more likely explanations for changes in course conditions than any Revenue Authority maintenance practices. In fact, the Council had received few, if any complaints about Revenue Authority maintenance of its own courses before the transfer.

The maintenance provisions on ©38 require the Revenue Authority to "maintain, repair and replace the Improvements and facilities within the Leased Premises in a good state of repair as appropriate for the types of improvements and at a standard consistent with its maintenance of other facilities in the Golf System." §2.12 on ©26 gives M-NCPPC the ability to perform maintenance and make repairs and replacements in any case in where the Revenue Authority has failed to do so. The Authority will then have to reimburse M-NCPPC the cost. This provision provides the Planning Board a mechanism to ensure proper maintenance of golf courses.

ENVIRONMENTAL COMPLIANCE

As previously noted, the lease requires the Planning Board to remediate certain preexisting environmental conditions, mainly regarding storm water management, as well as resolving the water appropriation at Little Bennett. Otherwise, the lease requires the Authority to comply with existing and future environmental requirements as well as M-NCPPC's administrative procedures for pesticide safety. The Revenue Authority also agreed to continue Little Bennett's participation in the Audubon Cooperative Sanctuary Program.

RENT AND FINANCIAL ISSUES

Rent payments from the Revenue Authority to M-NCPPC will have two phases (see ©31-33). In the first 6 years, the Revenue Authority will pay a fixed rent of \$480,000 per year. This will more than cover the \$405,000 annual debt service, and some portion of the payment will cover the purchase of golf equipment at the courses acquired as part of the transfer.

Beginning in 2011 (after the Little Bennett debt is fully repaid), the annual rent will be a percentage of net revenues in excess of \$5.6 million, as defined in the lease (revenues minus the

cost of goods sold). (Using this definition, M-NCPPC golf courses earned \$5.6 million net revenue in FY05.) The percentage begins at 5% and increases each year until it reaches 10%. The Revenue Authority's rent payment is reduced if they return Little Bennett to M-NCPPC because of water problems. M-NCPPC's Secretary-Treasurer believes this is a fair rent. She also noted that the rent and projected costs and revenues will be sufficient to allow the Authority to invest in needed capital improvements (the Authority estimates that they will have about \$820,000 per year available for capital investment; see ©8). This is significant due to the condition of M-NCPPC infrastructure.

M-NCPPC's Secretary-Treasurer also compared financial data for operation of the golf course for a 3 ½ month period during M-NCPPC's last year of management with the same 3 ½ month period after the Revenue Authority began operating the courses (see ©7-12). Although many unique circumstances limit the validity of this comparison, she notes \$871,000 of improved financial performance. Enterprise Fund staff indicate that rounds of golf increased by about 4,000 rounds or 5% in the same period. These data support the expectation that the Authority will be more successful than M-NCPPC in having revenues cover costs.

M-NCPPC has agreed to provide Park Police security patrols of the golf courses at no cost to the Revenue Authority. If more Park Police are needed at special events, the Revenue Authority will pay M-NCPPC for their time (see ©27).

ACCESSIBILITY

The lease requires the Revenue Authority to develop or maintain programs that encourage broad access to public golf, including programs such as First Tee and use of the golf system by public high school teams (©24-25). It also indicates that the Authority will cooperate with other County agencies in developing opportunities for "members of lower income and other disadvantaged communities to have access to public golf opportunities".

The lease requirements will not result in a change in Revenue Authority practice. As indicated in the Executive Director's memorandum on © 136, it has been Revenue Authority policy to provide "quality golf experiences at affordable rates to all of the residents of Montgomery County". One of their courses was the first locations for a First Tee program and they offer options for schools and special populations (e.g., seniors). Their pricing schedule has been as, or even more, affordable than M-NCPPC.

Council Staff notes that the ability to use the golf courses to address County policy priorities, even when it may reduce potential revenues, is one of the reasons it makes sense for M-NCPPC to transfer this operation to the Revenue Authority rather than a private contractor.

GOLF MASTER PLAN

The Revenue Authority hired an independent consultant to prepare a draft Golf Master Plan, to be completed by March 1, 2007 (see ©38-39). The Golf Master Plan will recommend short and

long-term strategies to incorporate the M-NCPPC courses into the golf system to accomplish the goal of a successful unified County system of public golf. The Plan will recommend necessary capital improvements and provide a financial framework with proposed sources of funding. The ability to comprehensively plan for one system is one of the benefits of a unified system. **The Committee noted that it wants to receive a briefing on the Plan as soon as it is available.**

SINGLE GOLF SYSTEM

A unified golf system will enable the County to achieve efficiencies and to assess and serve the demand for public golf comprehensively. Although there may have been historic reasons for the creation of two systems (particularly when there was a shortage of public courses and a growing demand for golf), Council Staff has not heard any convincing argument to maintain 2 separate systems at this time and believes that competition between 2 public system in a market with limited demand is not advisable. The lease clarifies that M-NCPPC will no longer operate golf courses, or will do so only if they will not compete with the unified system. This requirement is located in the lease's purpose section on ©23. To realize the benefits of a unified system, Council Staff believes this restriction is appropriate. Finally Staff notes the Revenue Authority focuses almost exclusively on golf, while M-NCPPC has operates many different types of facilities in its Enterprise Fund, including ice rinks and indoor tennis. Its ability to focus management resources predominantly on golf and previous financial success make the Revenue Authority the better choice to operate a unified system.

EXTRACTION AND CLOSURE OF COURSES

The lease gives M-NCPPC the ability to extract a golf course from the Authority if it determines the land is needed for another purpose, and lets the Authority return a course to M-NCPPC if it determines that operation of the course is "adverse to the entire Golf System" (see §12.2 on ©50). The wording is significant in that it implies that the Revenue Authority may not return a single course that is not profitable unless the losses are so great that continued operation jeopardizes **the entire system** (i.e., profits from other courses are not great enough to offset the losses at the course recommended for extraction). M-NCPPC cannot operate an extracted property as a golf course, consistent with the goal of a unified County golf system.

A concern that has been raised in correspondence to the Council is that the Authority may close golf courses which serve an important policy objective simply because they are not profitable. In a worst case scenario, the lease does not appear to prevent the Authority from closing golf courses that serve lower and middle income neighborhoods, while retaining those that serve upper income neighborhoods. Authority staff has already assured the Committee that this action would be contrary to its mission and therefore would not happen.

After some prodding from the Committee, the parties amended this section of the lease (see ©138) to require the Authority, before it makes any final decision to close a course, to brief both the Council and the Planning Board and give them an opportunity to consider alternatives. This would let the Council and Board review the policy implications of closing a

course and decide whether any other response is appropriate (e.g., subsidize an unprofitable course because it serves a unique public need). The same lease amendment also requires the Authority to base its decision on an independent financial analysis.

A concern has also been raised as to what M-NCPPC could sell land returned by the Revenue Authority. The Commission has said that it does not intend to sell any park land. Under §5-111 of the Regional District Act, the Commission can dispose of unneeded land. The Committee agreed that this issue should be considered further as part a future review of M-NCPPC park land policies.

COMMUNITY OUTREACH

The Committee asked to discuss the Revenue Authority's community outreach plans. As noted at the previous meeting, the Revenue Authority employs an outside entity (the National Golf Foundation) to conduct surveys to measure customer loyalty and satisfaction, compare it to regional and national data, and obtain information about specific areas of customer concern. The Revenue Authority also provides the opportunity on its web site for people to contact them with comments. Because Authority staff committed to obtain input from the Recreation Advisory Boards, the Committee decided that the lease need not require regular consultation. Finally, in its annual report to the Planning Board, the Revenue Authority is required to discuss its community outreach activities.

COUNCIL OVERSIGHT OF REVENUE AUTHORITY

Under County law (County Code §42-13) the Council approves the Revenue Authority's Capital Improvements Program and capital budget. This covers not only new projects, but also any substantial improvement or extension of a previously approved project. The Council does not approve the Authority's operating budget. The Executive also must approve each Authority project. Because the Council does not directly review the Authority's ongoing operations (except when confirming an Authority Board member), Committee members decided to discuss in a broader context the need for greater Council oversight.

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Expedited Bill No. 44-06
Concerning: Parks Department – Golf Courses – Lease with Revenue Authority
Revised: 9-28-06 Draft No. 1
Introduced: October 3, 2006
Expires: April 3, 2008
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: None
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: Councilmember Silverman at the request of the Planning Board

AN EXPEDITED ACT to approve the lease agreement between the Maryland-National Capital Park and Planning Commission and the Montgomery County Revenue Authority for operation of certain golf courses.

By adding to
Laws of Montgomery County 2006

Boldface	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

The County Council for Montgomery County, Maryland approves the following Act:

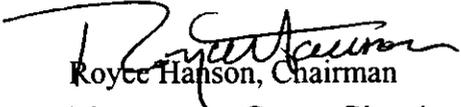


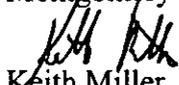
THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION
Office of the Chairman, Montgomery County Planning Board

MEMORANDUM

September 28, 2006

TO: George Leventhal, President
Montgomery County Council

FROM: 
Royce Hanson, Chairman
Montgomery County Planning Board


Keith Miller, Executive Director
Montgomery County Revenue Authority

SUBJECT: Transmittal of Lease Agreement with the Montgomery County Revenue Authority for Operation of the Park Golf Courses

This memorandum transmits a Lease Agreement (Lease) between the Maryland-National Capital Park and Planning Commission (M-NCPPC) and the Montgomery County Revenue Authority (RA) for review and approval by the County Council. The Planning Board discussed the Lease in a number of work sessions and on September 21, 2006 approved it for transmittal to the Council.

The outcomes achieved with this proposed lease are:

- The long-term availability of high-quality golf opportunities at all levels for residents and visitors on the Park and RA Golf Courses through their integration under the golf program managed by the RA;
- The opportunity for the RA to improve its offerings by spreading its programming and costs over more courses;
- The strengthening of the Parks' fiscal condition by the removal of a program that was requiring support from non-golf activities in the Enterprise Fund and could require tax-supported subsidies; and,
- The continued support for the First Tee program and the high school golf program.

On April 6, 2006 the Planning Board approved an operating agreement with the Revenue Authority that transferred the operation of the four Park Golf Courses from the Enterprise Division to the Revenue Authority (RA). The RA is operating the courses as part of a nine course public system, which includes the five courses they have operated for some time.

In the face of a national trend of flat demand for golf, requirements for servicing the debt on the golf courses from revenues, mounting financial losses and an inability to make the capital improvements that would enable park courses to be competitive, we concluded that merger of the public golf systems was an appropriate response. The option to merge was under consideration for well over a year and there was recognition for much longer that substantive changes were needed in order to operate the system in a fiscally responsible way.

In January 2006, the Planning Board authorized the staff to enter into negotiations with the Revenue Authority (RA) with the objective of transferring to the RA the operation of the M-NCPPC's four Montgomery County courses. The Planning Board was told that staff had met December 6 to review Golf issues and had concluded from this review that the continued decline in the fiscal health of the golf program (FY05 actual net cash flow: -\$497,344; latest FY06 year-end projected net cash loss of approximately \$1 million) precluded the use of more measured turn-around actions and demonstrated the urgency of taking a significant new approach. The decision to begin the transfer through an operating agreement on April 15, 2006 was in recognition of the start of the golf season and the cash flow necessary for the RA to sustain the operations.

Proposal:

The Planning Board and the Board of the Revenue Authority have both approved a long-term Lease for the operation, maintenance, and capital improvement of all four courses by the Revenue Authority. Title to all four park courses will remain with M-NCPPC, and the Planning Board will retain a significant policy role with regard to environmental protection, public access, possible additional facilities and uses on the Golf Course land, and the impacts of capital improvements. Through the comprehensive ability and expertise of the RA to manage golf operations and the combined assets of the two existing systems, M-NCPPC and the RA anticipate that the combined system will be stronger than either of the current operations.

There are outstanding responsibilities of the M-NCPPC that still must be addressed. These include clarification of the sufficiency of the water appropriation for Little Bennett Golf Course and deferred maintenance requirements to bring all of the storm water management facilities into compliance with their permit requirements. The latter was a known condition in April, although the RA and Park staffs are still determining the extent of the work and associated costs. The Lease provision dealing with this issue has been strengthened to ensure that the responsibility is clear. The former issue has been identified as a result of due diligence during the 2006 season which revealed that there are certain confusing aspects of the water allocation permits for Little Bennett that need

clarification in the immediate future as well as problems with the maintenance of the equipment that monitors water usage.

As a result of entering into a long-term Lease, M-NCPPC will, after resolving the storm water facilities deferred maintenance and Little Bennett water allocation issues, be relieved of the fiscal exposure and capital investment burden expected to adversely impact the Enterprise and Park Funds. The RA would become the sole provider of public golf in the county (other than the City of Rockville) with the opportunity to market "Montgomery Golf" at all nine courses.

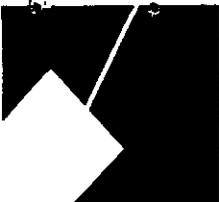
The financial transaction as proposed meets the interests of both agencies, including the ability to retire the debt for Little Bennett and a sharing of revenue (after capital investment) by both the RA and M-NCPPC.

The significant provisions of the Lease include:

- **Structure of Transaction.** RA took over operations of all of the Park Golf Courses on April 15, 2006, under the terms of a binding letter of intent and an operating agreement that expire on October 31, 2006. Upon approval of the Planning Board and County Council, the RA and M-NCPPC will enter into a 30-year Lease with the right to renew for an additional 10 years, subject to the right of either party, during the term, to extract any of the Park Golf Courses from the Lease, subject, respectively, to appropriate reimbursement for certain losses to the RA, and restrictions on M-NCPPC as to future use of the property as a result.
- **Purpose.** The purpose of the partnership is to operate a successful system of daily-fee golf in Montgomery County, which is accessible and affordable to the public and serves the golfing community of Montgomery County, while realizing operating and cost efficiencies with consistent operations and programming.
- **Non-Competition.** M-NCPPC will not provide public golf facilities in competition with or act in a manner to frustrate the success of the RA golf system. The Golf Course at Fairland Regional Park is specifically excluded from this requirement.
- **Use of the Property.** Use of property will be limited to golf and related operations and activities, or such other uses as approved by M-NCPPC.
- **Rent.** The RA will pay a base rent to M-NCPPC (which will include reimbursement to M-NCCPC for the value of all equipment and inventory to be transferred to the RA) at least sufficient to cover its existing debt service at Little Bennett until the debt is paid off. In addition, after a certain period RA will pay a percentage rent based on revenues derived from operations.
- **Operating Standards.** The RA will operate the Park Golf Courses in a manner consistent with its operations of its other Golf Courses in Montgomery County, subject to (1) sound environmental practices and in compliance with federal, state, and local laws and regulations that apply to operations of park property, including environmental laws and regulations and M-NCPPC Park Regulations, (2) maintaining the tax-exempt status of the Little Bennett debt, and (3) in accordance with the terms of the Lease.

- **Accessibility.** The RA shall continue to assure access to golf for members of lower income communities.
- **Master Plan.** Within the first year of its operations of the Park Golf Courses, the RA will develop and present to the Planning Board, a Golf Master Plan, which will include a capital improvement plan to accomplish the purpose set forth above in a unified system of public golf in Montgomery County. Any capital improvements will be subject to the appropriate governmental approvals and permits.
- **Needwood Irrigation Upgrades.** M-NCPPC will complete and pay for the design for the irrigation system upgrades to Needwood Golf Course, and the RA will be responsible for implementing the upgrades – the timing of which will be addressed in the master plan.
- **Annual Reporting.** The RA will make an annual presentation to the Planning Board of its operations during the preceding calendar year and projections for the coming year, including, a representation of its compliance with the terms and the purposes of its agreements with M-NCPPC, and proposed updates to its Golf Master Plan.
- **Liabilities.** The RA will accept the Property “AS IS” from M-NCPPC with a shared obligation with regard to environmental conditions. Further, the M-NCPPC will bring storm water management facilities into compliance with permits and will resolve the water allocation system problems at Little Bennett Golf Course.
- **Signage.** The RA will include signage approved by MNCPPC, at the MNCPPC Golf Courses that identify the Park Golf Courses as part of the M-NCPPC park system.
- **Joint Marketing.** The RA will transfer current paid subscribers of Player’s Choice into a similar RA marketing program, providing appropriate credit for any fees paid and points earned.
- **No Assignment.** The RA will not be able to transfer or assign its rights or obligations with regard to operations of the Park Golf Courses.

Both parties are strongly committed to making this transition and new partnership a long-term success. Our staffs are prepared to work with Council to provide all necessary information and analysis that you need to review this proposed Lease.



MEMO

THE MARYLAND-NATIONAL CAPITAL PARK & PLANNING COMMISSION
Department of Finance, Office of Secretary-Treasurer

PCB 06-53

September 14, 2006

TO: Montgomery County Planning Board

FROM: Patricia Colihan Barney, Secretary-Treasurer

SUBJECT: Long-term Lease – Financial Analysis

Recommendation: The financial analysis performed by the Finance Department supports the approval of the long-term lease to transfer operation of Commission Montgomery County Park Golf Courses to the Revenue Authority (RA). It is my opinion that the County's system of golf will be financially stronger as one system as structured under the long-term lease. The oversight provided by the County, which requires their approval of the RA's capital improvement program, should protect the investment the Commission has made in the Park Golf Courses.

The lease/transaction meets the following critical financial objectives:

- Elimination of the negative cash flow impact on the Enterprise Fund.
- Cash flow from the RA to the Commission to meet the debt service on Little Bennett Golf Course Revenue Bonds and operational controls to assure protection of the tax-exempt status of the debt.
- Potential to share in percentage rent based on growth in net revenue at the Park Golf Courses.
- Projected positive cash flow under the RA management to fund much needed capital improvements at the Park Golf Courses.

Responsibility is designated to the Commission for certain "Corrective Work". These costs will need to be estimated by staff and funding will need to be requested from the County. These responsibilities are subject to appropriation.

The lease also incorporates a more significant reduction to the percentage rent the Commission would receive for the first 20 years of the lease in the remote chance that

Little Bennett is returned to the Commission as a result of unresolved "Corrective Work". Although it may have been preferable to cap the impact on the percentage rent, it's my opinion that the guaranteed \$480,000, plus projected capital investment in the Park Golf Courses, the elimination of negative cash flow to the Enterprise Fund and the risk the RA takes on as their outlay is certain and occurs early in term, that it is reasonable to accept the terms as written in the lease.

Finally, Bank of America has reviewed the lease and will approve the transaction subject to an agreement, which acknowledges that the lease is subordinate to the Bank's interest; provides protection in the event of a default; and provides an option for earlier prepayment of debt. We are waiting to hear if the RA's lender, M&T Bank, has granted their approval of the transaction.

Background: In April of 2006, The Planning Board approved the terms of a letter of intent for a long-term lease with the Revenue Authority to operate the Commission's Montgomery County Park Golf Courses. The Park Golf Courses had been generating a negative cash flow and were in need of significant capital improvements.* FY 2005 results were close to negative \$500,000 and FY 2006 were projected to be approximately negative \$1,000,000 by the Parks Department. County policy requires that the golf courses be self-sustaining; therefore, without the necessary cash flow, much needed capital improvements could not be accomplished.

Analysis: The financial analysis consisted of a review of the RA's financial performance in previous years; the RA long-term cash flow projections for Park Golf Courses under their management; a comparison of Park Golf Course financial performance for mid April through July for fiscal years 2005 and 2006; and the projected financial impact of the adjustment to the Commission's percentage rent should Little Bennett be returned to the Commission due to unresolved "Corrective Action" noted in the lease.

- **Revenue Authority Financial Position** - Although financial performance of the RA golf course system was quite volatile during fiscal years 2002 – 2004 due to major course renovations, financial performance for fiscal year 2005 showed a small negative cash flow. Results for FY 2006 for their courses are not yet available.
- **Cash Flow Projections** - Projected cash flow for Commission courses prepared by the RA indicate capacity for \$820,000 of capital improvements/equipment replacements while making the required payments to the Commission. The majority of the cash flow is projected to be generated through lower operating costs, most significantly in the personnel area.
- **Comparison of Financial Results** - Preliminary financial data for mid April through July 30 of 2006 when compared with Commission operations for the previous year indicated \$871,000 of improved financial performance. (Attachment A.) Of the improvement, almost \$800,000 was due to lower costs, some of which is attributable to unfilled positions and RA salaried staff filling in

without allocating costs to Park Golf Courses. In addition, in June of 2005, the Commission purchased large amounts of supplies, which also skewed the figures somewhat. Still, the amount of the improved performance is exceptional and supports the RA's expectation that they will be able to operate the courses at a significantly lower cost enabling cash flow to fund much needed capital improvements.

- **Projected Impact on Percentage Rent** - In order to encourage the Commission to complete the "Corrective Work" and to compensate the RA for continuing to pay \$480,000 to the Commission during the first six years of the lease in the remote event that Little Bennett is returned due to Corrective Work issues, the lease now reflects a change in the method of calculating the percentage rent should this situation occur.

The percentage rent payment begins November 1, 2011. The percentage is applied to the increase in net revenue of Commission courses over their FY 2005 results of \$5.6 million. If a Commission course is returned, the percentage is applied to the net revenue base as reduced by the FY 2005 net revenue of the course returned.

However, if Little Bennett is returned due to the Corrective Work issues, the net revenue base would not be reduced for Little Bennett's FY 2005 net revenue of \$1.2 million for the first 20 years of the lease. Therefore, the net revenue of the other three courses would need to exceed \$5.6 million instead of \$4.4 million in order for the Commission to receive any percentage rent for a given year.

Attachment B presents the projected reduced percentage rent over the 20-year period based on an assumption of 3% net revenue growth. The rent would be reduced by \$1.6 million which equates to about \$800,000 in present value dollars if discounted at a 5% rate. The impact based on a 4% net revenue growth was also calculated and the impact in present value dollars was minor when compared to the 3% scenario. For fiscal year 2026, the net revenue base would be reduced by the \$1.2 million of FY 2005 results and percentage rent would increase accordingly.

In my opinion, the terms as written appear reasonable considering the factors stated in the recommendation section of this memo.

Attachments:

Attachment A – M-NCPPC/MCRA Revenue and Expenses Comparison
Attachment B – Rent Payments Percentage Rent Reduction – 20 years

M-NCPPC / MCRA Revenue and Expenses April 15-July 31
2005 vs. 2006

	ATTACHMENT A													
	2005					2006					(N)			
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)		(K)	(L)	(M)
1 M-NCPPC														
2 OPERATIONS														
		April 15-30 (a)	May	June	July	Total		April 15-30	May	June	July	Total	Diff. 06 to 05	% of 2005
3 Sligo Creek														
4 Revenue		25,524	79,379	79,090	57,747	241,740		31,600	60,731	58,937	78,704	229,973	(11,767)	95.1%
5 Expenses		27,518	50,797	68,769	39,062	186,146		13,049	30,216	50,290	33,763	127,318	(58,828)	68.4%
6 Needwood														
7 Revenue		82,402	170,604	413,776	241,599	908,381		141,358	281,987	256,061	320,265	999,672	91,291	110.0%
8 Expenses		54,835	200,325	300,397	113,139	668,696		33,013	70,147	106,985	96,613	306,759	(361,937)	45.9%
9 Northwest														
10 Revenue		116,199	256,939	407,517	283,865	1,064,520		153,887	306,598	297,176	325,970	1,083,630	19,111	101.8%
11 Expenses		73,026	174,648	313,400	106,884	667,958		32,294	87,530	116,080	89,647	325,552	(342,406)	48.7%
12 Little Bennett														
13 Revenue		46,522	234,003	285,424	198,099	764,048		89,630	212,633	226,842	215,998	745,103	(18,945)	97.5%
14 Expenses		67,285	172,967	264,612	91,372	596,236		26,861	77,812	121,128	132,054	357,855	(238,381)	60.0%
15 Total														
16 Revenue		270,646	740,925	1,185,807	781,310	2,978,688		416,475	861,949	839,016	940,938	3,058,378	79,690	102.7%
17 Expenses		222,663	598,737	947,178	350,457	2,119,035		105,217	265,705	394,484	352,077	1,117,483	(1,001,552)	
18 Depreciation (b)			(included in above amounts)					30,000	60,000	60,000	60,000	210,000		
19 Total Expenses		222,663	598,737	947,178	350,457	2,119,035		135,217	325,705	454,484	412,077	1,327,483	(791,552)	62.6%
20 Net Change (c)		47,983	142,188	238,629	430,853	859,653		281,258	536,244	384,532	528,860	1,730,895	871,242	201.3%
21 (a) MNCPPC Revenues and Expenses for April 15 through 30, 2005 are assumed to be 50% of actual April 2005 Revenues and Expenses														
22 (b) Depreciation was added to MCRA 2006 expenses for comparability. MCRA assumed \$30,000 for April 15-30 and \$60,000 per month for May, June and July. Depreciation was already included in M-NCPPC 2005 numbers.														
23 (c) Excludes interest income, interest expense and MNCPPC's Administrative Charge Backs and MCRA's equivalent (Management Fees).														
25 Analysis:														
26 1. Revenues: 2006 revenues increased 2.7% or \$79,690 over 2005.														
27 2. Expenses: 2006 expenses decreased by 37.4% or \$791,552 over 2005.														
28 3. Net Change: 2006 net change increased by 101.3% or \$871,242 over 2005.														

LEASE AGREEMENT

BETWEEN

**MARYLAND-NATIONAL CAPITAL
PARK AND PLANNING COMMISSION**

AND

MONTGOMERY COUNTY REVENUE AUTHORITY

Dated _____, 2006

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LIST OF EXHIBITS

EXHIBIT A	Leased Premises and Improvements
EXHIBIT B	Tower Property
EXHIBIT C	Permitted Encumbrances
EXHIBIT D	Equipment and Installment Payment Inventory
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EXHIBIT F	List of Service Contracts and Warranties
EXHIBIT G	Description of Weir removal work at Northwest Golf Course

LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease") is made and entered into as of _____, 2006 ("Effective Date"), by and between MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION, a body corporate and politic ("Landlord") located at 9500 Brunett Avenue, Silver Spring, Maryland 20901, and MONTGOMERY COUNTY REVENUE AUTHORITY, a body corporate and politic ("Tenant"), located at 101 Monroe Street, Rockville, Maryland 20850.

RECITALS:

- R-1. Landlord has park jurisdiction within that part of the Maryland-Washington Metropolitan District which includes Montgomery County, Maryland (the "County") as provided in Maryland Code Ann. Art. 28.
- R-2. Landlord is the owner of the fee simple title in and maintains, develops and operates, for the benefit of the public, the public golf courses known as Needwood Golf Course, Northwest Golf Course, Little Bennett Golf Course and Sligo Golf Course (individually referred to by name, and collectively, the "Park Golf Courses" or "Leased Premises"), located throughout the County.
- R-3. Tenant is the owner of the fee simple title, or holds a possessory interest in and maintains, develops and operates, for the benefit of all of the citizens of the County, five golf courses which it operates for the benefit of the public (the "Tenant Golf Courses"), and which are located throughout the County.
- R-4. Pursuant to the policy of the Montgomery County Planning Board to seek partnerships, and to realize efficiencies from the provision of a single system of golf, Landlord desires to lease to Tenant and Tenant desires to lease from Landlord, the Leased Premises so that Tenant will be the designated operator of most publicly operated golf courses in the County, including over those which Landlord has authority. The Leased Premises and the Tenant Golf Courses will be operated by Tenant as a single system of public golf.
- R-5. With the intention of ultimately entering into a long term lease for the maintenance and operation of the Park Golf Courses, Landlord and Tenant previously entered into i) that certain Letter of Intent (the "LOI") dated April 14, 2006, that set forth the substantive business terms to be included in the long term lease, and ii) that certain Operating Agreement (the "Operating Agreement") dated April 14, 2006, for the operation of the Park Golf Courses for an interim period from April 15, 2006 through October 31, 2006.
- R-6. Due to its short term nature, under the Operating Agreement the Landlord agreed to provide maintenance for stormwater management facilities on the Park Golf Courses. It was the parties understanding that certain repairs and retrofits would be made by Landlord to the stormwater facilities. Upon completion of such repairs for a specific stormwater management facility serving only a particular

Park Golf Course, maintenance for any stormwater management facility serving only a Park Golf Course will ultimately transfer to the Tenant.

R-7. This Lease is entered into pursuant to and in accordance with MD Code, Art. 28, §5-110.

NOW, THEREFORE, in consideration of the foregoing, and of other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. DEFINITIONS.

For purposes of this Lease, the following terms shall have the meanings indicated:

- 1.1. "Annual Base Rent" shall have the meaning described in Section 4.1 hereof.
- 1.2. "Applicable Law" means any and all federal, state or local laws, orders, ordinances, codes and regulations applicable to the parties and this Lease. Applicable Law includes conditions of permits issued by any Governmental Authority with respect to operations at the Leased Premises, and binding decisions of Maryland State and Federal courts with jurisdiction.
- 1.3. "Assignee" shall have the meaning described in Section 8.1.
- 1.4. "Audubon Program" shall have the meaning described in Section 5.6.2(B).
- 1.5. "Bank of America" means Bank of America, N.A.
- 1.6. "Casualty" shall have the meaning described in Section 11.1.
- 1.7. "Cost of Goods Sold" means all of the costs related to the sale of Inventory.
- 1.8. "Council" means the County Council of Montgomery County, Maryland.
- 1.9. "County" means Montgomery County, Maryland.
- 1.10. "County Self-Insurance Program" shall have the meaning described in Section 10.7.
- 1.11. "Days" means calendar days, unless specific reference is made to business days.
- 1.12. "Director of Parks" means the Director of Parks for Landlord or the Director's designee.

- 1.13 "Effective Date" shall be that date described in the first paragraph of this Lease.
- 1.14 "Equipment" means equipment and/or personality used at the Leased Premises for the ongoing operations thereof, which are not considered Improvements to the Leased Premises, such as furniture and furnishings, golf carts, grounds maintenance equipment, vehicles, and office equipment.
- 1.15 "Force Majeure" means the following events or circumstances, to the extent that they cause the delay of performance of any obligation hereunder incurred by the claiming party and such delay is beyond the reasonable control of the party claiming the Force Majeure:
- Strikes or lockouts (excluding the general contractor's workforce) or impracticability in procuring materials or suitable substitute materials or failure of utilities necessary for performance;
 - Acts of God, tornadoes, hurricanes, floods, drought, sinkholes, fires and other casualties, landslides, earthquakes, and abnormally inclement weather for the area;
 - Acts of war, terrorism, blockades, insurrection, riots, civil disturbances, or national calamities; and
 - Other acts or circumstances to the extent they would otherwise customarily constitute a Force Majeure event.
- 1.16 "Golf Master Plan" shall have the meaning described in Section 6.1.
- 1.17 "Golf System" means the operation by Tenant of public golf courses in the County under Tenant's branding "Montgomery County Golf."
- 1.18 "Governmental Authorities" means public officials, agencies, municipalities, counties and courts having jurisdiction and regulatory control over the Leased Premises.
- 1.19 "Gross Revenue" means all cash receipts, revenue and income actually received by Tenant and derived from golf and related activities, or other uses of the Leased Premises as approved by Landlord in accordance with Section 5.5 on the Leased Premises during a specified period determined in accordance with generally accepted accounting principles, including, without limitation, any sales or rentals of Inventory whether such Inventory is used or consumed at a Park Golf Course or elsewhere and whether or not such revenues are received at a Park Golf Course or elsewhere. Gross Revenue does not include any additional or special charges in connection with certain fund raising events held in connection with recognized non-profit organizations which are not received by the

Tenant as revenues and which, without any withholding of funds by Tenant for itself, are paid to, or to be paid to such recognized non-profit organization in furtherance of its mission.

- 1.20 "Hazardous Material(s)" means any hazardous or toxic substances, waters, materials, pollutants and contaminants which now or hereafter are included in or regulated by any federal, state or local law, regulation, rule or ordinance, including, but not limited to, those substances, wastes, materials, pollutants and contaminants listed in the United States Department of Transportation Hazardous Materials Table (49 CFR 172.101) or by the Environmental Protection Agency as hazardous substances (40 CFR Part 302) and amendments thereto, or such substances, wastes, materials, pollutants and contaminants that are or become regulated under any applicable federal, state, or local law, ordinance, or regulation including, but not limited to, the Resource Conservation and Recovery Act, the Toxic Substances Control Act, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA" or "Superfund"), the Clean Air Act, and the Clean Water Act.
- 1.21 "Holy Cross Hospital Parking License" means that certain license dated June 1, 2004, between Landlord and Holy Cross Hospital of Silver Spring, Inc., as amended, for non-exclusive parking at the Sligo Golf Course which expires on December 31, 2006.
- 1.22 "Impositions" means all real estate taxes, governmental levies, and obligations for any and all other governmental, quasi-governmental, utility and similar charges, general and special, ordinary and extraordinary, unforeseen as well as foreseen, of any kind and nature whatsoever, which shall during the Term hereof, be made, assessed, levied or imposed upon, or become due and payable in connection with, or a lien upon, the Leased Premises, or any part thereof, any Improvements, or upon this Lease. Notwithstanding the foregoing and to the extent applicable, in no event shall the term "Impositions" be deemed or construed to include, and Tenant shall not be obligated to pay, any (i) income, profits, earnings, inheritance, devolution, gift, franchise, corporate, gross or other receipts, excise, capital levy, or estate taxes, or any other taxes with similar effect, which are attributable to or chargeable to Landlord, or (ii) tax on the rental paid to Landlord under any existing or future laws of the United States of America, or of any other country, or of any jurisdiction therein.
- 1.23 "Improvements" means all buildings, structures, fixtures, golf course areas, roadways, utilities and features used in connection with the creation, operation, maintenance and repair of the Leased Premises and as shown on Exhibit A attached hereto. "Improvements" shall include any capital Improvements added to the Park Golf Facilities by Tenant and which would ordinarily be considered to be real property improvements.

- 1.24 "Installment Payment Inventory" is that inventory to include Equipment and Inventory sold to Tenant in accordance with the Operating Agreement and described on Exhibit D and as referenced in Section 4.1.1(A).
- 1.25 "Institutional Lender" means a savings bank, savings and loan association, commercial bank, trust company, insurance company, pension fund or other lender or issuer of investment grade bonds which Landlord or Tenant uses for financing public facilities.
- 1.26 "Inventory" means all stock, merchandise, materials, goods, food and similar items purchased for purchase, sale, use or consumption at any of the Park Golf Courses by patrons of such Park Golf Courses.
- 1.27 "Joint Facilities" means those portions of a Park or a Park Golf Course serving the needs of both a Park and a Park Golf Course.
- 1.28 "Landlord" means the Maryland-National Capital Park and Planning Commission.
- 1.29 "Landlord's Default" means a failure by Landlord to perform or comply with the Landlord's covenants, agreements or obligations in this Lease, as more specifically set forth in Section 14.
- 1.30 "Landlord's Employees" shall have the meaning described in Section 18.23.
- 1.31 "Lease" means this Lease Agreement or the leasehold estate created hereby, as the context requires.
- 1.32 "Lease Commencement Date" means November 1, 2006; provided however that Landlord shall have obtained approval of the Lease from the Council and the Non-disturbance Agreement from Bank of America. If such approvals have not been obtained, the Lease shall terminate and be of no further force or effect. Additionally, the Tenant shall have obtained approvals of M&T Bank relative to the Lease. If the M & T Bank approval has not been obtained the parties may agree to extend the Operating Agreement, in which case, the Lease Commencement Date shall be that date on which such approval has been received, and in such case, the parties shall execute a written acknowledgement of the Lease Commencement Date. In the event that the Lease Commencement Date shall be a date other than November 1, 2006, and provided that the parties agree to an extension, the Operating Agreement shall be extended so that the Lease Commencement Date shall coincide with the expiration of the Operating Agreement and the parties will enter into an agreement confirming the extension. The Lease Commencement Date must occur no later than March 1, 2007.

- 1.33 "Lease Year" means with respect to the first Lease Year, the period from the Lease Commencement Date through the next succeeding October 31. November 1 – October 31 of each succeeding twelve months shall also be a Lease Year.
- 1.34 "Leased Premises" means all of the Park Golf Courses (except, however, any such course released from the effect of this Lease as expressly provided for herein), more particularly shown on the attached Exhibit "A", together with any easements, rights-of-ways, licenses, and appurtenances appertaining to said land, however specifically excluding that portion of Sligo Golf Course (a) designated as the "Demised Premises" in that Lease Agreement dated May 13, 1980, by and between Landlord and A.C. Acquisitions, LLC (successor in interest to WDON, Inc.), as amended, and (b) designated as the "Premises" in that Radio Tower Lease dated March 19, 1993, by and between Landlord and Bonneville Corporation (successor in interest to Capitol Kids' Radio Company), as amended (collectively, the "Tower Property"), which Tower Property is more particularly shown on the attached Exhibit "B". Leased Premises includes that parking area covered by the Holy Cross Hospital Parking License. Landlord and Tenant agree that at the time of Lease execution, Exhibit A shall be an aerial reflecting the Park Golf Courses. After adoption of the Golf Master Plan (defined herein), the parties agree that the exact boundaries of the Leased Premises may be adjusted and Tenant may at its election have surveys of the Leased Premises prepared, the cost of which shall be shared equally by Landlord and Tenant. Tenant shall provide Landlord with a copy of the surveys.
- 1.35 "Leasehold Mortgage" means one or more mortgages securing an Institutional Lender and encumbering Tenant's leasehold interest or estate in the Leased Premises.
- 1.36 "Leasehold Mortgagee" means the Institutional Lender under any Leasehold Mortgage.
- 1.37 "Liability Insurance" shall have the meaning described in Section 10.1.2.
- 1.38 "Little Bennett Debt" means the current financing of the Little Bennett Golf Course owed to Bank of America by Landlord and which is secured by revenues received by Landlord from the Little Bennett Golf Course.
- 1.39 "Net Revenue" means Gross Revenues less the Cost of Goods Sold.
- 1.40 "New Lease" means a lease of the Leased Premises entered into by Landlord with a Leasehold Mortgagee or its designee after a termination of this Lease, in accordance with Section 9.3.
- 1.41 "Notice of Landlord's Default" means a written notice given in accordance with Section 14.2.

- 1.42 "Notice of Tenant's Default" means a written notice given in accordance with Section 13.2.
- 1.43 "Notice of Termination" means a written notice given in accordance with Section 13.3.1.
- 1.44 "Park" means that area of land designated as a park within Landlord and/or County system of parks.
- 1.45 "Park Golf Course" or "Park Golf Courses" means one or more of the four golf courses referred to in the recitals and more specifically to include Little Bennett Golf Course, Needwood Golf Course, Northwest Golf Course and Sligo Golf Course.
- 1.46 "Park Regulations" mean the adopted Rules and Regulations governing public use of Landlord park and recreation facilities in Prince George's and Montgomery Counties.
- 1.47 "Park System" means the County system of parks.
- 1.48 "Percentage Rent" means the amounts payable by Tenant pursuant to Section 4.2 hereof.
- 1.49 "Percentage Rent Threshold" is the sum of Five Million Six Hundred Thousand Dollars (\$5,600,000.00) described in Section 4.2.1 hereof, and which is allocated among the four Park Golf Courses as follows: Northwest – Two Million One Hundred Thousand Dollars (\$2,100,000.00); Needwood – One Million Eight Hundred Thousand Dollars (\$1,800,000.00); Little Bennett – One Million Two Hundred Thousand Dollars (\$1,200,000.00); and Sligo – Five Hundred Thousand Dollars (\$500,000.00).
- 1.50 "Permitted Encumbrances" means the permissible encumbrances on the Leased Premises as of the Lease Commencement Date, as shown on Exhibit "C."
- 1.51 "Property Insurance" shall have the meaning described in Section 10.1.1.
- 1.52 "Reconstruction Work" shall have the meaning described in Section 10.6.
- 1.53 "Rent" means all sums payable by Tenant under this Lease, whether Annual Base Rent, Percentage Rent, or any other charge or expense provided for herein.
- 1.54 "Stormwater Management Facilities" means those facilities located on or adjacent to the Park and used for the purposes of quantity and quality control of storm water from a Park Golf Course.

- 1.55 [INTENTIONALLY OMITTED]
- 1.56 "Tenant" means the Tenant or lessee under this Lease from time to time. The initial Tenant is identified on page 1 hereof.
- 1.57 "Tenant's Default" means any of the events set forth in Section 13 hereof.
- 1.58 "Term" means the Initial Term of this Lease, as set forth in Section 3.1, and, if exercised, the Renewal Term.
- 1.59 "Tower Property" shall have the meaning described in Section 2.9.
- 1.60 "Tower Property Leases" shall have the meaning described in Section 2.9.
- 1.61 "Tower Property Tenants" shall have the meaning described in Section 2.9.
- 1.62 "Utility Easements" means the easements described in Section 7.1.

2. PURPOSE/LEASED PREMISES.

- 2.1. **Purpose.** The purpose of this Lease is to add the Leased Premises to Tenant's system of daily-fee golf in the County, which is accessible and affordable to the public and serves the golfing community of the County while realizing improved course maintenance, operating and cost efficiencies and the benefits of consistent operations and programming in a successful public golf system. Landlord and Tenant recognize that Tenant is the designated operator of the Golf System with exclusive right to use, operate, and possess the Park Golf Courses (except as otherwise expressly provided herein). Landlord will not act in a manner to frustrate or to provide public facilities in competition with the Golf System. If Landlord desires to open another public golf course on property owned, leased or controlled by Landlord, it will not do so unless (1) Tenant is the operator on terms and conditions to be mutually agreed upon by the parties; or (2) Tenant, in its reasonable opinion, agrees that such public golf facility will not compete with the Golf System based upon a feasibility analysis prepared by an appropriate experienced consultant, the cost of which shall be paid by the Landlord. Notwithstanding anything to the contrary herein, the golf course at Fairland Regional Park will be specifically excluded from the requirement set forth in this paragraph.
- 2.2. **Demise.** For and in consideration of the rental herein promised to be paid by Tenant and the covenants, conditions and agreements herein contained on the part of Tenant to be kept and performed, Landlord does hereby let and rent to Tenant and Tenant does hereby take and hire as tenant from Landlord, for the Term, at the rental, and upon the terms and conditions set forth in this Lease, the Leased Premises, together with all rights, advantages, privileges, ways, easements and appurtenances to the same belonging or in any way appertaining. Additionally, Landlord hereby grants Tenant, its agents, employees, contractors, subtenants,

licensees, invitees and customers the right to use applicable Joint Facilities in connection with Tenant's operation of the Leased Premises. Landlord agrees to keep the Joint Facilities in a good condition and state of repair and open and available to Tenant, its agents, employees, contractors, subtenants, licensees, invitees and customers at no additional charge in connection with the operation of the Park Golf Courses as part of the Golf System.

2.3. Bill of Sale, Assignment of Warranties and Service Contracts. Simultaneously with the execution of this Lease, Landlord hereby sells, transfers, grants, assigns and conveys, free of all encumbrances, restrictions and liens, all of its right, title and interest in and to the Equipment and the Installment Payment Inventory. Landlord further grants, transfers and assigns to Tenant all warranties of any nature whatsoever for the existing Improvements, Equipment and the Installment Payment Inventory with full power and right to enforce, make claims and bring actions under such warranties. The service contracts for the existing Improvements and Equipment attached hereto as Exhibit F are hereby assigned and transferred to Tenant. Landlord is responsible for all actions, payments and obligations under such service contracts arising prior to April 15, 2006 and Tenant assumes all responsibility for actions, payments and obligations arising from April 15, 2006 through the earlier of the expiration of the term of the service contract or the termination of this Lease.

2.4. Warranty of Title. Landlord leases the Leased Premises to Tenant free of all encumbrances, restrictions, or liens of any kind, except for the Permitted Encumbrances. Landlord represents and warrants that Landlord is entering into this Lease in its capacity as the owner of the Leased Premises.

2.5. Approvals/Non-Disturbance Agreement.

This Lease is entered into pursuant to and in accordance with MD Code, Art. 28, §5-110 and other than approval by the Montgomery County Planning Board and the Montgomery County Council, Landlord represents that no other approvals are required for it to enter into this Lease. Landlord has obtained approval and a non-disturbance agreement, the terms of which are acceptable to Tenant, from Bank of America to the terms of this Lease a copy of which is attached hereto as Exhibit E.

2.6. Quiet Enjoyment. Landlord covenants that if and so long as Tenant is not in default beyond applicable grace periods under the terms hereof, Tenant shall be entitled to quietly hold, occupy and enjoy the Leased Premises and all rights relating thereto, during the Term, without hindrance, ejection or molestation by Landlord or by any other party claiming by, through or under Landlord, subject nevertheless to the terms and conditions of this Lease.

2.7. Accessibility. Tenant shall develop and/or maintain programs that encourage broad access to public golf, including programs such as First Tee and use of the Golf System by public high school teams for practice and tournament play at

reduced fees. Tenant shall cooperate with Landlord, the County Department of Recreation and other County agencies in developing other collaborative opportunities for members of lower income and other disadvantaged communities to have access to public golf opportunities. The parties recognize that all such programs will be subject to funding for implementation.

- 2.8. Licenses or Concessions. Tenant shall have the right to grant licenses and concessions for Inventory and food and beverage and golf-related uses allowed under this Lease within the Leased Premises. Such licensees or concessionaires may distribute their products anywhere within the Leased Premises. Any license or concession shall be at all times subject to this Lease. Tenant may also, subject to Applicable Law and licensing, sell beer and wine upon the Leased Premises as is customary in the operation of food and beverage service in connection with golf course operation. Tenant acknowledges that Little Bennett was financed with tax-exempt bonds and that there are limitations on the grant of licenses and concessions to private parties to operate at Little Bennett that are to be complied with as long as the Little Bennett Debt is outstanding.
- 2.9. Tower Property. Tenant acknowledges and agrees that a portion of the Sligo Golf Course (the "Tower Property") has been leased by Landlord to A.C. Acquisitions, LLC and Bonneville Corporation (collectively, the "Tower Property Tenants") under their respective leases (the "Tower Property Leases") for the installation, operation and maintenance of a radio-transmitting tower. The Tower Property is specifically excluded from this Lease. Landlord shall directly or through the Tower Property Tenants maintain the Tower Property and any and all improvements thereon in good order and condition and shall make or cause to be made all necessary repairs, alterations and/or replacements thereto. Any maintenance, repair, or operation of the Tower Property must be conducted in a manner that does not damage the course or its grounds and does not conflict with or inconvenience golf play on the Sligo Golf Course. In addition, Landlord may, in accordance with specific requirements in the Tower Property Leases, allow the Tower Property Tenants to, trim and maintain the trees in the immediate area surrounding the Tower Property in order to provide for reception from the towers; provided however, any trimming shall be in keeping with the landscape standards consistent with the trees on the Sligo Golf Course and must be conducted in a manner that does not interfere with golf operations. Any vehicles used in the performance of any work on or about the Tower Property must travel only upon paved paths and roads and not upon any grass or green areas and Landlord must advise Tower Property Tenants of this requirement. Tenant shall allow access to Landlord and the Tower Property Tenants as provided herein in order to exercise their rights and meet their obligations with respect to the Tower Property Leases and this Lease. Furthermore, Landlord covenants that it will comply with its obligations and enforce the use, maintenance and repair obligations of the Tower Property Tenants under the Tower Property Leases. Landlord covenants that it will promptly repair, or cause the Tower Property Tenants to promptly repair, to substantially as good a condition as prior to such damage, any damage to the Sligo Golf Course by reason of the presence of the Tower Property or any entry in

connection with the Tower Property Leases. Landlord agrees that it will indemnify and hold the Tenant harmless from and against any loss, damage, cost, injury or liability arising out of the Tower Property Leases or the presence of the Tower Property.

- 2.10. Holy Cross Hospital Parking License. Landlord has entered into a lease for non-exclusive use of certain parking spaces at the Sligo Golf Course. The Holy Cross Hospital Parking License expires on December 31, 2006. Landlord hereby assigns to the Tenant to hold as a sublease, the Holy Cross Hospital Parking License, which is deemed to be an approved sublease whether as assigned or if Tenant enters into a new sublease. Landlord will, within fifteen (15) days of Lease Commencement Date assign and deliver to Tenant any security deposit or prepaid rents posted pursuant to the Holy Cross Hospital Parking License. Landlord will be responsible for performance of any Landlord obligations up to the time of lease assignment; Tenant will be responsible for performance of landlord obligations arising after the assignment of the Holy Cross Hospital Parking License.
- 2.11. Signage. Tenant shall install signage approved by Landlord, at the entrance to each of the Park Golf Courses that identifies such Park Golf Course as being located within the Park System. Landlord shall not have the right to add additional signage to the Leased Premises; however, signage installed by Landlord in areas of the Park outside of the Park Golf Course boundaries shall be installed and maintained in good condition at Landlord's expense. Tenant may install, at its sole cost and expense, way-finding, directional and other signage customary for golf courses on the Leased Premises, and directional signage in locations outside of the Leased Premises. All signage installed by Tenant on the Leased Premises shall be maintained in good condition and repair by Tenant. Landlord and Tenant shall work together toward the installation of directional signage to the Leased Premises in locations outside of the Leased Premises.
- 2.12. Right to Enter. Landlord and its authorized officers, employees, agents, contractors, subcontractors and other representatives shall have the right, at such times as may be reasonable under the circumstances, upon reasonable prior written notice (except emergencies) to enter upon the Leased Premises for the following purposes:
 - 2.12.1. To inspect the Leased Premises at reasonable intervals during regular business hours (or at any time in case of emergency) to determine whether Tenant has complied and is complying with the terms and conditions of this Lease with respect to the Leased Premises.
 - 2.12.2. To perform maintenance and make repairs and replacements in any case where Tenant is obligated to do so and where Tenant has failed after reasonable notice to make such repairs or replacements, in which event Tenant shall reimburse Landlord for the cost thereof promptly upon demand.

2.12.3. To perform maintenance and make repairs and replacements in any case where Landlord is obligated to do so.

During any period of entry pursuant hereto, Landlord shall use commercially reasonable efforts under the circumstances (whether an emergency or otherwise) to minimize disruption to Tenant's business operations. Any such entry shall be conducted in a manner that does not damage the Leased Premises.

2.13. Security and Traffic Control.

(A) Throughout the Term, Landlord's Park Police Division shall provide routine security patrols of the Leased Premises and the rest of the Park at which the Leased Premises are located, at no cost to Tenant.

(B) Tenant shall provide supplemental security and signage (e.g., no parking on the grass) for special events such as tournaments and outings at the Leased Premises, if appropriate. Tenant shall consult with the Chief of Park Police to determine the level of police services needed for such events. If Tenant elects to employ police to provide additional security, Tenant shall afford Landlord's Park Police the first right to provide such security, at the rate then in effect under Landlord's contract with the Fraternal Order of Police Lodge 30. Tenant in its sole discretion may elect to hire unarmed private security companies to provide additional security, but shall in all cases consult with Landlord's Park Police Division for coordination of security services with the Park Police. Landlord shall be responsible for providing security services and directing traffic for Landlord-sponsored events held in areas of the Park other than the Leased Premises, and shall use reasonable efforts to direct traffic for such events in such a manner as to not materially interfere with the operation of the Leased Premises.

3. TERM OF LEASE; CONDITION OF PREMISES.

3.1. Term. The term of this Lease shall commence on the Lease Commencement Date and shall continue through October 31, 2036 unless sooner terminated in accordance with the provisions of this Lease (the "Initial Term"). Tenant shall have the option to renew the term of the Lease for one (1) ten (10)-year renewal period on the same terms and conditions contained herein (the "Renewal Term"), except that only Percentage Rent, and not Annual Base Rent, shall be payable during the Renewal Term. This option to renew may be exercised by Tenant at its discretion and if Tenant issues debt in connection with the Golf System or makes capital repairs or improvements in connection with the Golf System, which debt, or the depreciation of which requires that the Initial Term of this Lease extend beyond October 31, 2036, such renewal option shall be automatically exercised at such time as the debt is issued or the capital repairs or improvements are made. Additionally, Landlord and Tenant agree that if Tenant desires to expand or modify the Golf System, or if Tenant desires to make capital improvements or

repairs to facilities in the Golf System, either for which it plans on having debt issued to pay for such capital improvements, or the full depreciation of which improvements (whether paid by debt or cash) will extend beyond the expiration of this Lease as extended by the Renewal Term, if such capital improvements and the continued operations of the Golf System is in the public interest, Landlord and Tenant will in good faith negotiate a new lease upon substantially similar terms and conditions to enable the Golf System to remain as a unified system of publicly operated golf courses.

3.2. As-Is.

3.2.1 At the time the LOI was signed, Landlord and Tenant recognized that there are certain improvements needed to irrigation systems on the Park Golf Courses and certain of the structures and the parties agreed that the Tenant would take the Park Golf Courses "as is" as to such conditions and provide capital improvements to facilities at the Park Golf Courses over time and as funds allow for improvements in accordance with the Golf Master Plan. Landlord and Tenant have subsequently learned that as of April 15, 2006, there was other existing corrective work, some of which is required pursuant to Applicable Law at the Park Golf Courses. This additional work consists of i) bringing the stormwater facilities into compliance with the stormwater facility inspections reports for the 11 ponds at the Park Golf Courses, ii) removal of the old weir in the stormwater pond at the Northwest Golf Course as described in Exhibit G and iii) all work necessary to bring the Park Golf Courses into compliance and allow for continuing compliance pursuant to various water appropriation permits at the Little Bennett Golf Course, specifically including but not limited to installation of properly operating equipment to monitor the water level, flow, and appropriation of water from Little Bennett Creek and pond (collectively items i, ii and iii are the "Corrective Work"). Landlord covenants and agrees that it will promptly seek funding for and complete all Corrective Work. After completing the Corrective Work related to water appropriations permits, Landlord shall apply to the State of Maryland to add Tenant's name to the water appropriations permits, and increase, if necessary, the approved water appropriation levels (which levels must have been approved by Tenant), at which time Tenant shall assume responsibility for compliance with the water appropriation permits. Thereafter, Tenant may pursue either the transfer of any such permits or the issuance of new permits in Tenant's name.

3.2.2 Landlord and Tenant agree that items ii and iii of the Corrective Work must be completed by March 1, 2007. If any condition that existed as of April 15, 2006 prohibits the Tenant from operating the Little Bennett Golf Course at the standard to which it was designed, or materially increases the costs of operating Little Bennett at the standard to which it was designed, Tenant shall at any time, notwithstanding Section 12.2, have the exclusive right to elect to return Little Bennett Golf Course to Landlord

and subject to Landlord's restrictions as set forth in Section 12.2, unless Landlord, at its own cost and expense, prior to such return shall have remedied the condition that is the basis for such election and paid Tenant the additional costs of procuring and monitoring water for the Little Bennett Golf Course to operate at the standard to which it was designed. In such circumstance, Tenant shall continue to be obligated to pay Annual Base Rent, but the Percentage Rent Threshold following return of Little Bennett shall not be adjusted as provided for return of any Park Golf Course under Section 12.2 of this Lease for a period of twenty years following the return of the Little Bennett Golf Course, at which time the Percentage Rent Threshold shall be adjusted as set forth in Section 12.2. At Tenant's discretion the date for completion items ii and iii of the Corrective Work may be extended beyond March 1, 2007 provided that it can be completed in a manner and on a schedule that does not interfere with or materially and adversely impact golf operations at the Park Golf Courses.

- 3.2.3 Landlord and Tenant agree that item i of the Corrective Work must be completed in accordance with a schedule to be agreed upon by the Landlord and the Tenant, but in any event, such Corrective Work must be completed no later than March 1, 2010 and must be completed in a manner that does not interfere with or materially and adversely impact golf operations at the Park Golf Courses.
- 3.2.4 Landlord represents and warrants that other than the Corrective Work, the Park Golf Courses are in compliance with Applicable Law. Tenant acknowledges that facilities on the Park Golf Courses require certain maintenance and repair and Tenant shall occupy and accept the Leased Premises "AS IS" from Landlord. "AS IS" shall mean the physical condition of the Park Golf Courses as of April 15, 2006, but is not intended as a limitation on Landlord's warranty of its compliance with Applicable Law. The Landlord has no duty or liability whatsoever to remove or ameliorate any conditions, except as expressly provided for in this Lease.
- 3.2.5 [INTENTIONALLY OMITTED].
- 3.2.6 Until the Corrective Work involving stormwater facilities is completed, Landlord shall provide all maintenance of the stormwater facilities and equipment. Thereafter, following completion of such Corrective Work in accordance with Applicable Law, Tenant shall assume responsibility for management, maintenance and operation of such stormwater management facilities and equipment in accordance with Section 5.7.1, and shall at that time Tenant shall pursue either the transfer of any stormwater permits for such facilities or the issuance of new permits in Tenant's name.

- 3.2.7 Without any waiver of Landlord's immunities to third parties under the laws of the State of Maryland, Landlord shall indemnify and hold Tenant harmless from any and all claims arising from events and conditions existing or occurring at or with respect to one or more of the park Golf Courses, prior to April 15, 2006, including but not limited to, compliance with Applicable Law, environmental liabilities, except to the extent such event or condition was caused or aggravated by Tenant, its agents, employees or contractors. Without any waiver of Tenant's immunities to third parties under the laws of the State of Maryland, Tenant shall indemnify and hold Landlord harmless from any and all claims arising from events and conditions occurring after April 15, 1006, including but not limited to environmental liabilities, except to the extent such event or condition is caused or aggravated by Landlord, its agents, employees or contractors, existed as of April 15, 2006, or is the responsibility of Landlord as provided in this Section 3.2. In the event it cannot be determined through an independent investigation and analysis whether an environmental condition of the Leased Premises is as a result of an occurrence prior to or after April 15, 2006, then (a) if such environmental condition is discovered during the Initial Term, the responsibility for remediating the environmental problem shall be shared equally by Landlord and Tenant, and (b) if such environmental condition is discovered after the Initial Term, it shall be deemed to have occurred after April 15, 2006.
- 3.2.8 Tenant agrees not to commit waste on the Leased Premises and not to knowingly use the Leased Premises for any unlawful purpose or in violation of any certificate of occupancy, nor suffer any dangerous article to be brought on the Leased Premises unless safeguarded as required by Applicable Law. Tenant agrees to comply reasonably, promptly, and effectively with all Applicable Laws of all Governmental Authorities; provided however, that if the failure to comply with Applicable Law is due to a condition that existed as of April 15, 2006 that required correction to be in compliance with Applicable Law, including the Corrective Work, the Landlord shall be responsible for causing the correction of such condition to enable the Park Golf Course to be in compliance with Applicable Law. Landlord and Tenant each agrees to give notice promptly to the other party of any notice from any Governmental Authorities, person, group or organization in respect of the Leased Premises including, without limitation, any notice pertaining to air and water quality, Hazardous Materials, waste disposal, air emissions, and other environmental matters, and any direction of any public agency that imposes any duty upon Landlord or Tenant with respect to the use or occupancy of the Leased Premises. Tenant may, in good faith, dispute the validity of any complaint or action taken pursuant to or under color of any of the foregoing, defend against the same, and in good faith, diligently conduct any necessary proceedings to prevent and avoid any adverse consequence of the same.

4. **RENT.**

4.1. **Annual Base Rent.**

4.1.1. During the first six (6) Lease Years of the Term, Tenant covenants and agrees to pay unto Landlord, in legal tender of the United States of America, annual base rent ("Annual Base Rent") in the amount of Four Hundred Eighty Thousand Dollars (\$480,000.00) per Lease Year. Annual Base Rent for the initial Lease Year will be paid on November 1, 2006; provided, however, Tenant shall receive credit for all payments made under the Operating Agreement. Thereafter, all payments of Annual Base Rent will be made in advance on October 15th of each succeeding Lease Year beginning November 1, 2007 as follows:

- (A) Landlord and Tenant have agreed that Landlord shall sell, and Tenant shall purchase, the Equipment and the Inventory listed together on Exhibit D attached hereto (the "Installment Payment Inventory"), for a total purchase price of One Million Eighty Thousand Dollars (\$1,080,000.00). One Hundred Eighty Thousand Dollars (\$180,000.00) of each Annual Base Rent payment set forth above is in consideration for, and allocated to the purchase price of, the Installment Payment Inventory, which pursuant to Section 2.4 has been conveyed to Tenant free and clear of debt and liens. Annual Base Rent will terminate after the sixth (6th) payment; and
- (B) Until such time as the Little Bennett Debt is paid in full and released, all Annual Base Rent shall be first used by Landlord to pay amounts due and payable in accordance with the debt service payment schedule towards payment of the Little Bennett Debt.

4.1.2. Tenant reserves the right to prepay the Annual Base Rent in an amount equal to the then effective "payoff amount" to pay the Little Bennett Debt in full. Such prepayment of Annual Base Rent shall be calculated at the then net present value (at a discount rate of 3.37%) of the total then remaining unpaid Annual Base Rent payable during the first six (6) years of this Lease. Landlord shall promptly use such prepayment of rent to pay the Little Bennett Debt in full. The Annual Base Rent will then be recalculated based upon the net present value (at a discount rate of 3.37%) of \$2,880,000.00, less (i) the prepayment amount, and (ii) any Annual Base Rent already made to Landlord (including under the Operating Agreement), which difference will then be apportioned and payable in equal annual installments over the remainder of the first six (6) Lease Years upon the same terms as the payment of Annual Base Rent, or at the election of Tenant, Tenant may pay such balance in full, upon which payment no further Annual Base Rent shall be due. Any premium, charge or penalty associated with a prepayment of the Little Bennett Debt (excluding however, any charges or costs of issuance associated with any

debt issued by or on behalf of Tenant) shall be paid by Landlord in the event such prepayment is a result of either (i) the failure of Landlord, Tenant and Bank of America to enter into the Non-Disturbance Agreement as set forth in Section 2.5, or (ii) the failure of Tenant and M & T Bank to reach an agreement with regard to coordinating Tenant's existing bond covenants with the bond covenants for the Little Bennett Debt. Except as otherwise set forth above, any premium, charge, or penalty associated with a prepayment of the Little Bennett Debt will be paid by Tenant.

4.1.3. Landlord shall promptly and timely pay its obligations for the Little Bennett Debt and any other outstanding notes related to the Leased Premises or the Equipment and Installment Payment Inventory. Tenant, by entering into this Lease, is not obligating itself on any such debt. In the event of a default by Landlord on the Little Bennett Debt beyond applicable notice and cure periods, Tenant may, in its sole discretion (a) pay off such debt, (b) purchase the debt, or (c) otherwise remedy any outstanding default. Such payoff or costs of remedy, including any prepayment premium, charge or penalty, will be set off against other payments due from Tenant to Landlord under this Lease.

4.2. Percentage Rent.

4.2.1. Commencing on November 1, 2011, Tenant agrees to pay to Landlord during the Term an amount ("Percentage Rent") equal to the "Current Percentage" by which annual Net Revenues for the Leased Premises exceed Five Million Six Hundred Thousand Dollars (\$5,600,000.00) (the "Percentage Rent Threshold"). The Percentage Rent shall be payable as follows: (i) on November 1, 2012 (for the period November 1, 2011-June 30, 2012) - 5%; (ii) on November 1, 2013 (for fiscal year July 1, 2012-June 30, 2013) - 6%; (iii) on November 1, 2014 (for fiscal year July 1, 2013-June 30, 2014) - 7%; (iv) on November 1, 2015 (for fiscal year July 1, 2014-June 30, 2015) - 8%; (v) on November 1, 2016 (for fiscal year July 1, 2015-June 30, 2016) - 9%; and (vi) on November 1, 2017 and each November 1 thereafter (for each respective fiscal year beginning July 1, 2016 and thereafter) through the end of the Lease Term and the Renewal Term, if applicable - 10%. All payments of Percentage Rent will be made on November 1 of each year for the prior fiscal year and shall be accompanied by documentation supporting the basis for such rent calculation certified by an independent certified public accountant in accordance with generally accepted accounting principles. If a Park Golf Course is extracted from the Leased Premises by Landlord pursuant to Section 12.1 or closed by Tenant pursuant to Section 12.2, then the Percentage Rent Threshold shall be reduced by the amount of Fiscal Year 2005 Net Revenues from the Park Golf Course being extracted as set forth in Section 1.48.

- 4.2.2. Tenant shall, at all times during the Term, prepare and maintain, in accordance with generally accepted accounting principles, adequate records which shall show (i) all use records for the Leased Premises, (ii) records supporting costs of goods sold, and (iii) all Gross Revenue received by Tenant, which records shall include, without limitation: (i) copies of all gross income, sales, retail or excise tax returns filed with any Governmental Authority; (ii) bank deposit records; (iii) such other records, if any, which would normally be examined by an independent certified public accountant pursuant to generally accepted auditing standards in performing an audit of gross receipts or costs of goods sold; and (iv) the records, if any, specified above of subleases, assignees, concessionaires or licensees, furnished to Tenant in connection with such operations. Tenant shall keep safe at the Leased Premises or Tenant's offices for a period ending not less than three (3) years after the close of each Fiscal Year, all of such records for each such Fiscal Year.
- 4.2.3. If Landlord receives any Revenues from or by reason of operations or sale of Inventory at any of the Park Golf Courses during the Term or from the Holy Cross Hospital Parking License, Landlord will promptly notify Tenant of such Revenues and shall promptly pay such Revenues to Tenant.
- 4.2.4. Tenant shall provide reports and financial information to Landlord as stated in Section 7.2 of this Lease.
- 4.3. Net Rent. It is the purpose and intent of Landlord and Tenant that the rent payable hereunder shall be net to Landlord and that except as expressly provided herein, all costs, expenses and charges of every kind and nature directly relating to the Leased Premises which may be attributed to, or become due during the term of this Lease shall be paid by Tenant.
- 4.4. All Sums Rent. All sums payable by Tenant to Landlord under this Lease, whether or not stated to be Annual Base Rent or Percentage Rent shall be paid by check, cash, or wire transfer, at the address for notices to Landlord, or for wire transfer in accordance with instructions from Landlord. Such sums shall be considered "Rent" for all purposes hereunder however described or denominated.
- 4.5. Impositions. Landlord promptly shall send to Tenant copies of any notices received by Landlord in respect of any Impositions. As part of the consideration for this Lease, and subject to all of the provisions hereof, at Tenant's own cost and expense, Tenant shall pay all Impositions (if applicable) directly to the applicable authority as the same become due and payable during the Term, and before the assessment of any fine, penalty, interest or other charge which may be added thereto for the nonpayment thereof; except that any Impositions (and/or installments thereof) properly allocable to periods before the Lease Commencement Date or after the Term shall not be payable by Tenant and shall be paid by Landlord. Additionally, if Landlord fails to provide timely notice of an

imposition to Tenant, Tenant will be responsible only for the applicable imposition and any late payment penalty or interest attributable to such failure to provide notice will be paid by Landlord. Tenant shall have the right to receive directly any and all notices of Impositions. Notwithstanding the foregoing, if by law any Imposition may be paid, at the option of the taxpayer, in installments, then Tenant may pay the same in installments whether or not interest accrues thereon, and Tenant shall only be responsible for such installments (and/or portions thereof) properly allocable to the Term. Any rebate made on account of any Imposition paid by Tenant shall belong to and be paid to Tenant, for Tenant's account.

- 4.6. Right to Contest Impositions. If Tenant disputes the amount or validity of any Impositions payable by Tenant hereunder, then Tenant shall have the right, at its sole cost and expense, to contest and defend against the same, and in good faith to diligently conduct any necessary proceedings to prevent and avoid the same. In such event Tenant may postpone or defer payment of such Impositions and such postponement or deferral shall not be deemed a default hereunder; provided, however, that, during any such contest, Tenant shall (by the payment or bonding off of such disputed Imposition, including potential interest and penalties thereon, if necessary) prevent any foreclosure of or any divesting thereby of Landlord's title, reversion or other interest in or to the Leased Premises, and will further (by the payment or bonding off of such disputed Imposition, including potential interest and penalties thereon, if necessary) prevent the public sale or foreclosure of any lien for any such Impositions. Tenant's right to contest Impositions shall not be exercised in such a manner as to expose Landlord to any civil penalties. Tenant shall prosecute such contest or defense diligently and expeditiously. Tenant shall have the right, if permitted by law, to pay under protest any Impositions. Any rebate made on account of any Imposition paid by Tenant shall belong to and be paid to Tenant, for Tenant's account.
- 4.7. Tax exemption; assessments. The parties acknowledge that currently pursuant to Section 42-26 of the Montgomery County Code, under Chapter 601 of the 1992 Laws of Maryland, Tenant is not required to pay any tax or assessment on (i) any facility or any part of a facility; (ii) activities of Tenant in the operation and maintenance of any facility; (iii) any revenues from the operations or maintenance of any facility or project; or (iv) the bonds of Tenant or the interest on them, and in the event the tax laws change under which Tenant is required to pay such taxes, Landlord shall not be responsible for such taxes.
- 4.8. Prorations. Appropriate adjustments and prorations shall be made if the date of expiration or termination of this Lease is not on the last day of a calendar month; or if any payment of rent or any other amount hereunder by either Landlord or Tenant covers periods for which the party making such payment is not responsible under this Lease.
- 4.9. Utilities.

- 4.9.1. Electricity. During the term of this Lease, Tenant shall pay the utility company for the electricity supplied to the Leased Premises and used exclusively in connection with the Leased Premises. Landlord shall pay the utility company for all other electricity supplied to the remainder of the Park. If there are shared utilities, the parties shall share the cost thereof on an equitable basis.
- 4.9.2. Water and Sewer. Throughout the Term, Tenant shall pay the Washington Suburban Sanitary Commission for all water and sewer service supplied to the Leased Premises and used exclusively in connection with the Leased Premises. Landlord shall be responsible for the cost of all water and sewer service supplied to the remainder of the Park. Where there are shared utilities, the parties shall share the cost thereof on an equitable basis.
- 4.9.3. Other. Throughout the Term, Tenant shall pay all other utility services supplied to the Leased Premises and used exclusively in connection with the Leased Premises.

5. USE AND OPERATIONS.

- 5.1. Compliance with Law. Landlord and Tenant each shall promptly give notice to the other of any notice received from Governmental Authorities in respect of the Leased Premises. During the Term, Tenant shall comply with all Applicable Laws in respect of the Leased Premises. Tenant may dispute in good faith the validity of any complaint or action taken pursuant to or under color of any of the foregoing, defend against the same, and, in good faith, diligently conduct any necessary proceedings to prevent and avoid any adverse consequence of the same. Tenant shall prosecute such contest diligently and expeditiously.
- 5.2. Compliance with Park Regulations. Tenant shall comply, and require its agents, employees, contractors, subtenants, concessionaires, licensees and invitees to comply, with the Park Regulations, as the same may be amended by Landlord from time to time, in their use and occupancy of the Leased Premises, provided however this obligation is only to the extent that such regulation or amendment does not interfere with Tenant's right to operate the Leased Premises in accordance with this Lease. In the event of any conflict between the Park Regulations and the provisions of this Lease, this Lease shall govern and such regulation shall be deemed to have been waived by the Director of Parks. Notwithstanding anything to the contrary in the Park Regulations, Landlord shall not close the Park while the Leased Premises are open for business or restrict use of Park infrastructure outside of the Leased Premises in a manner that unreasonably interferes with use and enjoyment of the Leased Premises or that results in reduction in use of such Leased Premises, except under emergency circumstances.

- 5.3. Landlord's Obligations Regarding Roads and Park Construction. Landlord shall use reasonable efforts to ensure that traffic in the Park for events scheduled in areas of the Park other than the Leased Premises does not unreasonably interfere with operations, activities, traffic or parking at the Leased Premises. Landlord shall ensure that construction in areas of the Park other than the Leased Premises does not unreasonably interfere with operations, activities, traffic or parking at the Leased Premises.
- 5.4. Licenses and Permits. Subject to Section 3.2, Tenant shall be solely responsible for securing, obtaining and maintaining in good standing all necessary permits and licenses from the applicable Governmental Authorities for the continued use, operation, repair, replacement, construction and/ or reconstruction of the Leased Premises.
- 5.5. Use. During the term of this Lease, Tenant shall use the Leased Premises for golf and related operations and activities, or such other uses as approved by the Landlord.
- 5.6. Operations. Tenant shall operate the Leased Premises in a manner consistent with Tenant's operations, as of the Effective Date, of other golf facilities in the Golf System, and as appropriate for the design, existing improvements, and Applicable Law on the Park Golf Courses, including but not limited to the following:
- 5.6.1. Little Bennett Debt Tax-Exempt Status. Landlord represents, and Tenant acknowledges, that activities at the Little Bennett Golf Course are restricted due to tax exempt financing on the facility. Tenant covenants and agrees that it will not enter into a written or oral management, use, operating or service agreement for any portion of the Little Bennett Golf Course that will constitute "private activity" as such activity is defined by the Internal Revenue Service. Nothing herein precludes Tenant from entering into licenses or concessions in connection with its operation of the Leased Premises, so long as it does not affect the tax exempt financing on the Little Bennett Golf Course, and otherwise complies with the provisions of this Lease. Nothing in this Section 5.6 is intended to otherwise limit the ability of Tenant to enter into contracts for services in connection with Tenant's operation and management of the Little Bennett Golf Course. All leases, use agreements, operating agreements, service agreements, or management agreements will be provided to Landlord thirty (30) days before they are scheduled to be executed; provided however, in the event thirty (30) days is not feasible, Tenant may request that Landlord review such agreements in less than thirty (30) days, upon which Landlord agrees not to unreasonably condition, withhold or delay its approval of such agreement, if Landlord's approval is necessary; and further provided that the foregoing shall not apply to any employment agreement which does not constitute a management contract for purposes of Rev. Proc. 97-13 or, if such employment agreement does constitute a management contract for purposes of Rev. Proc. 97-13, such employment

agreement complies with Rev. Proc. 97-13. Tenant will provide further assurances as may reasonably be requested by Landlord to evidence compliance with this Section 5.6.1, and without any waiver of Tenant's immunities under state law, Tenant shall indemnify and hold Landlord, its bondholders and trustees, harmless from any and all direct damages arising from its failure to comply with this covenant in connection with the Little Bennett Debt. Landlord shall not modify or amend the Little Bennett Debt without the consent of Tenant, which consent shall not be unreasonably conditioned, withheld or delayed. Additionally, Landlord shall not create debt on any of the other Park Golf Courses included within the Leased Premises, during the Term of this Lease. The rights and interest of the Tenant created by this Lease shall at all times be subordinate to the interest and liens created in connection to the tax-exempt financing on Little Bennett unless otherwise agreed by Landlord and Bank of America, or operation of law. At such time as the Little Bennett Debt is paid in full, the restrictions set forth in this Section 5.6.1 shall cease and expire and be of no further force or effect. Landlord covenants and agrees that it will at all times promptly and timely pay the Little Bennett Debt.

5.6.2. Environmental Stewardship. Landlord is a bi-county agency empowered by the State of Maryland to acquire, develop, maintain and administer a regional system of parks within Montgomery and Prince George's Counties, and to prepare and administer a general plan for the physical development of the two counties. The Leased Premises is located within the County Park System. The mission of Landlord includes the responsibility to protect and steward natural resources and to provide leisure and recreational experiences. Therefore, Landlord has operated the Leased Premises consistent with its mission and in compliance with sound environmental practices. For any Park Golf Course that requires work to bring it into compliance with sound environmental practices at the commencement of this Lease, Landlord shall promptly perform such work to make it consistent with sound environmental practices. Tenant shall continue to operate the Leased Premises in a manner consistent with the environmental guidelines and programs including as set forth below.

- (A) Tenant expressly agrees to implement and comply with Applicable Law governing pesticide use and to comply with all parts of Landlord's Administrative Procedures for Pesticide Safety and Integrated Pest Management and the Turfgrass Integrated Pest Management Manual. Tenant shall refrain from using any pesticide in a manner that is not allowed by any Applicable Law and shall abide by any and all restrictions imposed on specific use of certain pesticides.
- (B) The Little Bennett Golf Course is a participant in the Audubon Cooperative Sanctuary Program for Golf Courses (the "Audubon

Program"). Therefore, Tenant agrees to work with the Audubon Cooperative Sanctuary System in maintaining Little Bennett's current certification status with the Audubon Program. Should any of the above-referenced Applicable Laws and guidelines governing pesticide use on Little Bennett Golf Course be in conflict with the guidelines established by the Audubon Program, the more restrictive and environmentally sensitive Applicable Law or guideline shall govern.

5.7. Maintenance and Repairs.

5.7.1. Except as otherwise provided in this Lease, Tenant at its expense shall, throughout the Term, be responsible for the capital and ordinary maintenance of the Leased Premises so long as the Leased Premises are under the terms of the Lease or in the Golf System. Tenant at its expense shall maintain, repair and replace the Improvements and facilities within the Leased Premises in a good state of repair as appropriate for the types of improvements and at a standard consistent with its maintenance of other facilities in the Golf System. Tenant shall keep and maintain all common areas within the Leased Premises in a clean and orderly condition, free of dirt, rubbish, snow, ice and obstructions. Subject to the provisions of Section 3.2.5, Tenant shall maintain the Stormwater Management Facilities that serve the Leased Premises. For any Stormwater Management Facilities that serve areas outside of the Leased Premises, Landlord shall reimburse Tenant a prorated share of the costs of maintenance and repair. Tenant's share of the cost shall be that percentage determined by dividing the Park Golf Course area by the total area served by the Stormwater Management Facility. Landlord's reimbursement shall be the balance of the cost, which Landlord shall pay to the Tenant within thirty (30) days of invoice for such costs.

5.7.2. Landlord at its expense shall maintain and repair all portions of the Park except the Leased Premises including, without limitation, maintaining, repairing and making necessary alterations and replacements to roads (unless such roads are otherwise publicly maintained) and parking lots outside the Leased Premises (including keeping such roads and parking lots free of snow and ice).

6. IMPROVEMENTS.

6.1. Master Plan. Tenant has retained an independent consultant to prepare a draft capital improvement plan ("Golf Master Plan"), which shall be completed no later than March 1, 2007, which shall include Tenant's plans for short and long-term incorporation of the Leased Premises into the Golf System in order to accomplish the goal of a successful unified system of public golf in the County operated by Tenant. The Golf Master Plan shall include capital improvements proposed for the Leased Premises, including alterations, modifications, and additions to such

facilities, and a financial plan with proposed sources of funding. The Golf Master Plan is a non-binding document and any action by Tenant is subject to the provisions of Montgomery County Code Chapter 42.

- 6.2. Capital Improvements. Tenant shall not include any new capital improvements to the Leased Premises in its capital improvement plan request before the Council unless such capital improvements are (a) consistent with the use as set forth in this Lease, and (b) are included in the Golf Master Plan and presented to the Montgomery County Planning Board in accordance with its annual reporting requirements. Thereafter, Tenant shall proceed through its normal mandatory referral review process before the Montgomery County Planning Board in its regulatory capacity. Nothing in this Lease shall be deemed to waive any obligation of Tenant to appear before the Montgomery County Planning Board in its regulatory capacity. Any improvements to the Leased Premises shall be subject to Applicable Law, including applicable governmental approvals and permits. At the expiration or earlier termination of this Lease, all capital Improvements on the Leased Premises (whether such capital Improvements were on the Leased Premises prior to the Effective Date, or constructed during the Term of this Lease) shall remain upon and be surrendered with the Leased Premises and become the property of Landlord without cost to Landlord, unless the expiration or termination pertains to a Park Golf Course extracted by Landlord pursuant to Section 12.1, in which case Landlord shall pay for the improvements as stated in Section 12.1. Tenant covenants that, except for any Corrective Work not completed by Landlord, upon such surrender of the Leased Premises, the Park Golf Courses shall be in compliance with Applicable Law for the continuing operations of the Park Golf Courses.
- 6.3. Needwood Irrigation. Landlord, at its sole cost and expense and in cooperation with Tenant, shall complete the design for the irrigation system upgrades to Needwood Golf Course. Tenant shall have the right to reasonably approve such design, and at its sole cost and expense, shall be responsible for implementing such upgrades in accordance with its Golf Master Plan.
- 6.4. Repairs and Alterations. Subject to compliance with Applicable Laws, and subject to other requirements under this Lease, Tenant shall have the absolute and unqualified right, at any time from time to time, as often and frequently as Tenant wishes, during the Term, to make such changes (structural or otherwise), renovations, reconstruction, repairs, alterations to the Leased Premises consistent with the permitted use as Tenant, in Tenant's sole and absolute discretion, shall deem appropriate, without the necessity of securing Landlord's permission or consent. Notwithstanding, Tenant shall not demolish, tear down or remove any capital improvements during the last five years of the Term without the prior consent of Landlord, unless such demolition, tearing down or removal has been otherwise approved as part of Tenant's mandatory referral review or poses a public safety hazard. Costs of such demolition, tearing down or removal shall be borne by Tenant and Tenant shall be entitled to the salvage value, if any, therefrom.

- 6.5. Mechanics' Liens; Compliance with Laws. Tenant's construction and repair of Improvements on the Leased Premises during the Term of this Lease shall be subject to the following conditions:
- 6.5.1. Tenant shall comply promptly and fully with all Applicable Laws, ordinances, rules, regulations and requirements of all Governmental Authorities but shall have the right, in its sole discretion, to contest in good faith any such laws, ordinances, rules, regulations and requirements; and
- 6.5.2. Tenant shall take all necessary steps to ensure that no mechanic's or materialmen's liens are filed against the Leased Premises as a result of any Improvements made by the Tenant. If any mechanic's lien is filed, Tenant shall discharge the lien within ten (10) days thereafter, at Tenant's expense, by paying off or bonding the lien.
- 6.6. Title to Improvements. All Improvements shall be Tenant's property throughout the Term; provided, however, that all right, title and interest in the Improvements automatically and immediately shall vest in Landlord upon the expiration or earlier termination of this Lease without the execution of any further instrument. Tenant agrees at the request of Landlord to execute any and all quit-claim conveyance as may be necessary to evidence such vesting of title.

7. COOPERATION AND REPORTING.

- 7.1. Cooperation in Obtaining Approvals. Subject to Applicable Law, upon the reasonable request of either Landlord or Tenant (the "requesting party"), the other party (the "non-requesting party") agrees to join in any easements, rights of way or other agreements for land owned by the Landlord and relating to the provision of utility service to the Leased Premises ("Utility Easements"), and to join in recordable agreements with Governmental Authorities and utility providers. The non-requesting party shall cooperate fully with the requesting party in assisting the requesting party to obtain Utility Easements. To this end, within thirty (30) days after written request from time to time from the requesting party, the non-requesting party shall, without requiring any additional consideration therefor, execute and return to the requesting party, or otherwise join in any such documents as are required for obtaining Utility Easements. The non-requesting party recognizes that the requesting party shall have the right, in its own behalf and not as agent for the non-requesting party, to undertake any and all of the actions in which the non-requesting party has agreed to cooperate. The foregoing notwithstanding, any instruments or agreements required of the non-requesting party shall be in form reasonably acceptable to the non-requesting party and shall not impose any additional expense or liability on the non-requesting party.
- 7.2. Reporting.

- 7.2.1. Tenant shall provide to the Secretary-Treasurer of Landlord, as to each Park Golf Course and as to the entire Golf System, Tenant's Income Statements and Budgeted Income Statements within thirty (30) days after the meeting at which the quarterly financial reports are presented to Tenant's Board of Directors.
- 7.2.2. Each fiscal year, Tenant shall provide to the Secretary-Treasurer of Landlord, as to each individual Park Golf Course and as to the entire Golf System, a Cash Flow Statement within thirty (30) days after the meeting at which the Annual Audit is presented to and approved by the Tenant's Board of Directors.
- 7.2.3. By July 1 of each year, Tenant shall provide to the Secretary-Treasurer of Landlord, as to each individual Park Golf Course and as to the entire Golf System, Tenant's Adopted Operating Budget and Adopted Capital Budget.
- 7.2.4. Each fiscal year, Tenant shall provide to the Secretary-Treasurer of Landlord, an Annual Audited Financial Report (prepared by a certified public accountant in accordance with generally accepted accounting principles) with respect to Tenant's operations, including all bona fide costs expended by Tenant to perform Landlord's obligations under this Lease in the event Landlord fails to appropriate funds therefore, that in accordance with the terms of this Lease, Tenant will offset against payments of any Percentage Rent obligations, during the preceding fiscal year of Tenant within thirty (30) days after the meeting at which the Annual Audit is presented to and approved by Tenant.
- 7.2.5. By August 1 of each year, Tenant shall provide to the Secretary-Treasurer of Landlord, for each individual Park Golf Course and as to the entire Golf System, a report of all rounds played at each such course during the prior fiscal year. The report will be broken out on a monthly basis and shall include such other information as may reflect individual course performance and utilization of Tenant golf programs.
- 7.2.6. Upon completion of the Golf Master Plan, and thereafter, no less than once each calendar year, Tenant shall appear before Montgomery County Planning Board and make a presentation of Tenant's operation of the Golf System during the preceding calendar year, including (1) significant activities conducted by Tenant in support of its obligations under this Lease, including (i) a schedule of fees charged at each Park Golf Course with a comparison to the market, (ii) number of rounds played at each Park Golf Course, and (iii) community outreach activities and programs to meet its commitments with regard to accessibility, including the participation rates; (2) a summary and representation of its compliance with the terms of this Lease; (3) any updates to the Golf Master Plan; (4) current capital improvement plan; and (5) any other information reasonably requested by Landlord.

8. **ASSIGNMENT AND SUBLEASING.**

- 8.1. Except as provided in Section 9.1 and otherwise herein, and provided that Landlord continues to own fee simple title to the Leased Premises, Tenant shall have no right to transfer or assign this Lease, in whole or in part, or sublet all or any part of the Leased Premises, by operation of law or otherwise, without the prior written consent of Landlord, which consent may be withheld in the sole and absolute subjective discretion of Landlord. Landlord agrees that any sublease entered into by Tenant upon the Leased Premises for parking is deemed approved. Any assignment, transfer, conveyance or subletting consented to by Landlord at all times shall be subject to this Lease and the prior right, title and interest of Landlord in and to the Leased Premises, and the assignee or transferee (the "Assignee") shall agree to assume and be bound by the terms of this Lease.
- 8.2. If Landlord determines to assign its interest in one or more of the Park Golf Courses, it shall first offer the Park Golf Course to the Tenant and shall engage in exclusive negotiations to convey such interest, as encumbered by this Lease, to Tenant at the then fair market value of such interest.
- 8.3. Effect of Assignment. Effective on the date of an assignment by Tenant, the Assignee shall be substituted as the "Tenant" in this Lease; the term "Tenant," as used in this Lease, shall mean the Assignee and not the assignor. Tenant shall not be relieved of any obligation or responsibility hereunder which accrued before the date of its assignment, but shall be relieved of any obligation or responsibility hereunder which accrued after the date of assignment. Notwithstanding the foregoing provisions of this Section 8, the consent by Landlord to any subletting shall neither be construed as a waiver or release of Tenant from any covenant or obligation of Tenant under this Lease, nor as relieving Tenant from obtaining the consent of Landlord to any further subletting or assigning.

9. **ENCUMBRANCES.**

- 9.1. Tenant's Power to Encumber. Tenant shall have the right at any time and from time to time to assign, mortgage, pledge and otherwise encumber its interest in the Leased Premises (which shall include, without limitation, the right to receive any and all pledges, fees, revenue, income, rents and other proceeds related thereto) to a Leasehold Mortgagee as security for a Leasehold Mortgage in connection with the Leased Premises or the Golf System or to refinance such a Leasehold Mortgage, provided that any such Leasehold Mortgage complies with the requirements of this Section 9. Any Leasehold Mortgage shall affect and encumber only the right, title and interest of Tenant in and to the leasehold estate under this Lease (which shall include, without limitation, the right to receive any and all pledges, fees, revenues, income, rents and other proceeds related thereto), and shall not be a lien or encumbrance upon the estate or interest of Landlord in the Leased Premises or any part thereof. Tenant shall provide a copy of the Leasehold Mortgage documents to Landlord's Secretary-Treasurer within thirty (30) days of placement thereof.

- 9.2. Protection of Leasehold Mortgagees. For each Leasehold Mortgage, if Landlord is given a copy thereof and a written notice specifying the name and address of the Leasehold Mortgagee(s) thereunder and the recording data pertaining to such Leasehold Mortgage, then the following provisions shall apply with respect to such Leasehold Mortgage for so long as it shall remain unsatisfied of record:
- 9.2.1. There shall be no material modification or voluntary surrender of this Lease (unless due to the expiration of the Term) without the prior written consent of the Leasehold Mortgagee(s).
- 9.2.2. Landlord shall, concurrently with the delivery to Tenant of any notice required or permitted hereunder, deliver to each Leasehold Mortgagee a true copy of any Notice of Tenant's Default, Notice of Termination, or other notices given to Tenant as provided for herein, and no such notice to Tenant shall be effective as to a Leasehold Mortgagee, until a copy of such notice is sent to such Leasehold Mortgagee. Each Leasehold Mortgagee shall thereupon have the period set forth below, after receipt of such notice by it or them, to remedy or cause to be remedied the defaults complained of, and Landlord shall accept such remedy by or at the instigation of any such Leasehold Mortgagee as if the same had been done by Tenant. Landlord and Tenant authorize the Leasehold Mortgagee to take any such action at the Leasehold Mortgagee's option and do hereby authorize entry upon the Leased Premises by the Leasehold Mortgagee for such purposes. If there is more than one Leasehold Mortgagee, the Leasehold Mortgagee under the Mortgage which is prior in lien shall have the prior right to remedy or cure any such default; and the period within which such other Leasehold Mortgagee(s) may remedy such defaults shall be extended for a single additional period of thirty (30) days for such subordinate Leasehold Mortgagees, collectively, within which to effect such remedy or cure. The foregoing notwithstanding, nothing contained in this Section 9.2.2 shall (i) relieve Tenant of its responsibilities or liabilities hereunder, or (ii) obligate Landlord to recognize more than one Leasehold Mortgagee at any time; which such recognized Leasehold Mortgagee shall be entitled to all of the rights of a Leasehold Mortgagee hereunder.
- 9.2.3. Notwithstanding any other provision of this Lease, if, before the expiration of thirty (30) days following receipt of Notice of Termination, any Leasehold Mortgagee shall have (1) notified Landlord in writing of its desire to nullify such Notice of Termination; (2) paid to Landlord all rent, late charges and other payments then due from Tenant hereunder but unpaid; and (3) complied or in good faith and with reasonable diligence and continuity, commence to comply within such thirty (30) days following receipt of the Notice of Termination with all of the other non-monetary requirements of this Lease as to which Tenant then is in default, and (4) shall continue to pursue such compliance to completion with reasonable diligence, then Landlord shall not be entitled to terminate this

Lease, and any Notice of Termination theretofore given shall be void and of no further force and effect, provided, however, that the Leasehold Mortgagee shall not be required during such thirty (30) day period to cure or discharge any lien, charge or encumbrance against the Tenant's interest in the Lease or the Leased Premises junior in priority to the lien of the Leasehold Mortgagee, except as required by the terms of Section 6.5 hereof.

- 9.2.4. In addition to the rights of Leasehold Mortgagees set forth in Section 9.2.3 above, each Leasehold Mortgagee shall have the right to postpone the date for the termination of this Lease as specified by Landlord in any Notice of Termination, for a period of not more than a total of six (6) additional months from the date specified in such Notice if, before the expiration of thirty (30) days following receipt of such Notice of Termination, such Leasehold Mortgagee (1) shall have notified Landlord in writing of its desire to postpone said termination date, (2) shall have paid to Landlord all rent, late charges and other payments then due from Tenant hereunder but unpaid, (3) shall have agreed to comply with and perform all of the terms, conditions and provisions of this Lease on Tenant's part to be complied with and performed, other than past non-monetary obligations that are in default and are not reasonably susceptible of being cured by the Leasehold Mortgagee; and (4) shall, promptly, and if not enjoined or stayed, take steps to acquire or sell Tenant's interest in this Lease by foreclosure or otherwise and shall prosecute the same to completion with reasonable diligence and in the exercise of which Leasehold Mortgagee may exercise any and all remedies available to it under the loan documents evidencing or securing the Leasehold Mortgage. If at the end of said six (6) month period any Leasehold Mortgagee shall be actively engaged in steps to acquire or sell Tenant's interest herein and shall have promptly commenced and complied with the requirements of the preceding sentence and such Leasehold Mortgagee is delayed or impeded in its efforts to acquire or sell Tenant's interest herein due to the pending nature of any proceeding brought by, for or against Tenant, including without limitation a voluntary or involuntary bankruptcy proceeding, then the time for completion by the Leasehold Mortgagee of its proceedings shall continue thereafter for so long as the Leasehold Mortgagee diligently and continuously proceeds to complete steps to acquire or sell Tenant's interest in the Lease by foreclosure of the Leasehold Mortgage or by other appropriate means. Notwithstanding Leasehold Mortgagee's right to acquire or sell Tenant's interest in this Lease by foreclosure or otherwise, Tenant shall request any Leasehold Mortgagee to include in the loan documentation, a requirement that notice of default of a Leasehold Mortgage for the Park Golf Courses be provided to Landlord as well as to Tenant and that the Leasehold Mortgagee, prior to any foreclosure, or sale in lieu of foreclosure, against Tenant's interest shall first offer the right to Landlord to cure the default by offering Landlord the opportunity to pay the outstanding balance of the Leasehold Mortgage. Refusal, or

unreasonable conditioning of such a provision (in Tenant's reasonable discretion), by a Leasehold Mortgagee to include such language shall not be a violation of this Lease. Nothing in this Section 9.2.4, however, shall be construed to extend the Lease beyond the original Term thereof in accordance with the Lease, nor to require the Leasehold Mortgagee to continue such foreclosure proceedings after the default has been cured. If the default shall be cured and the Leasehold Mortgagee shall discontinue such foreclosure proceedings, the Lease shall continue in full force and effect as if Tenant had not defaulted under the Lease.

- 9.2.5. If the Leasehold Mortgagee is complying with Section 9.2.4, upon the acquisition of the Lease by the Leasehold Mortgagee or its designee or any other purchaser at a foreclosure sale or otherwise and the discharge of any lien, charge or encumbrance against the Tenant's interest in the Lease or the Leased Premises which is junior in priority to the lien of the Leasehold Mortgage and which the Tenant is obligated to satisfy and discharge by reason of the terms of the Lease, the Lease shall continue in full force and effect as if Tenant had not defaulted under the Lease.
- 9.2.6. For the purposes of this Section 9.2, the granting of the Leasehold Mortgage by the Tenant shall not be deemed to constitute an assignment or transfer of the Lease, nor shall the Leasehold Mortgagee, as such, be deemed to be an assignee or transferee of the Lease so as to require the Leasehold Mortgagee, as such, to assume the performance of any of the terms, covenants or conditions on the part of the Tenant to be performed under the Lease. However, the purchaser at any sale of the Lease in any proceedings for the foreclosure of the Leasehold Mortgagee, or the assignee or assignment or transfer in lieu of the foreclosure of the Leasehold Mortgagee shall be deemed to be an assignee or transferee, and shall be deemed to have agreed to perform all of the terms, covenants and conditions on the part of the Tenant to be performed under the Lease from and after the date of such purchase and assignment, (and such purchaser shall have no liability for the performance of the same arising prior to such date) but only for so long as such purchaser or assignee is the owner of the Lease.
- 9.2.7. The Leasehold Mortgagee pursuant to foreclosure, assignment in lieu of foreclosure or other proceedings may, upon acquiring the Lease, without further consent of Landlord, sell and assign the Lease on such terms and to such persons and organizations as are acceptable to the Leasehold Mortgagee and thereafter the Leasehold Mortgagee shall be relieved of all obligations under the Lease; provided that such assignee has delivered to Landlord its written agreement to be bound by all the provisions of the Lease.
- 9.2.8. Notwithstanding any other provisions of the Lease to the contrary, any sale of the Tenant's interest in the Lease in any proceeding for the

foreclosure of the Leasehold Mortgage, or the assignment or transfer of the Lease in lieu of the foreclosure of the Leasehold Mortgage shall be deemed to be a permitted sale, transfer or assignment of the Lease.

9.3. Leasehold Mortgagee's Right to New Lease. In the event of the termination of this Lease, or any succeeding Lease made pursuant to this Lease, including a New Lease, prior to its stated expiration date, as a result of Tenant's default or as a result of a rejection of the Lease by Tenant, Landlord shall, in addition to providing the applicable notices of default and termination as required by Section 9.2, provide the Leasehold Mortgagee with written notice (the "New Lease Notice") that the Lease has been terminated, together with a statement of all known unpaid sums which would at that time be due under the Lease as of the date of such notice but for such termination, and of all other defaults, if any, then known to Landlord. Landlord shall, subject to Applicable Law, upon the written request of a Leasehold Mortgagee or its nominee, enter into a new lease of the Leased Premises with such Leasehold Mortgagee or its nominee, for the remainder of the Term, effective as of the date of such termination, at the rent and upon the same terms, provisions, covenants and agreement as herein contained and provided however that the Lease shall be revised as appropriate to reflect the composition and existence of the new tenant (the "New Lease"). The New Lease shall be subject only to the same Permitted Encumbrances to title to which this Lease is subject on the Lease Commencement Date and to any other encumbrances created pursuant to the terms hereof (and Landlord shall have no obligation to cure or remove any encumbrance to title of the Leased Premises created or consented to in writing by Tenant), and to the rights, if any, of any parties then entitled to possession of all or part of the Leased Premises (but excluding Tenant); provided, however, that a grant of the New Lease shall be subject to the following conditions:

9.3.1. Said Leasehold Mortgagee or its nominee shall have made written request upon Landlord for such New Lease, within sixty (60) days after the date of its receipt of the New Lease Notice and such written request shall have been accompanied by tender of payment to Landlord of all sums then due to Landlord as specified in the New Lease Notice.

9.3.2. Said Leasehold Mortgagee or its nominee shall pay to Landlord at the time of the execution and delivery of said New Lease, any and all Rent which would, at the time of execution and delivery thereof, be due pursuant to this Lease but for such termination, and in addition thereto, all reasonable expenses (including reasonable attorney's fees), which Landlord shall have incurred by reason of such termination and the execution and delivery of the New Lease and which have not otherwise been received by Landlord from Tenant or other party in interest under the Lease (but expressly excluding any and all damages including punitive and consequential damages), less the net income (on a cash basis and excluding depreciation and other non-cash adjustments) received by

Landlord in respect of the Leased Premises after the termination of this Lease but prior to the execution and delivery of the New Lease.

- 9.3.3. Said Leasehold Mortgagee or its nominee shall perform all of Tenant's monetary obligations contained in this Lease.

Upon execution and delivery of such New Lease, in accordance with the provisions of this Section 9.3, the tenant under the New Lease shall accept the Lease Premises in its "as is" condition subject to the terms of the New Lease. The Leasehold Mortgagee shall have the right to assign a New Lease to an affiliate of the Leasehold Mortgagee.

- 9.4. Additional Protection for Leasehold Mortgagees. The following additional matters are included herein for the express protection of any Leasehold Mortgagee, as an intended third party beneficiary of this Lease.

- 9.4.1. The proceeds or award from any of Tenant's insurance policies may be held by any Leasehold Mortgagee(s) and distributed or applied pursuant to the provisions of the applicable Leasehold Mortgage; subject, however to the terms of this Lease.

- 9.4.2. From time to time, and within thirty (30) days of request, Landlord and Tenant shall execute, acknowledge and deliver to any or all Leasehold Mortgagees, an agreement among Landlord, Tenant and such Leasehold Mortgagee(s), prepared at the sole expense of Tenant, in form satisfactory to such Leasehold Mortgagee(s) and the Landlord, reaffirming the applicability of the provisions of this Section 9 to a particular Leasehold Mortgagee.

- 9.5. [INTENTIONALLY OMITTED]

10. INSURANCE.

Tenant shall provide and maintain either through the Montgomery County Self Insurance Fund or otherwise, at its election, insurance as follows:

- 10.1.1. Property Damage and Liability Insurance. The Tenant shall have the right to self-insure. The Parties are both members of the Montgomery County Self-Insurance Program. Section 20-37(c) of the Montgomery County Code restricts the legal defense fund to members of the fund and does not allow for outside entities. The certificate of insurance evidences limits of insurability for general liability coverage in the amounts of \$500,000 aggregate and \$200,000 each occurrence and \$20,000 per person, \$40,000 per accident for bodily injury and \$15,000 for property damage for automobile liability and State of Maryland statutory limits for worker's compensation. The limits of liability for both Parties for tort claims filed against either or both of them are as stated in the Local Government Tort

Claims Act (the "LGTC"), Md. Ann. Code, Cts. & Jud. Proc. §§5-301 et seq. (2002 Replacment Volume).

- 10.1.2. Insurance against loss or damage by fire, windstorm, tornado and hail and all other hazards covered by the usual extended coverage and "all special causes of loss" endorsements ("Property Insurance"), including, without limitation, coverage for loss or damage by water, flood and subsidence, and excluding from such coverage normal settling only. Such Property Insurance shall be *for the structures and appurtenances* in the amount set forth in the "replacement cost" endorsement to the policy in question, which endorsement shall be attached to the policy, provided that such amount, in all events, shall be (i) sufficient to prevent Landlord and Tenant from becoming co-insurers under provisions of applicable policies of insurance, and (ii) in the amount not less than one hundred percent (100%) of the net replacement cost of the Improvements (net of footers, foundations and excavation), such net replacement cost to be determined by the insurers from time to time, but not less frequently than required by the standard "replacement cost" endorsement, and no omission on the part of Landlord to request any such determination shall relieve Tenant of its obligation to have such net replacement cost determined as aforesaid. Such Property Insurance shall also include a demolition and clearing clause and extra expense and loss of use coverages with a sublimit of not less than Five Hundred Thousand Dollars (\$500,000.00) per occurrence.
- 10.1.3. Rules. The Tenant agrees that it will not keep in or upon the Leased Premises any article which may be prohibited by the standard form of fire or hazard insurance policy. In the event the Tenant's use of the Leased Premises causes any increase in the insurance premiums for the Leased Premises or any part thereof, Tenant shall pay the additional premiums as they become due, Tenant has the right to review the Landlord's policy premium and rates.
- 10.2. Certificate of Insurance. Landlord shall deliver to the Tenant a certificate of insurance evidencing the coverage hereinabove described within thirty (30) days after the execution of this Lease.
- 10.3. Insurance Does Not Waive Obligations. No acceptance or approval of any insurance agreement or agreements shall (a) relieve or release or be construed to relieve or release the Tenant or other person from any liability, duty, or obligation assumed by, or imposed upon it or (b) impose any obligation upon the additional insured(s)/loss payees.
- 10.4. Property Insurance Proceeds. During the Term, all sums payable for loss and damage to the Improvements arising out of casualties covered by the fire and extended coverage policies shall be used for the reconstruction, repair, or replacement of the damage (hereinafter referred to as "Reconstruction Work"), to a condition substantially comparable to its condition prior to the loss or damage

and shall be payable directly to Tenant or its Leasehold Mortgagee, provided that the proceeds must be used to rebuild the Improvements subject to the Leasehold Mortgagee's customary requirements including without limitation the requirement that Tenant advance any equity required in addition to the insurance proceeds to complete the Reconstruction Work. If the insurance proceeds are insufficient to perform the Reconstruction Work, Tenant shall provide additional funds required to complete such Reconstruction Work.

- 10.5. Self-Insurance. Notwithstanding any other provision of this Lease to the contrary, for so long as Montgomery County Revenue Authority remains the Tenant under this Lease, or for so long as any entity to whom this Lease has been assigned in accordance with the express terms of this Lease is insured under the County Self-Insurance Program (as defined below), Tenant shall have the right to self-insure in accordance with the provisions of the Montgomery County Self-Insurance Program (the "County Self-Insurance Program") that are set forth in Section 20-37 of the Montgomery County Code 2004, as amended.

11. CASUALTY.

- 11.1. In the event that the Improvements, or any portion thereof, are damaged or destroyed by fire or other casualty (a "Casualty"), which is as a result of a negligent or intentional act of Tenant, Tenant shall, subject to applicable bond covenants and requirements for pledge of funds, restore the Improvements to substantially the same condition as existed prior to such damage or destruction; provided that if the Casualty (a) is not as a result of a negligent or intentional act of Tenant, and (b) causes damage to the Improvements that would cost more than seventy-five percent (75%) of the original cost of construction to repair, Tenant shall have the right to terminate this Lease by giving Landlord written notice within thirty (30) days of the Casualty. If Tenant is obligated to restore the Improvements, Tenant shall continue to pay Rent as provided in Section 4 during such period and shall be obligated, at its sole cost and expense, to diligently commence and expeditiously pursue the repair of such damage so as to restore the Improvements to substantially the same condition as existed prior to such damage or destruction.
- 11.2. If Tenant elects to terminate this Lease, in accordance with Section 11.1, and if Landlord so requests, Tenant shall demolish and remove the Improvements from the Leased Premises, and place the Leased Premises from which such Improvements were removed in a safe and sanitary condition, within one hundred twenty (120) days after the effective termination date; provided, however, that Tenant shall not be required to expend for such demolition, removal and restoration any amount in excess of any proceeds of insurance payments received by Tenant with respect to the Casualty. Upon completion of such removal, or if removal is not required, Landlord shall be entitled to all of the proceeds of any insurance policies which have not been applied by Tenant to the cost of any such required demolition, removal and restoration. Tenant's obligations under this Section 11 shall survive termination of this Lease.

11.3. If Tenant terminates this Lease under this Section 11, the parties' respective obligations to pay and/or rights to collect the Revenue and Rent due hereunder shall cease as of the date of such damage or destruction.

12. EXTRACTION AND CLOSURE OF PARK GOLF COURSES.

12.1. Right of Landlord to Extract a Park Golf Course. Landlord shall have the right, after six (6) months written notice to Tenant, to extract any of the Park Golf Courses from this Lease in the event Landlord (1) determines that it wants to change the use of such property; (2) compensates Tenant for the greater amount of (a) any outstanding debt associated with the improvements at such Park Golf Course, so that Tenant is released from its financial obligations as they relate to such Park Golf Course and revenues therefrom, and Tenant is able to meet its debt coverage pledge for any outstanding debt without such Park Golf Course continuing in the Golf System, or (b) the unamortized value of improvements (and capital repairs) made to such Park Golf Course by Tenant, and (c) reduced by such amount as Landlord may have invested for capital improvements in such Park Golf Course after the Effective Date of this Lease, or prior thereto if required in accordance with this Lease; and (3) has procured the necessary appropriation to compensate Tenant as required under this provision. Notwithstanding anything to the contrary herein, the closure of a Park Golf Course to effect a transfer of such Park Golf Course to Landlord shall not take effect between April 1 and October 31 of any given year without the consent of Tenant, which consent shall not be unreasonably withheld, conditioned or delayed. Landlord may not exercise any right to extract any of the Park Courses until the Little Bennett Debt has been paid and released in full.

12.2. Right Of Tenant To Close A Park Golf Course. Upon a determination by Tenant that any of the Park Golf Courses is adverse to the entire Golf System, Tenant shall have the right to extract any of the Park Golf Courses from the Lease and return such Park Golf Course to Landlord, in which event Landlord shall not operate such Park Golf Course in competition with Tenant as determined in accordance with Section 2.1. Other than as herein provided, Tenant may not exercise its right to close the Little Bennett Golf Course under this Section 12.2 until the Little Bennett Debt has been paid and released in full.

13. TENANT'S DEFAULT; LANDLORD'S REMEDIES.

13.1. Tenant's Default. Tenant shall be considered in default of this Lease ("Tenant's Default") if:

13.1.1. Failure to Observe Agreement. Tenant shall fail to observe, satisfy or perform any term, covenant or agreement contained in this Lease, and such failure shall for a monetary default continue unremedied for thirty (30) days after written notice thereof from the Landlord to the Tenant. If such default is not capable of being cured within such thirty (30) days,

Tenant must nonetheless commence and duly and diligently to proceed with such cure to completion; or

13.2. Notice of Default; Cure Period. Upon the occurrence of a Tenant's Default, Landlord shall, prior to exercising any remedies hereunder, give to Tenant, pursuant to the notice provisions hereof, a "Notice of Tenant's Default," which Notice of Tenant's Default shall at the same time be given to any Leasehold Mortgagees of which Landlord has been notified in writing, and which shall provide in the case of a Tenant's Default described in Section 13.1 that Tenant shall cure such default within a period of thirty (30) days. With respect to any Tenant's Default other than a default in the payment of money, which default is of such nature that it cannot, by due diligence, be cured within the foregoing periods of time, if Tenant shall promptly commence the curing of such default and so long as Tenant is employing reasonable efforts to cure such default, then Tenant shall be entitled to a reasonable period to cure such default. There shall exist an Event of Tenant's Default if a Tenant's Default remains uncured after the giving of a Notice of Tenant's Default and the expiration of the foregoing periods to cure. Any Leasehold Mortgagees shall have the rights and periods of time within which to cure or commence to cure any Tenant's Default as are set forth in Section 9 hereof.

13.3. Remedies. If an Event of Tenant's Default exists and Landlord gives Tenant and any Leasehold Mortgagee a Notice of Tenant's Default in accordance with subsection 13.2, and Tenant and any Leasehold Mortgagees fail to cure the specified default within the time allowed by this Lease, then Landlord shall have the following rights:

13.3.1. Landlord may give to Tenant, pursuant to the notice provisions hereof, a notice ("Notice of Termination") which shall at the same time be given to any Leasehold Mortgagee and which shall provide that unless the default specified in the Notice of Tenant's Default (and again specified in the Notice of Termination) is cured (or a cure is commenced) within thirty (30) days following the giving of the Notice of Termination, then, upon the expiration of such thirty (30) day period, the term of this Lease shall expire and terminate. Upon the occurrence of all of the foregoing events, including the expiration of such thirty (30) day period, then unless such Tenant's Default shall have been cured and subject to the Leasehold Mortgagee's rights under Section 9 hereof, including, without limitation, its right to a New Lease under Section 9.3 hereof, the Term of this Lease shall expire and terminate with the same force and effect as though the date so specified were the date herein originally fixed as the expiration date of the Term. The provisions of this subsection shall operate as a notice to quit, any other notice to quit or of Landlord's intention to re-enter the Leased Premises being hereby expressly waived. If necessary, Landlord may proceed to recover possession of the Leased Premises under applicable laws. If Landlord elects to terminate this Lease and/or elects to terminate Tenant's right of possession, everything in this Lease to be done

and performed by Landlord shall cease without prejudice, and Tenant shall remain liable for (i) all rent and other sums accrued through the later of termination of this Lease or Landlord's recovery of possession and (ii) direct damages incurred by Landlord on account of such default.

13.3.2. No delay or failure by Landlord to exercise or enforce any of Landlord's rights or remedies or Tenant's obligations shall constitute a waiver of any such rights, remedies or obligations. Landlord shall not be deemed to have waived any default by Tenant unless such waiver expressly is set forth in a written instrument signed by Landlord. If Landlord waives in writing any default by Tenant, such waiver shall not be construed as a waiver of any covenant, condition or agreement set forth in this Lease except as to the specific circumstances described in such written waiver.

13.4. Landlord's Waiver of Distraint. Landlord hereby waives any and all rights Landlord now has or hereafter may have by reason of this Lease (or by reason of statute or common law) to distraint for rent upon the Leased Premises, or upon any property upon the Leased Premises, whether such property is the property of Tenant or is the property of any other person or entity.

13.5. Additional Cure Rights of Leasehold Mortgagees. The rights of any Leasehold Mortgagees and other provisions regarding default and termination as set forth in Section 9 shall apply in addition to any rights to cure set forth in this Section.

13.6. No Remedy Exclusive. It is understood and agreed that the remedies set forth in this Section 13 shall be cumulative and in addition to all other remedies which are or may be available to Landlord at law or in equity.

14. LANDLORD'S DEFAULTS.

14.1. Events of Landlord's Default. If default shall be made by Landlord in the performance of, or in compliance with, any of the terms, covenants, or conditions contained in this Agreement, and Landlord shall fail to cure such default within thirty (30) days after receipt of written notice thereof from Tenant (or if such default is of such nature that it cannot, by due diligence, be cured within the such thirty (30) day period, then such longer period of time as is reasonably required for Landlord to process the cure to completion, provided Landlord shall diligently commence the curing of such default within such thirty (30) day period and continuously process the same to completion), then such event shall constitute a "Landlord Default" under this Agreement.

14.2. Notice of Landlord's Default; Cure Period. Tenant shall, prior to exercising any remedies hereunder, give to Landlord, pursuant to the notice provisions hereof, a notice of Landlord's Default, and which shall provide that Landlord shall cure

such default within thirty (30) days from the date of such notice ("Notice of Landlord's Default"). With respect to any Landlord's Default, if Landlord shall commence the curing of such default within the period specified in the Notice of Landlord's Default, then Landlord shall be entitled to as long a period to cure such default as may be required by Landlord in the exercise of due diligence in endeavoring to cure such default.

- 14.3. Tenant's Remedies. If a Landlord Default shall occur, then (i) Tenant may (but shall not be obligated to) make such payment or do such act as may be reasonably necessary to cure such Landlord Default, and charge the amount of the expense thereof to Landlord, which amount shall be due and payable by Landlord upon demand and the amount of which Tenant may offset against Percentage Rent obligations under this Lease, or (ii) Tenant may, without terminating this Agreement, bring an action in a court of law for injunctive relief and/or monetary damages suffered as a result of such Landlord Default.
- 14.4. No Waiver. No failure by Landlord or Tenant to insist upon the performance of any covenant, agreement, provisions or condition of this Lease or to exercise any right or remedy consequent upon a default by either party hereunder, and no acceptance of full or partial rent during the continuance of any Tenant default shall constitute a waiver of any such default or of such covenant, agreement, provision or condition. No waiver of any default shall affect or alter this Lease, but each and every covenant, agreement, provision and condition of this Lease shall continue in full force and effect with respect to any other then-existing or subsequent default hereunder.

15. INDEMNIFICATION.

- 15.1. By Tenant. Except to the extent caused by the negligence or willful misconduct or other wrongful conduct of Landlord, its agents, employees or contractors, and to the extent of insurance available to Tenant, without any waiver of Tenant's immunities under state law, Tenant shall indemnify and save Landlord harmless against and from, and shall reimburse Landlord for, all liabilities, obligations, damages, fines, penalties, claims, demands, costs, charges, judgments, and expenses, including but not limited to reasonable attorneys' fees, which may be imposed upon or incurred or paid by or asserted against Landlord or Landlord's fee interest in the Leased Premises by reason of or in connection with any of the following:
- (i) any occurrence on any part of the Leased Premises or occasioned by the use of equipment under the exclusive control of Tenant; or
 - (ii) any breach or default in the performance of any of Tenant's obligations under this Lease.

In case any action or proceeding is brought against Landlord by reason of any claims described in this Section 15.1 that are covered under the County Self-

Insurance Program, Tenant, if Landlord gives Tenant reasonable notice thereof and requests Tenant to do so, shall, at Tenant's expense, defend such action or proceeding. Tenant's obligations under this Section shall survive the expiration or termination of this Lease.

15.2. By Landlord. Except to the extent caused by the negligence, willful misconduct or other wrongful conduct of Tenant, its agents, employees, contractors, licensees or invitees, and to the extent of its statutory liability, without any waiver of Landlord's immunities under state law, Landlord shall indemnify and save Tenant harmless against and from, and shall reimburse Tenant for, all liabilities, obligations, damages, fines, penalties, claims, demands, costs, charges, judgments, and expenses, including but not limited to reasonable attorneys' fees, which may be imposed upon or incurred or paid by or asserted against Tenant by reason of or in connection with any of the following:

- (i) any occurrence on any part of the Park outside of the Leased Premises or area that is not routinely used exclusively for golf purposes, including but not limited to the Tower Property, and Joint Facilities; or
- (ii) any breach or default in the performance of any of Landlord's obligations under this Lease.

16. FORCE MAJEURE.

Notwithstanding anything to the contrary contained in this Lease, all of the parties' obligations hereunder shall be subject to the provisions of this Section 16. For any Force Majeure resulting in a delay in either party's performance, provided that the claiming party is duly and diligently working to end the Force Majeure and minimize the impact of the Force Majeure, the performance of the party claiming Force Majeure shall be extended by one day for each day of delay in such party's performance attributable to the Force Majeure event. Any party claiming Force Majeure must provide the other party with immediate notice of the Force Majeure once the party knows of (or should have known of) the Force Majeure event. The notice must describe the Force Majeure event, the anticipated duration of the Force Majeure, and actions to be taken by the claiming party to end the Force Majeure and minimize its impact.

17. REPRESENTATIONS, WARRANTIES AND COVENANTS.

17.1. Tenant's Representations, Warranties and Covenants. To induce Landlord to enter into this Lease, Tenant represents, warrants, and covenants and agrees with Landlord that:

17.1.1. Tenant is a body corporate and politic and is an instrumentality of the County and a public corporation and has the full and unrestricted lawful power and authority to enter into and carry out the terms of this Lease. The execution, delivery and performance of this Lease and the consummation of the transactions contemplated hereby and thereby have

been duly authorized and approved, and this Lease and all other agreements contemplated herein, documents contemplated hereby or thereby each will constitute a valid and binding agreement of the Tenant enforceable in accordance with its terms.

17.2. Landlord Representations and Warranties. To induce Tenant to enter into this Lease, Landlord represents and warrants to, and covenants and agrees with Tenant as follows:

17.2.1. Landlord is a body politic of the State of Maryland and has the full and unrestricted lawful power and authority to enter into and carry out the terms of this Lease in its capacity as owner of the Leased Premises. Subject to the approval of this Lease by the Montgomery County Council, the execution, delivery and performance of this Lease and the consummation of the transactions contemplated hereby and thereby have been duly authorized and approved, and this Lease and all other agreements, documents and instruments contemplated hereby or thereby, each will constitute a valid and binding agreement of the Landlord, enforceable in accordance with its terms.

17.2.2. Neither the execution and delivery of this Lease, nor the consummation of the transactions contemplated hereby or thereby will (i) conflict with, or result in a breach of, the terms, conditions or provisions of, or constitute a default under the Maryland Code, or any agreement or instrument to which it is a party; (ii) violate any agreement, restriction, easement, restrictive covenant, or instrument to which it is a party or to which it or any of its assets is subject; or (iii) constitute a violation of any applicable judgment, decree or order or, to Landlord's knowledge, any Applicable Law.

17.2.3. Except for the conditions set forth in Section 3.2.1 that require Corrective Work, the Park Golf Courses are in compliance with Applicable Law.

18. GENERAL CONDITIONS.

18.1. Disputes. Each of Landlord and Tenant hereby consents and submits to the jurisdiction of the Circuit Court of Montgomery County, Maryland for all purposes in connection with the resolution of controversies or disputes hereunder. Each of Landlord and Tenant irrevocably consents to the service of process or notice of motion or other application to any of the aforementioned court, and any papers in connection with any proceedings before such court, by the mailing of copies thereof by certified or registered mail, postage prepaid, to the other party at its address designated in Section 18.6 of this Lease.

18.2. Use of Words and Phrases. Use of the singular shall include the plural and use of the plural shall include the singular as appropriate. Where this Lease requires the

performance of obligations, such performance, unless otherwise stated, may be performed by the party or its contractor or agent on its behalf.

18.3. Approvals. Approvals and consents required from Landlord in this Lease do not substitute for regulatory approvals required under Applicable Law. Whenever consent or approval of Landlord or Tenant is required under this Lease, such consent or approval shall not be unreasonably withheld, conditioned or delayed, unless the provision requiring such consent or approval clearly states otherwise. Any time Tenant's or Landlord's approval or permission is required by this Lease, such approval must be in writing.

18.3.1. Approvals by Landlord. Whenever consent or approval of Landlord is required under this Lease it shall only be requested and given in writing and, only the Executive Director of Landlord or the Director of Parks (or a person designated by the Executive Director or the Director of Parks by written and personally signed notice to Tenant) may grant such consent or approval, unless the provision requiring such consent or approval clearly states otherwise.

18.3.2. Approvals by Tenant. Whenever consent or approval of Tenant is required under this Lease, only the Executive Director of Tenant (or a person designated by the Executive Director to grant consents and approvals under this Lease by written and personally signed notice to Landlord) may grant such consent or approval, unless the provision requiring such consent or approval clearly states otherwise.

18.4. Construction of Document. Both parties to this Lease are represented by counsel and this Lease reflects input from both parties. Therefore, in the event of a dispute over, or any ambiguity of, the terms of this Lease, the parties agree that common law rules of construction in favor of one party or against another party shall not apply.

18.5. No Partnership or Joint Venture. It is mutually understood and agreed that nothing contained in this Lease is intended or shall be construed in any manner or under any circumstances whatsoever as creating or establishing the relationship of partners or creating or establishing the relationship of a partnership or joint venture between the Landlord and the Tenant or as constituting Tenant as the agent or representative of the Landlord for any purpose or in any manner under this Lease, it being understood that Tenant is a separate entity.

18.6. Notice. Any notice or communication under this Lease by Landlord to Tenant or by Tenant to Landlord must be in writing and shall be sufficiently given or delivered if dispatched by either (a) certified mail, postage prepaid, return receipt requested, (b) nationally recognized overnight delivery service, or (c) hand-delivery (if receipt is evidenced by a signature of the addressee or authorized agent), and addressed:

in the case of a notice or communication to Tenant, as follows:

Montgomery County Revenue Authority
101 Monroe Street, Suite 410
Rockville, Maryland 20850
Attn: Executive Director

with a copy to:

County Attorney for Montgomery County
101 Monroe Street, Third Floor
Rockville, Maryland 20850
Attn: County Attorney

in the case of a notice or communication to Landlord, as follows:

The Maryland-National Capital Park and Planning Commission
9500 Brunett Avenue
Silver Spring, Maryland 20901
Attn: Director of Parks
with a copy to:

The Maryland-National Capital Park and Planning Commission
6611 Kenilworth Avenue
Riverdale, Maryland 20737
Attn: General Counsel

or addressed to such other address in respect to any of the foregoing parties as that party may, from time to time, designate in writing, dispatched as provided in this Section.

Such notice shall be deemed given upon receipt, or upon attempted delivery during normal business hours. All notices and approvals required in this Lease must be in writing to bind the submitting or receiving party.

- 18.7. Conflicts of Interest. No member, official, representative, or employee of Landlord or Tenant shall take any action regarding this Lease or any agreements relating to either which conflicts with, or is prohibited by, any ethical requirements to which they are subject.
- 18.8. Performance on Saturday, Sunday, or Holiday. Whenever the provisions of this Lease call for the performance of any act on or by a date that is not a business day, including the expiration date of any cure periods provided herein, then such payment or such performance shall be required on or by the immediately succeeding business day.

- 18.9. State Law. This Lease shall be interpreted in accordance with the laws of the State of Maryland.
- 18.10. No Brokers. Landlord and Tenant each warrants to the other that no broker or agent has been employed with respect to this Lease and each agrees to indemnify and hold the other harmless from any claim by any broker or agent claiming compensation in respect of this Lease based on an alleged agreement or undertaking by Landlord or Tenant, as the case may be.
- 18.11. Estoppel Certificate from Landlord. Upon thirty (30) days' prior written notice by Tenant or any Leasehold Mortgagee, from time to time, Landlord shall execute, acknowledge and deliver to Tenant or to any person designated by Tenant, a statement in writing certifying, to the extent accurate, (1) whether this Lease has been modified (and, if there have been modifications, identifying the same by the date thereof and providing a copy thereof), (2) whether any Notice of Tenant's Default or Notice of Termination has been given to Tenant, (3) whether to the knowledge of Landlord any Event of Tenant's Default exists hereunder, (4) whether Landlord has any specific knowledge of any claims against Tenant hereunder, (5) the Lease Commencement Date, expiration date, the then-current amount of Annual Base Rent and the date to which the Annual Base Rent has been paid by Tenant, (6) that this Lease is in full force and effect and that to the best of Landlord's knowledge there are no conditions existing which, with the passage of time or the giving of notice or both, would constitute a Tenant's Default, and (7) that the contemplated transfer or financing, if any, does not constitute a Tenant's Default under this Lease and that no consent of the party so certifying is required for such transfer or financing.
- 18.12. Memorandum of Lease. Concurrently with the execution of this Lease, Landlord and Tenant shall execute in recordable form for purposes of recordation, a short form of this Lease containing the names of the parties, a description of this Leased Premises, the Term of the Lease, a statement of the permitted uses hereunder of the Leased Premises, and such other provisions as Tenant may reasonably require. The parties shall also execute in recordable form additional memoranda reflecting any other date or matter pertaining to this Lease reasonably requested by Tenant. All costs, if any, of recording such memoranda shall be borne by Tenant. Prior to the last three hundred sixty-five (365) days of the Term (taking into consideration any Renewal Term) (or within thirty (30) days after the earlier termination of the Term, if applicable), Tenant shall execute and deliver to Landlord a release of memorandum of lease, in recordable form, and execute such other documentation as Landlord may reasonably request in connection therewith.
- 18.13. Entire Agreement. This Lease cannot be changed or terminated orally. This Lease and the Exhibits attached hereto contain the entire agreement between the parties and is intended by the parties to be an integration of all agreements between the parties concerning the terms of this Lease. Any agreement hereafter made shall be ineffective to change, modify or discharge this Lease in whole or in part, unless such agreement is in writing and signed by the parties hereto.

- 18.14. No Merger. The fee title of Landlord and the leasehold estate of Tenant shall at all times be separate and apart, and shall in no event be merged, notwithstanding the fact that this Lease or the leasehold estate created hereby, or any interest in either thereof, may be held directly or indirectly by or for the account of any person who shall own the fee estate in the Leased Premises or any portion thereof; and no such merger of estates shall occur by operation of law, or otherwise, unless and until all persons at the time having any equity or secured financing interest of record in this Lease or the leasehold estate, shall join in the execution of a written instrument effecting such merger of estates and record such instrument among the land records of Montgomery County, Maryland.
- 18.15. Severability. If any provision of this Lease or the application thereof to any person or situation shall, to any extent, be held invalid or unenforceable, the remainder of this Lease, and the application of such provision to persons or situations other than those as to which it shall have been held invalid or unenforceable, shall not be affected thereby, and shall continue to be valid and shall be enforced to the fullest extent permitted by law.
- 18.16. Obligations to Run With Land. The parties hereto covenant and agree that all of the conditions, covenants, agreements, rights, privileges, obligations, duties, specifications and recitals in this Lease contained, shall be construed as covenants running with the land, and as extending to, inuring to the benefit of, and being binding upon Landlord and Tenant and their successors and assigns, to the same extent as if said successors and assigns were herein named as original parties hereto, all to the end that this Lease shall always bind the owner and holder of any interest whatsoever in or to the Leased Premises, and the Improvements thereon.
- 18.17. Gender; Number; Multiple Parties. Words of any gender used in this Lease shall be held to include any other gender; words in the singular number shall be held to include the plural; and words in the plural shall be held to include the singular; all when the sense requires. If Landlord or Tenant is composed of more than one person or entity, then such person(s) or entity(ies) shall be jointly and severally liable for all obligations of Landlord or Tenant hereunder, as the case may be.
- 18.18. Captions for Convenience. The captions and titles, and the Section and Paragraph headings (including the index and table of contents) are inserted only for convenience, and are in no way to be construed as part of this Lease, or as a limitation on the scope of the particular provisions to which they refer.
- 18.19. Counterparts. This Lease may be executed in multiple counterparts, each of which shall constitute an original and all of which together shall constitute one agreement. The cover sheet of each such counterpart shall indicate the total number of counterparts executed by the parties, and the recipient of such counterpart.
- 18.20. Waiver of Jury Trial. Landlord and Tenant each waives trial by jury in any action or proceeding brought by either of them against the other or on any claim, cross-

claim or counterclaim in respect thereof on any matters whatsoever arising out of, or in any way connected with, this Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Leased Premises, and/or any claim, injury or damage under or in connection with this Lease.

- 18.21. Liability of Tenant. Tenant shall be liable for any violation of the terms and conditions of this Lease by Tenant, its assignees, licensees, concessionaires. However, notwithstanding anything to the contrary provided in this Lease, no member, official, directors, shareholder, representative or employee of Tenant or any affiliated organization or member thereof shall be personally liable with respect to any of the terms, covenants and conditions of this Lease.
- 18.22. Liability of Landlord. Notwithstanding anything to the contrary provided in this Lease, no member, official, representative or employee of Landlord shall be personally liable with respect to any of the terms, covenants and conditions of this Lease.
- 18.23. Landlord's Employees. The parties hereto acknowledge that Tenant has no obligation to sustain or offer employment to any of Landlord's employees that are employed in connection with the Leased Premises ("Landlord's Employees"), nor does Tenant assume any obligation or liability to employ or continue the employment of any Landlord's Employees after the Effective Date. Landlord understands that Tenant may hire on its own terms and conditions and as its own employees some of the Landlord's Employees from and after the Effective Date; it being acknowledged and agreed by Tenant that any offers of employment to such employees shall be expressly conditioned upon the occurrence of the Effective Date. Notwithstanding whether Tenant does employ any Landlord's Employee, Tenant shall have no liabilities of any kind in connection with any such employees arising from their employment by Landlord. Any Landlord's Employees hired by Tenant shall enter into a new employment relationship with Tenant subject to terms and conditions established by Tenant, and Tenant shall have no responsibility for any payroll taxes, accrued vacation pay, fringe benefits, unemployment, worker's compensation or other prepaid or deferred obligations for any employee of Landlord who enters into the employment of Tenant arising from any period before such employee enters into an employment relationship with Tenant, unless such transfer of benefits is in accordance with federal, state or local laws and regulations.
- 18.24. Non-Discrimination.

Landlord and Tenant agree to comply with the non-discrimination in employment policies in accordance with Applicable Law. Landlord and Tenant assure each other that in accordance with Applicable Law, it does not, and agrees that it will not, discriminate in any manner on the basis of race, color, religious creed, sex, marital status, national origin, ancestry, disability, sexual orientation or genetic status.

18.25. Limitations.

Limitations on Landlord Responsibilities and Obligations. All financial responsibilities and obligations of Landlord pursuant to this Lease shall be subject to Landlord's adopted and approved budget for the specific responsibility and/or obligation. Commission shall, in accordance with its normal budgetary procedures, make timely application for, and use reasonable efforts to obtain, budget appropriations reasonably calculated to provide all funds necessary for Commission's performance of and compliance with all of the material terms, conditions and covenants contained in this Lease. In the event that Landlord fails to appropriate funds to pay for or perform any of its obligations hereunder, the Tenant may remedy such failure by offsetting the costs of such payment or performance against payments of any Percentage Rent obligations under this Lease.

Limitations on Tenant Responsibilities and Obligations. Notwithstanding any other provision of this Lease, all responsibilities and obligations of Tenant pursuant to this Lease, except for its obligation to pay Annual Base Rent and Percentage Rent in accordance with Section 4 herein, shall be subject to both the availability of funds to cover such obligations and the approval of Tenant's board to make such expenditure for the specific purpose. Tenant shall, in accordance with its normal budgetary procedures, make timely application for, and use reasonable efforts to obtain, budget appropriations reasonably calculated to provide all funds necessary for Tenant's performance of and compliance with all of the material terms, conditions and covenants contained in this Lease.

18.26. Time. Time is of the essence with respect to each provision of this Lease.

18.27. Effective Date. The Effective Date of this Lease as inserted in the heading in Page 1 hereof shall be the date that this Lease is fully executed and delivered by both Landlord and Tenant.

[Signature Page Follows]

IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be duly executed as of the date first above written.

MONTGOMERY COUNTY
REVENUE AUTHORITY

By: *Keith Miller*
Keith Miller
Executive Director

Date: 9/25/06

MARYLAND-NATIONAL CAPITAL
PARK AND PLANNING COMMISSION

By: *R. Brown Capel for TMT*
Trudye Morgan Johnson
Executive Director

Date: 9/25/06

Attested: *Patricia Colihan Barney*
Patricia Colihan Barney,
Secretary-Treasurer

Approved for legal sufficiency.

Approved for legal sufficiency.

By: _____

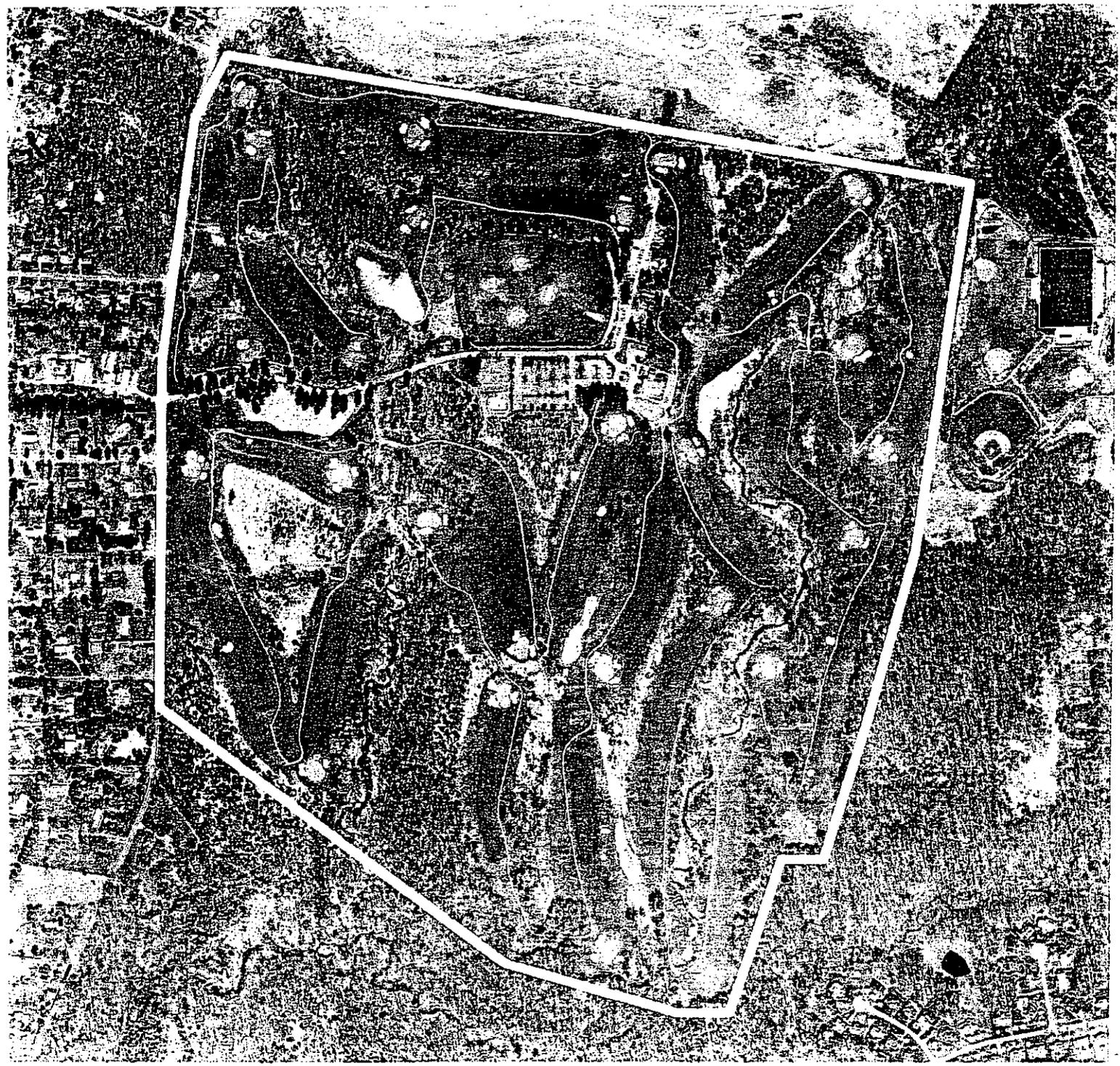
By: _____

List of Exhibits

- | | |
|-----------|--|
| EXHIBIT A | Leased Property and Improvements (Included) |
| EXHIBIT B | Tower Property (Included) |
| EXHIBIT C | Permitted Encumbrances (to be provided) |
| EXHIBIT D | Equipment and Installment Payment Inventory (included) |
| EXHIBIT E | Bank of America Approval of Lease, Recognition and Non-Disturbance Agreement |
| EXHIBIT F | List of Service Contracts and Warranties (to be provided) |
| EXHIBIT G | Description of Weir removal work at Northwest Golf Course (included) |

EXHIBIT A

Area of Use Maps



NORTHWEST BRANCH GOLF COURSE

Map Compiled by
MC Parks/PDD with
MC Plan./R&T GIS

LEGEND:

65

Area of
Operation

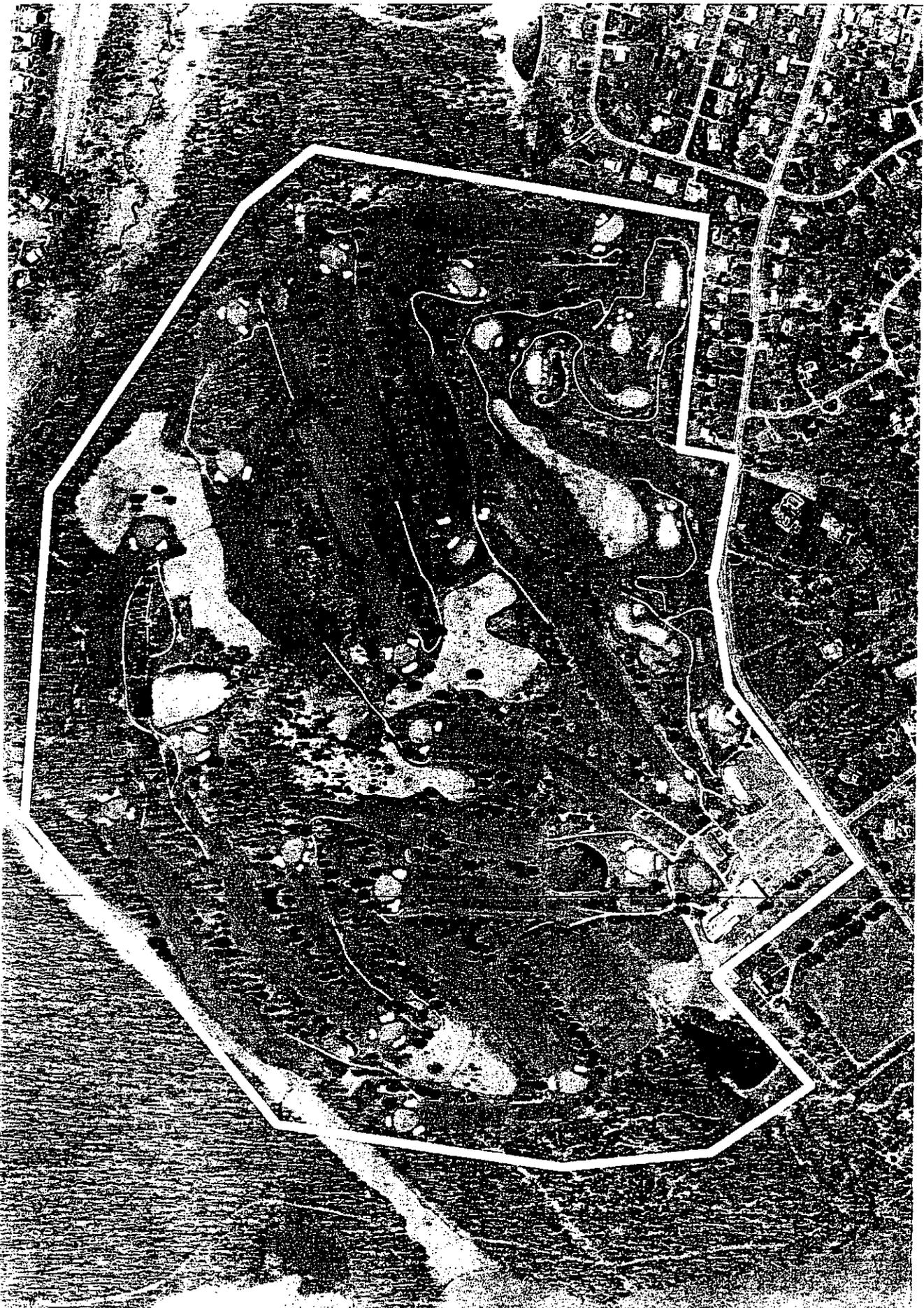


SLIGO CREEK GOLF COURSE

LEGEND:

Area of ⁽⁶⁶⁾
Operation

Map Compiled by
MC Parks/PDD with
MC Plan./R&T GIS



NEEDWOOD GOLF COURSE

Map Compiled by
MC Parks/PPDD with
MC Plan. R&T GIS

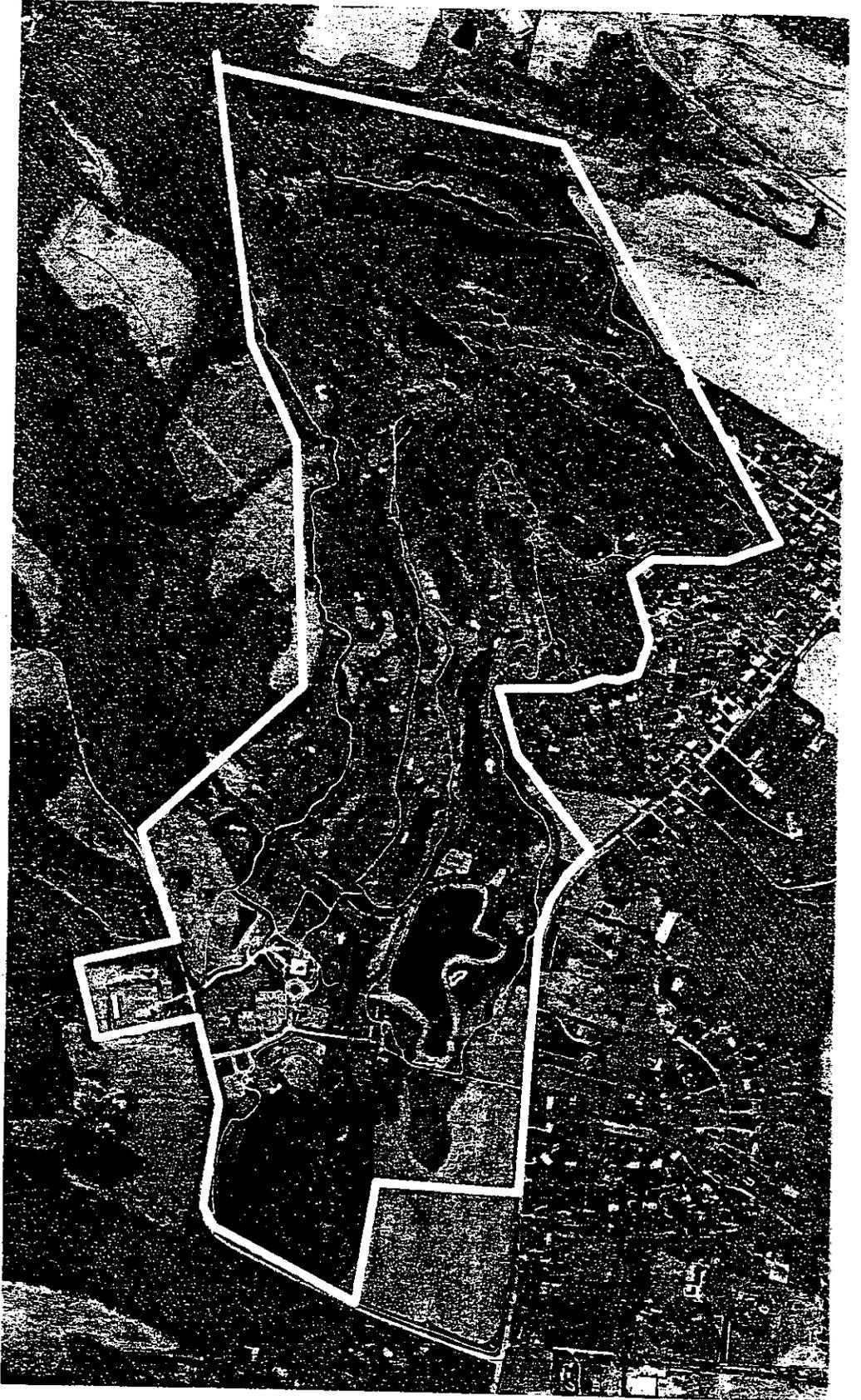
LEGEND:

Area of

EXHIBIT A

Map Compiled by
MC Parks/PPD with
MC Plan./R&T GIS

LITTLE BENNETT GOLF COURSE



LEGEND:

Area of
Operation

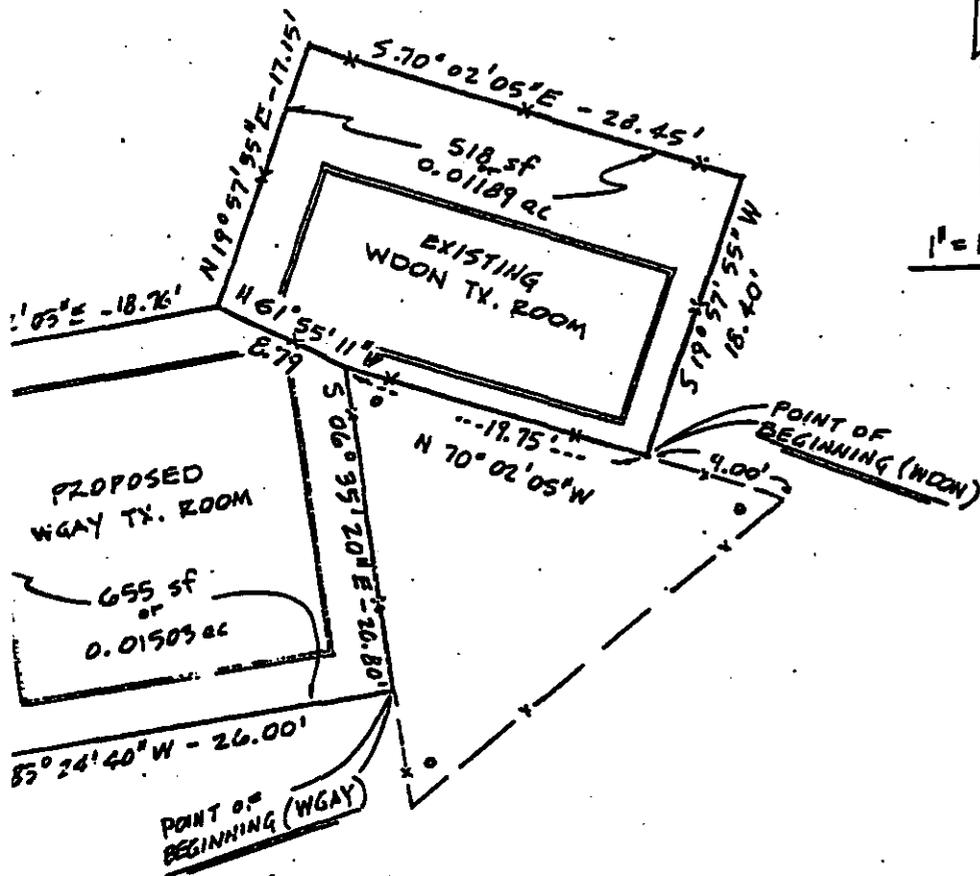
EXHIBIT A

EXHIBIT B

Tower Property

Beginning at a point 9.00 feet in a westerly direction from the easternmost corner of an existing triangular fence enclosure, the following:

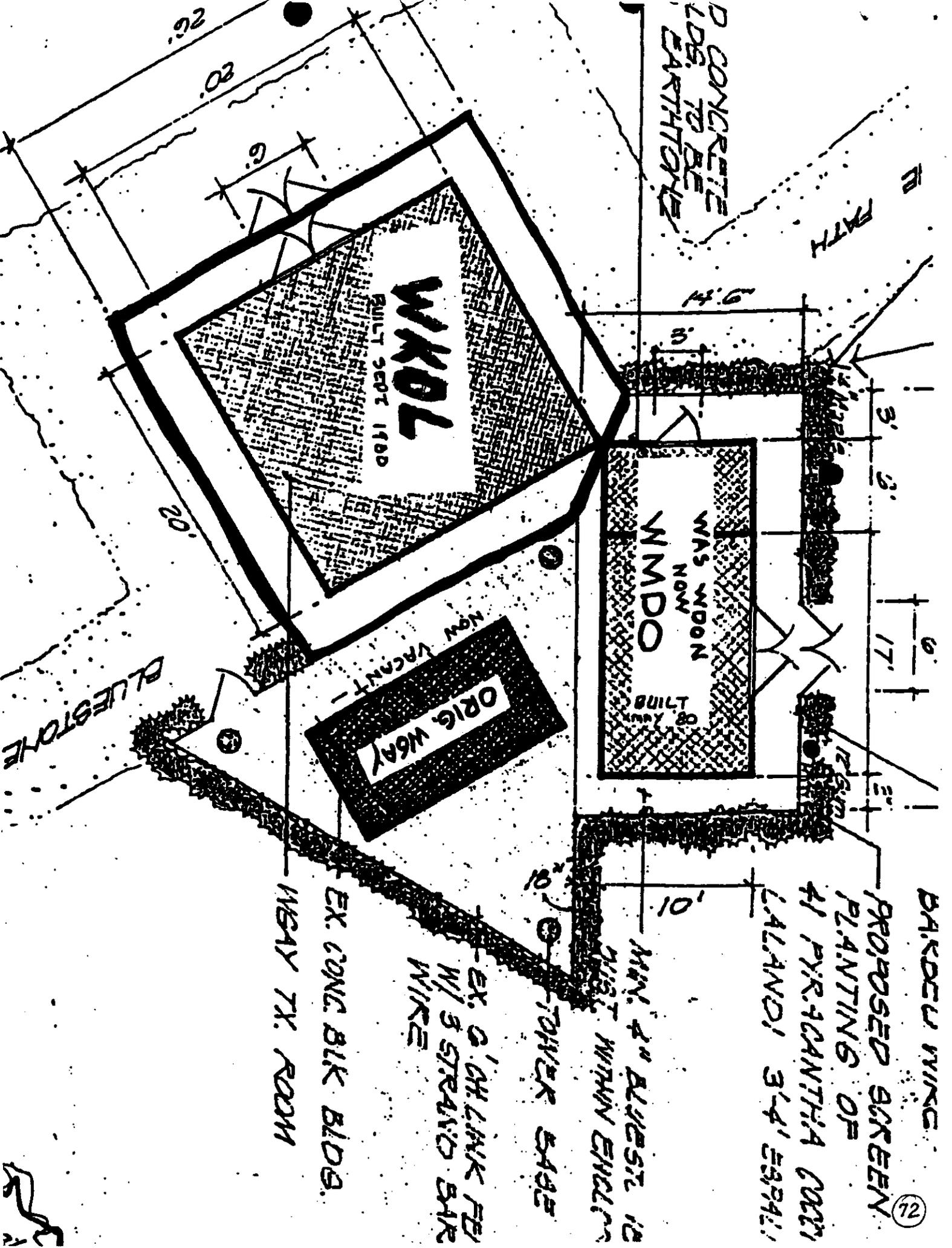
1. North $70^{\circ} 02' 05''$ West, 19.75 feet along the abovementioned fence to the corner thereof, thence
2. North $61^{\circ} 55' 11''$ West, 8.79 feet to the corner of an existing fence, thence along said fence, the following three courses:
 3. North $19^{\circ} 57' 55''$ East, 17.15 feet, thence
 4. South $70^{\circ} 02' 05''$ East, 28.45 feet, thence
 5. South $19^{\circ} 57' 55''$ West, 18.40 feet to the point of beginning containing a computed area of 518 square feet or 0.01189 acre.



PLAN NORTH

1" = 10'

7-28-80



D CONCRETE
LOS. TO BE
EARTHSTONE

WIKOL
BUILT SEPT 1980

WINDO
WAS NOW
WIDON

ORIG W6AY
NOW VACANT

BLUESTONE

EX. CONC. BLK BLDG.
WAY TX. ROOM

EX. 6" OH LINK FE
W/ 3 STRAND BAR
WIRE

TOWER BASE

MAX. 2" BLUEST. IS
MUST WITHIN ENCL

BARBED WIRE
PROPOSED SCREEN
PLANTING OF
41 PYRACANTHA COEN
LAND 3'-4' ESPAL

EXHIBIT C

Permitted Encumbrances

EXHIBIT D

Equipment and Installment Payment Inventory

Needwood Equipment Inventory

Manufacturer	Tag #	Course #	Description	Model #	Serial #	ACQ Date
AgriMetal	20128		Leaf Blower		360	1993
AgriMetal	20036		Leaf Blower	BW300		2002
Black Crank			Overhead Lube System	Air/Hy. Fluid/Oil		
Blue Point			3/4 Ton Aux Stand	4A779A		
Blue Point			Portable Power Supply	YA1213A		
Budget			Overhead Crane	1 Ton		
Champion	20050		Vertical Tank Air Compressor	VR5-8		
Cincinnati			Dust Control	G912213		
Cushman	20107		Core Harvester		888279	1993
Cushman	20108		Core Harvester		894754	1999
Dayton			3 Foot Stand Up Fan			
Dayton			Hand Truck	2W157		
Dayton			Wet/Dry Vac	4TR20A		
Dewalt	20118		Circular Saw	DW-359		2001
Echo	20210		Backpack Blower	PB46LN		2003
Echo	20130		Chainsaw	CS3400		1998
Echo	20129		Chainsaw	CS6700		1998
Echo	20130		Chainsaw	CS-440		
Echo	20116		Hedge Trimmer	HC1500		2004
Echo	20049		Hedge Trimmer			
Echo	20117		Power Pruner	PPT-2400		2001
Echo	20111		Water Pump		1000	2002
Echo	20120		Water Pump	M-Line 23P		
Echo	20122		Weedeater	SRM-260		1997
Echo	20123		Weedeater	SRM-260		1997
Echo	20126		Weedeater	SRM-260		1997
Echo	20125		Weedeater	SRM-260		1997
Echo	20124		Weedeater	SRM-2501		1999
Foley/United			Rotary Blade Grinder	5911300010603		
Ford	20052		Brush Cutter	22T78		
Jacobsen			Silt Seeder		82543	2001
Jacobsen	20104		Silt Seeder		82201	
John Deere	20106		48" Walk Behind Mower	FC420V		
John Deere	20039		Backhoe Attachment			1999
John Deere	20042		Front End Loader			1999
Lely	20101		Broadcast Spreader	WFR		2000

Needwood Equipment Inventory

Manufacturer	Tag #	Course #	Description	Model #	Serial #	ACQ Date
Ley	20209		Broadcast Spreader	WFR		2002
Lincoln	20131		AC/DC Arc Welder			1994
Little Wonder	20102		Leaf Blower	9008P1		2003
Little Wonder	20103		Leaf Blower		9600	2004
Makita	20020		Angle Grinder	955OH		2004
Makita	20019		Finishing Sander	BO4552		2004
Mat-Away	20051		Seeder Verticutter	544873A		1997
Milematic	20015		Welder		90369	2002
Northstart			Pressure Washer	1576761-01994022		
Redmaxx	20127		Edger		205085	2005
Reel Craft			Air Hose Reel			
Reel Craft			Garden Hose Reel	050110-004		
Ryan	20137		Sod Cutter, Jr.	544945A		2005
Ryobi	20017		Cordless Reciprocating Saw	RJC181		2004
Scotts	20041		Spreader	R8A		2000
Scotts	20040		Spreader	R8A		2000
Sears	20135		Tool Box			
Sears	20138		Tool Box			
Speed Air	20107		Portable Compressor	4B219		
Toro	20105		Snow Blower	824XL		1994
Winner	20037		2-Ton Floor Jack			
Woods			Brushbull	BB84		2004
Zep Dyna-Clean	20115		Parts Washer		739311	
			2-Ton Pair Jack Stand			
			5-Ton Pair Jack Stand			
	20110		Battery Charger	141-241-007		
	20112		Bench Grinder		257 19219	
	20132		Break Away Table			
	20133		Break Away Table			
	20119		Centrifugal Pump	Teel		1994
	20016		Cup Grinder		386	1998
Dayton	20014		Industrial Fan	3F298D		
	20113		Drill Press	KM581		1985
	20011		Hydraulic Ram System Kit	3ZC68		
	20012		Portable Band Saw		3122	
	20121		Pressure Washer	1500EPW		2005

Needwood Equipment Inventory

Manufacturer	Tag #	Course #	Description	Model #	Serial #	ACQ Date
Auto-Lift	20136		Retractable Light Spool	782-5057		
Auto-Lift	20114		Tire Changer	20-20A		
Chem Farm			PMW	MP-6000-7	BG35400	1993
Chem Farm			PMW	MP-6000-9	LM1835	1999
Chevy	LG-29327		160 Gallon Spray Tank		1672	2002
			300 Gallon Spray Tank		1023/1015	1999
Cushman			Pick-up Truck	2500HD (Tag #70940)		
Cushman			3 Wheel	8985309020	CUHN2226LL22564	1986
Cushman			4 Wheel	898632b	96011768	1995
Cushman		Junk	4 Wheel	898632a	95001369	1995
Express			Dual Grinder		9496	1995
Ez-Go			Beverage Cart			1999
Ez-Go			Beverage Cart Oasis			1999
Foley			Accupro Bedknife Grinder			1999
Ford			Dump Truck	E-350 (Tag #47143)		1999
Ford			Tractor	1220	UC226044	1993
Ford			Tractor	1220 AC4137		
Ford			Tractor	4630 dv454c	BD11465	1992
Ford			Tractor	Tag #4E20469	E162424	
Gilson			Cement Mixer			
Golf Xpress			Handicap Golf Cart			
Golf Xpress			Handicap Golf Cart			
Jacobsen			Greens King 4	62208	2498	1987
Jacobsen			Greens King 4	62228	1677	1987
Jacobsen			Greens King 4	62257	1945	1994
Jacobsen			Greens King 4	62257	1944	1994
Jacobsen			Greens King 4	62266	2230	1998
Jacobsen			Greens King 4	62266	2231	1998
Jacobsen			Greens King 4	62266	2232	1998
Jacobsen			Greens King 4	62771	2349	1999
Jacobsen			Greens King 4	62771	2361	1999
Jacobsen			Greens King 4	62771	2335	1999
Jacobsen			Roll Aerator		25921755	
John Deere			Arocure	1500	M01500X30171	1999
John Deere			Sand Rake	1200A	TC1200A110494	2000
John Deere			Tractor	4400	LV4400H241667	1999
John Deere			Tractor	2500E	TC250E6010231	

Needwood Equipment Inventory

Manufacturer	Tag #	Course #	Description	Model #	Serial #	ACQ Date
John Deere				2500E	TC250E6010236	
John Deere				2500E	TC250E6010227	
Kawasaki			Mule (Green)		2510 KAF6204	1999
Kawasaki			Mule (Red)		500 56040-1243	1992
Lastec			Rotary Rough Mower	721x	1297	1997
Lastec			Rotary Rough Mower	721xr	1160304	2004
Massey			Ferguson	MF-31	9A164658	1973
New Holland			Tractor	TN-65	1298047	2002
New Holland			Tractor	32LA	35526342	2003
PSI			Irrigation Pump Station			1993
Ransome			723D		946700	1997
Ryan			GA-30	GA30	96513479	1996
Smithco			Sand Rake	13-550b	5716	1996
Toro					3427	1998
Toro					3427	1998
Toro			6500-D	03800-TE	70106	1997
Toro			6500-D		60325	1997
Toro			Grounds-master	3500-D	30821-250000706	
Toro			Grounds-master 322-D		10406	1991
Toro			Grounds-master 325-D		210000153	1993
Toro			Grounds-master 325-D		40176	2000
Toro			Grounds-master 455-D		220000106	2001
Toro			Hydro Jet 3000		70145	1998
Toro			Sand Pro		20155	1992
Toro			Workman		250000184	
Toro			Workman 2100		210000126	2000
Toro			Workman 2100		2100001280	2000
Toro			Workman 2100		2100001606	2001
Toro			Workman 2100		2100001603	2001
Toro			Workman 3200		200000431	2000
Toro			Workman 3200 (Spray Rig)		210000461	2001
True Surface			Greens Rollers			1999
Turco			Meter-Matic Topdresser	F-120	A98659	1999
Turco			Meter-Matic Topdresser	F-120	B08733	2001
Vertidrain			Deep Tine Aerifier		9091	1993
Yamaha			(Mechanics)		J05213042	

Needwood Equipment Inventory

Manufacturer	Tag #	Course #	Description	Model #	Serial #	ACQ Date
Yamaha	JUNK				J6521304	
Yamaha	JUNK				J0521304	
Yamaha	JUNK				J05214769	

Little Bennett Equipment Inventory

Manufacturer	Tag #	Course #	Description	Model #	Serial #	ACQ Date
AgriMetal		21319	30 Inch Blower	BW300		1993
AgriMetal			Vacuum	Tuff Vac 5000		1998
Air King			Portable Fan			
Anderson			Drop Spreader	3 Foot		
Anthony			Torch Set	Roll		
ATD			12 Ton Hydraulic Press	7220		
ATD			Under Hoist Stand	ATD-7230		
ATD			Under Hoist Stand	ATD-7230		
Balcrank			Overhead Lube Dispenser			
Black & Decker			Angle Grinder			
Bolens		21329	Cultivator			2005
Chevy			4wd Truck	1500		2002
Chevy			One Ton Dump Truck	3500		1992
Chevy			Pick up	S-10		1999
Contrax			2 Ton Hoist Frame			
Cushman			Classic Turf Truckster			2002
Cushman		21316	Core Harvester	89009		1995
Cushman		21322	120 Gallon Sprayer			1993
Dayton			6' Standing Fan	3F298D		
Dayton			Battery Charger	32351M		
Dayton			Bench Grinder	42909B		
Dayton			Pallet Jack	4YE96		
Dayton			Wet Dry Vac	3VE20		
Echo		21305	14" Chain Saw	CS3400		1998
Echo		21306	16" Chain Saw	C53900		1995
Echo		21290	Back Pack Blower	PB4600		1994
Echo		21395	Back Pack Blower	PB403		2005
Echo		21327	Chain Saw	CS-400		2006
Echo		21297	Hedge Clippers	HC1600		2001
Echo		21296	Hedge Clippers	HC1600		2002
Echo			Line Trimmer	SPM2400		
Echo		21308	Line Trimmer	GT2000		1995
Echo		21291	Line Trimmer	SRM2400		1996
Echo		21298	Line Trimmer	SRM-260		2004
Echo		21299	Line Trimmer	SRM-260		2004
Echo		21300	Line Trimmer	SRM-260		2005

Little Bennett Equipment Inventory

Manufacturer	Tag #	Course #	Description	Model #	Serial #	ACQ Date
Echo		21301	Line Trimmer	SRM-260		2005
Echo		21309	Line Trimmer	SRM2400		
Echo		21312	Power Pruner	PPT2400		2001
Ez-Go			Workhorse	ST-350		1999
Ez-Go			Workhorse	ST-350		2002
Ez-Go			Workhorse	ST-350		2002
Ez-Go			Workhorse	ST-350		2002
Foley			Bedknife Grinder	670		1998
Ford	(Parts)		Tractor	2110		1970
Ford			Tractor	2120		1993
Ford			Tractor	1220		1994
Ford			Tractor	4630		1997
Ford	(Junk)		Out Front Mower	CM224		1993
Giant Vac		21287	Walk Behind Blower	52		1993
GMC			Sierra Truck	1500		1994
Gravely			Hillside Mower	ATM 72		1997
HD			Power Washer	1600		
Heftee			Mower Jack	2000		
Industrial			Wet Dry Vac			
Jacobsen			3 Point Hitch Seeder	548		2001
Jacobsen			Aerifier			
Jacobsen			Fairway Mower	LF 3400		1999
Jacobsen			Fairway Mower	LF 3400		1999
Jacobsen			Greens Mower	GK IV		1993
Jacobsen			Greens Mower	GK IV		1993
Jacobsen			Greens Mower	GK IV Plus		2001
Jacobsen			Roller	GK IV		1993
Jacobsen			Rough Mower	5111		1993
Jacobsen			Tee Mower	GK IV		1993
Jacobsen			Tee Mower	GK IV		1993
Jacobsen			Tee Mower	GK IV Plus		1999
Jacobsen			Tee Mower	GK IV Plus		2002
Jacobsen			Verticutter	GK IV		1988
Jacobsen		21314	Walk Behind Greensmower		22	1993
Jacobsen		21315	Walk Behind Greensmower	GK522		1998

Little Bennett Equipment Inventory

Manufacturer	Tag #	Course #	Description	Model #	Serial #	ACQ Date
Jacobsen		21315	Walk Behind Mower	GK522		1998
Jenny			Steam Jenny	Super 2000		
John Deere			Primary Cut Mower	2653A		1998
John Deere			Tractor	4710		
Kawasaki			Mule Range Vehicle	4wd Deisel		2002
Kubota			Tractor w/ Loader, Back Hoe,	L3450		1993
Landpride			Fairway Sprayer	300 Gallon		1997
Lastec			Rotary Mower	721XR		2002
Lastec			Rough Mower	721X		1999
Lesco		21320	Seeder/Slicer			2001
Lincoln			1.5 Ton Floor Jack	W93808		
Lincoln			Arc Welder	8824		
Little Wonder			Walk Behind Blower	9500HO		1998
Marquett			Mig Welder	M12183		
Master			Heat Gun	HG501A		
MTD		21302	22" Push Mower	11-074D765		2005
NAPA			3.5 Ton Floor Jack	791-6425		
NAPA			6 Ton 2/5 Pair			
National			Reel Mower	8400		
National			Slope Mower	3984		1993
National			Slope Mower	3984		2000
Neary			Reel Grinder	500 ASP		1997
New Holland			Out Front Mower	MC 22		2000
New Holland			Skid Steer	LS2001		2001
New Holland		21307	Snowblower 5" PTO	716C		1997
OTC			Bearing Puller	1179		
Otterbine		21326	Portable Pump	280		1997
Posilock			Gear Puller	206		
Ransome		21331	Walk Behind Seeder/Slicer	XRS200		1993
Rapid Reel			Pressure Washer	1502		
Red Max		21289	Edger	SC220DL		1994
Ryan			Riding Aerifier	3984		1993
Ryan		21330	Sod Cutter	544844B		1996
Schumaker			Battery Tester	RT-100		
Scotts			Spreader (4)	SR2000		
Smithco			Bunker Rake	Super Rake		1993

Little Bennett Equipment Inventory

Manufacturer	Tag #	Course #	Description	Model #	Serial #	ACQ Date
Smithco			Bunker Rake	Super Star		2000
Snap-on			Angle Grinder	ET1350		
Snap-on			Torque Wrench	QT		
Snap-on			Torque Wrench	QJR3200		
Solar			Booster Pack	ES-6000		
Sun Pro			Timing Light	CP 7504		
Sweep Master			Turf Brush			
Teel		21325	Portable Pump	1P869A		1996
Toro		21288	20" Push Mower	GTS2		1995
Toro			3 Point Hitch Seeder		83	1993
Toro			Fairway Aerifier		7000	1998
Toro			Greens Aerifier		9120	1998
Toro			Groundsmaster		7200	
TSI			Tire Machine	CH-23		
Turfcro			Greens Topdresser	SP-1530		1999
Tycrop			Fairway Top Dresser	MH 400		1999
Westward			6 Ton 2/5 Pair			
Winco		21292	Portable Generator	LC 30000IM		1996
Winco		21293	Portable Generator	LC5000HM		1996
Winner			2 Ton Floor Jack	H68041 S2		
Winner			3 Ton Jack Stands			
Winner			5 Ton Floor Jack	D 1593		
Woods			5' Rotary Mower	R105		
			3 Ton 2/5 Pair			
			7 Ton 2/5 Pair			
			Aerator Attachment	TERRA 200		
		21323	Billy Goat			
	Junk	21321	Lely Spreader			1994
		21318	Lely Spreader			
		21311	Line Trimmer	SRM2400		
			Skid Steer Fords			
Toro			52" Z master		3535307911	2005
Lastec			Articulator	721XR	13790203	2003

Northwest Equipment Inventory

Manufacturer	Tag #	Course #	Description	Model #	Serial #	ACQ Date
John Deere			200 Gallon Sprayer	1800		
		14457	300 Gallon Skid Sprayer		50112	1996
Cushman		14458	4WD Turf Truckster 27HP		96011037	1996
Cushman		14459	4WD Turf Truckster 27HP		96011185	1996
		19069	5 Gang Blitzer Mower			1987
Jacobsen		2404	5 Gang Mower	Blitzer		1988
Toro		8444	5 Gang Rough Unit		33145-20216	1992
John Deere		20058	Aerocore	1500	MO1500X015111	1997
Toro		4247	Airifier		09110-80507	1986
Tri-Deck		12274	Batwing Rotary Mower			1995
Anglemaster		13926	Bedknife Grinder	2000	9666	1995
Jacobsen		19067	Blitzer Mower			1987
John Deere		18681	Bunker Rake	1200A	MO1200A100937	2000
John Deere		19774	Bunker Rake	1200A	TC1200A120666	2001
Jacobsen		10585	Fairway Mower	LF-3810	1865	1993
Jacobsen		18185	Fairway Mower	LF3400	1682	1999
Jacobsen		18186	Fairway Mower	LF3400	1843	1999
John Deere		19200	Fairway Mower	3215-B	TC3215B010156	2000
Toro		13494	Greensmaster	3000	04350-50573	1995
Toro		18169	Greensmaster	3050	90262	1999
Toro		18170	Greensmaster	3050	90272	1999
Toro		18212	Greensmaster	3050	90611	1999
Toro		20057	Greensmaster	3000w/ Turf Groomers	04350-01677	1991
Toro		19065	Greensmaster w/attachments	3000	04350- 1	1994
Toro		19837	Groundsmaster	328D	210000456	2001
		19591	Progressive Rotary Mower		0165-2764	2001
		20054	Progressive Rotary Mower	TD65	9965-2614	1999
Neary		1967	Reel Grinder	500S	1140	1994
Pro-Flex		20059	Rotary Contour Mower	120	127299	2001
		19071	Sand Pro		08880-60735	1986
New Holland		18372	Skid Steer Loader		100399	2000
SDI		1841	Sprayer	VM100	16743	1994
Cushman		19593	Sprayer	DS15 Spraytek	7094	2001
Cushman		19785	Sprayer	Spraytek DS-175 Turf Sprayer	LM11027	2001
Gossen		9298	Super Rake 'N' Vac		RUT 12000	1992
Jacobsen		19770	Tee Mower	Greensking IV	2337	2001

Northwest Equipment Inventory

Manufacturer	Tag #	Course #	Description	Model #	Serial #	ACQ Date
Jacobsen		19771	Tee Mower	Greensking IV	2305	2001
Jacobsen		19772	Tee Mower	Greensking IV	2306	2001
Turfco			Topdresser	F12D	85423-498733	1994
Ford		2394	Tractor		C484618	1975
John Deere		13371	Tractor	5300	LV5300E432896	1995
Ford		19054	Tractor	1900	910943	1983
Kubota		19070	Tractor		L2850D-55358	1989
John Deere		19076	Tractor	5200	LV5200D220052	1993
John Deere		19932	Tractor	4600	LV4600P465854	2001
John Deere		20053	Tractor	4300 4wd	LV4300C234474	1999
Ditch Witch		15867	Trencher	182KE	IP41055	1997
John Deere		18176	Trim Mower	2653A	M02653D071038	1999
John Deere		18210	Trim Mower	2653A	M02653D070231	1999
Cushman		15471	Truckster		1CUNH2222LL022030	1993
Cushman		12137	Turf Truckster	630	94004305	1994
Cushman		19925	Turf Truckster		LM17138	2002
Cushman		20056	Turf Truckster		1CUNH2186EL000461	1986
Cushman		18064	Turf Truckster		99000799	1999
John Deere		19580	Utility Tractor	4600	LV46009465356	2001
John Deere		16088	Utility Vehicle	1800	M01800G045131	1997
		20055	Utility Vehicle Turf Truckster		898632-93002040	1993
		18372	Verti-Drain	Deep Tine Aerator	A1016	2000
Toro		11833		Groundsmaster 325D w/72" deck	30788/50438	1995
Toro		11834		Groundsmaster 325D w/72" deck	30788/50446	1995
John Deere			Tractor	970		

Sligo Creek Equipment Inventory

Manufacturer	Tag #	Course #	Description	Model #	Serial #	ACQ Date
Jacobsen	21435		Tee Mower			
John Deere			Loader	950		
John Deere			Utility Vehicle	1800		
John Deere	21437		Bunker Rake	1200A		
John Deere	21436		Surronds Mower	2653		
John Deere	20438		Tractor	5200		
John Deere	21439		Tractor	5210		
Kawasaki	20371		Backpack Blower	KRB-400A		
Kawasaki	20367		Weedeater	KLB26A		
Land Pride	20405		Box Scraper			
Land Pride	20406		York Rake			
Lely	20394		Spreader			1975
Lesco	20372		Backpack Blower	LBB-4400		
Lesco	20373		Backpack Blower	LBB-4400		
Lesco	20370		Hand Blower	LBH-2500		
Lesco	20392		Hand -Held Sprayer 2 Gallon			
Lesco	20378		Push Thatcher			1997
Lesco	20387		Spreader			
Lincoln	20341		Generator/Welder			1975
Lincoln	20359		Welder			
Little Wonder			Push Blower	9101-00-01		2005
Little Wonder	20383		Push Mower	9008PIC		1987
Milwaukee			Sander/Grinder			
NAPA	20388		Battery Charger	85-910		
Neary			Reel Grinder			
New Holland	20399		Back Hoe			2000
New Holland	20398		Ditch Digger			2000
New Holland	20397		Post Hole Digger	HA15AFNH		2000
New Holland			Skid Steer Loader			
Northern	20361		Tire Changer			
Oregon	20354		Chain Saw Sharpener	511A		
Power Pruner	20374		Extended Chainsaw	TT-24A		
Progressive	20439		Rough Mower	TD 65-2		
Pronovost			Trailer	P-150		
Redmax	20377		Sandtrap Edger	SGC225005		
Ryan	21434		Aerifier			

Sligo Creek Equipment Inventory

Manufacturer	Tag #	Course #	Description	Model #	Serial #	ACQ Date
Ryan	20400		Seeder	OMC		1999
Ryobi	20339		Router	R160		
Scotts	20386		Spreader	R8A		
Simplex			Backlapper			
Stihl	20343		Chain Saw	MS 290		1993
Stihl	20335		Chain Saw	6Z25N		2005
Stihl			Chain Saw	EB-24P/H		
Tempest	20375		Fan	EB-24P/H		
Tempest	20376		Fan	EB-24P/H		
Toro			Blower			
Toro	20440		Fairway Mower	0355U		
Toro	20342		Greens Mower (Walk)	GM1000		2000
Toro	21431		Groundsmaster			
Toro	20347		Recycler Mower			1997
Toro	20437		Blower			
Toro	20436		Workman Utility Truck	3200-0702		
Turfco	20379		Sandtrap Edger			1987
Vanguard	20336		Pressure washer	4ZZ96		
Verti-Drain			Deep Tine Aerator			
Vicon			Spreader			
Victor			Torch			
Westward	20363		Floor Jack	3ZC67		
Winner			5 Ton Jack Stands			
DynaClean			Parts Washer			
Agri-Metal	20334		Heater			
Allen	20396		Blower	BW 360		1999
Cue Point	20390		Walking Sprayer			
Collins	20364		Floor Jack	YA1642		
Craftsman	20346		Bench Grinder	TG14060		1998
Craftsman	20356		Drill Press			
Cushman			Impact Wrench			
Cushman			Sprayer			
Cushman	20365		Top Dresser			
Cushman			Utility Truck			
Dayton	20353		Battery Charger	141-297-901		2000
Dayton	20352		Battery Charger	141-310-902		2001

Sligo Creek Equipment Inventory

Manufacturer	Tag #	Course #	Description	Model #	Serial #	ACQ Date
Dayton	20360		Engine Stand	3W931A		1999
Dayton	20358		Fan	3C674C		1994
Easy-Go	20350	#63	Golf Car	J1094		1994
Echo	20369		Back Pack Blower	PB-300E		
Echo	20344		Chain Saw	CS3900		1992
Echo	20368		Edger	PE-2400		
Echo	20366		Weedeater	SRM210		
Foley	20357		Bedknife Grinder			
Foley	20355		Blade Sharpener			
Giant Vac	20393		Lead Vac	GVC6800		1993
Giant Vac	20382		Push Mower	80BP		1987
Easy-Go		#65	Golf Car	J1094		
Hein-Weiner	20362		Floor Jack			
Honda	20340		Snow Blower	HS724		2000
Jacobsen	20413		Aerifier			
Jacobsen	20395		Blower	B40		1992
Jacobsen	21438		Fairway Mower		3810	
Jacobsen	21432		Greens Mower			
Jacobsen	21433		Greens Mower			
Jacobsen	20348		Greens Mower			1997
Cushman	12222		4 Wheel Turf Truckster		95004788	
Cushman	19769		Spraytek Turf Sprayer		LM2231	2001
Ford/New Holland		16456	Front End Loader		A441327	1997

Missing Equipment

Course	Manufacturer	Tag #	Course #	Description	Model #	Serial #	ACQ Date
SC	Scotts	20384		Spreader	R8		
SC	Scotts	20385		Spreader	R8		
SC				Power Washer			2005
SC				Trailer			
SC	Craftsman	20380		Puch Mower	917-378250		
SC	Westward	20351		Bench Grinder			
NW	Kawasaki		12126	Mule	2510	KAF620A	1994
ND	Black & Decker	20018		Drill Press			
ND	Black & Decker			Electric Grinder			
ND		20013		Table Grinder	3707990		
ND	Husky	20021		Cut off tool	H4733		2003
ND		20013		Table Grinder	3707990		
ND	Chevy	LG-29327		Blazer		1GCT18ROGO143483	1986

Little Bennett Golf Car Inventory

Make	Cart Number	Serial Number	Model Year
Ez-Go	57	865941	1994
Ez-Go	35	851767	1994
Ez-Go	101	1477487	2001
Ez-Go	102	1477493	2001
Ez-Go	103	1477489	2001
Ez-Go	104	1477482	2001
Ez-Go	105	1477484	2001
Ez-Go	106	1477496	2001
Ez-Go	107	1477491	2001
Ez-Go	108	1477465	2001
Ez-Go	109	1477486	2001
Ez-Go	110	1477492	2001
Ez-Go	111	1477495	2001
Ez-Go	112	1477480	2001
Ez-Go	113	1477488	2001
Ez-Go	114	1477494	2001
Ez-Go	115	1477474	2001
Ez-Go	116	1477473	2001
Ez-Go	117	1477481	2001
Ez-Go	118	1477478	2001
Ez-Go	119	1477477	2001
Ez-Go	120	1477476	2001
Ez-Go	121	1477475	2001
Ez-Go	122	1477490	2001
Ez-Go	123	1477479	2001
Ez-Go	124	1477472	2001
Ez-Go	125	1477483	2001
Ez-Go	126	1504709	2001
Ez-Go	127	1504741	2001
Ez-Go	128	1504719	2001
Ez-Go	129	1504722	2001
Ez-Go	130	1504736	2001
Ez-Go	131	1504153	2001
Ez-Go	132	1504146	2001
Ez-Go	133	1504734	2001
Ez-Go	134	1504743	2001
Ez-Go	135	1504154	2001
Ez-Go	136	1504756	2001
Ez-Go	138	1504150	2001
Ez-Go	139	1504702	2001
Ez-Go	140	1504730	2001
Ez-Go	141	1504152	2001
Ez-Go	142	1504721	2001
Ez-Go	143	1507157	2001
Ez-Go	144	1504737	2001
Ez-Go	145	1504729	2001
Ez-Go	147	1504710	2001
Ez-Go	148	1504735	2001
Ez-Go	149	1504712	2001
Ez-Go	150	1504742	2001
Ez-Go	151	1506542	2001

Little Bennett Golf Car Inventory

Make	Cart Number	Serial Number	Model Year
Ez-Go	152	1504739	2001
Ez-Go	153	1504144	2001
Ez-Go	154	1504725	2001
Ez-Go	156	1504724	2001
Ez-Go	157	1504145	2001
Ez-Go	158	1504732	2001
Ez-Go	159	1504731	2001
Ez-Go	160	1504723	2001
Ez-Go	161	1504148	2001
Ez-Go	163	1504733	2001
Ez-Go	164	1504740	2001
Ez-Go	165	1504711	2001
Ez-Go	166	1504703	2001
Ez-Go	167	1504718	2001
Ez-Go	168	1504714	2001
Ez-Go	169	1504728	2001
Ez-Go	170	1504713	2001
Ez-Go	171	1504738	2001
Ez-Go	172	1504156	2001
Ez-Go	173	1504717	2001
Ez-Go	174	1504147	2001
Ez-Go	175	1504727	2001
Ez-Go	176	1504149	2001
Ez-Go	177	1504716	2001
Ez-Go	178	1539193	2001
Ez-Go	180	1539190	2001
Ez-Go	182	1539189	2001
Ez-Go	183	1539194	2001
Ez-Go	184	1539191	2001
Ez-Go	186	1551432	2001
Ez-Go	187	1594469	2001
Ez-Go	188	1594477	2001
Ez-Go	189	1594464	2001
Ez-Go	190	1594467	2001
Ez-Go	191	1594474	2001
Ez-Go	192	1594468	2001
Ez-Go	193	1594466	2001
Ez-Go	194	1594476	2001
Ez-Go	195	1594465	2001
Ez-Go	196	1594473	2001
Ez-Go	197	1594475	2001
Ez-Go	198	1594470	2001
Ez-Go	199	1594479	2001
Ez-Go	200	1594478	2001

Sligo Creek Golf Car Inventory

Make	Cart Number	Serial Number	Model Year
Ez-Go	4	924224	1995
Ez-Go	185	1551431	2002
Ez-Go	3	924223	1995
Ez-Go	7	1069339	1997
Ez-Go	181	1539195	2002
Ez-Go	137	1504155	2001
Ez-Go	5	924226	1995
Ez-Go	11	924232	1995
Ez-Go	6	924227	1995
Ez-Go	179	1539192	2002
Ez-Go	12	924233	1995
Ez-Go	7	924228	1995
Ez-Go	162	1504715	2001
Ez-Go	146	1504705	2001
Ez-Go	10	924231	1995
Ez-Go	8	924229	1995
Ez-Go	13	924234	1995
Ez-Go	9	924230	1995
Ez-Go	2	67	
Ez-Go	14	20419	
Ez-Go	568	563771	
Ez-Go	7?		
Ez-Go	1	20420	

NEEDWOOD GOLF COURSE
 GOLF CART FLEET JULY 2005

CART #	MAKE	YEAR	SERIL	PARK ID #
1	YAMAHA	2005	JUO301408	020093
2	YAMAHA	2005	JUO301488	020064
3	YAMAHA	2005	JUO301472	020092
4	YAMAHA	2005	JUO301496	020220
5	YAMAHA	2005	JUO301424	020073
6	YAMAHA	2005	JUO301407	020078
7	YAMAHA	2005	JUO301409	020005
8	YAMAHA	2005	JUO301493	020099
9	YAMAHA	2005	JUO301476	020084
10	YAMAHA	2005	JUO301490	020065
11	YAMAHA	2005	JUO301489	020096
12	YAMAHA	2005	JUO301473	020203
13	YAMAHA	2005	JUO301413	020086
14	YAMAHA	2005	JUO301427	020098
15	YAMAHA	2005	JUO301410	020008
16	YAMAHA	2005	JUO301420	020203
17	YAMAHA	2005	JUO301491	020072
18	YAMAHA	2005	JUO301466	020218
19	YAMAHA	2005	JUO301467	020083
20	YAMAHA	2005	JUO301419	020002
21	YAMAHA	2005	JUO301475	020066
22	YAMAHA	2005	JUO301499	020215
23	YAMAHA	2005	JUO301494	020214
24	YAMAHA	2005	JUO301474	020212
25	YAMAHA	2005	JUO301486	020082
26	YAMAHA	2005	JUO301471	020219
27	YAMAHA	2005	JUO301411	020079
28	YAMAHA	2005	JUO301412	020090
29	YAMAHA	2005	JUO301417	020091
30	YAMAHA	2005	JUO301415	020201
31	YAMAHA	2005	JUO301422	020216
32	YAMAHA	2005	JUO301468	020077
33	YAMAHA	2005	JUO301481	020076
34	YAMAHA	2005	JUO301483	020071
35	YAMAHA	2005	JUO301487	020097
36	YAMAHA	2005	JUO301469	020213
37	YAMAHA	2005	JUO301429	020006
38	YAMAHA	2005	JUO301478	020001
39	YAMAHA	2005	JUO301418	020211
40	YAMAHA	2005	JUO301416	020217

41	YAMAHA	2005	JUO301414	020074
42	YAMAHA	2005	JUO301345	020010
43	YAMAHA	2005	JUO301382	020100
44	YAMAHA	2005	JUO301356	020070
45	YAMAHA	2005	JUO301485	020068
46	YAMAHA	2005	JUO301358	020007
47	YAMAHA	2005	JUO301357	020081
48	YAMAHA	2005	JUO301324	020004
49	YAMAHA	2005	JUO301370	020009
50	YAMAHA	2005	JUO301423	020087
51	YAMAHA	2005	JUO301479	020089
52	YAMAHA	2005	JUO301482	020069
53	YAMAHA	2005	JUO302303	020088
54	YAMAHA	2005	JUO302304	020085
55	YAMAHA	2005	JUO302306	020080
56	YAMAHA	2005	JUO302307	020095
57	YAMAHA	2005	JUO302308	020075
58	YAMAHA	2005	JUO302316	020061
59	YAMAHA	2005	JUO302321	020094
60	YAMAHA	2005	JUO302322	020067
26	EZ-GO	1999	E3991175912	020063
28	EZ-GO	1999	1175978-E399	020202
29	EZ-GO	1999	E3991175908	020204
30	EZ-GO	1999	1207578-J299	020205
32	EZ-GO	1999	E3991175907	020207
33	EZ-GO	1999	1201760-H499	020206
2568	EZ-GO		beverage cart	020062
2569	EZ-GO		beverage cart	020208
2075	EZ-GO	gxt800	A20406	020046
golf express		handicap	378	020048
golf express		handicap	371	020047

Northwest Park Golf Course Non Capital Outlay Equipment
Golf Cars 2005

Shop #	Equipment	Model #	Serial #	Cost	Purchase Date	Fixed Asset
1	Yamaha G-Max	G22A	JUO 302 288	\$ 2,187.78	6/27/2005	20651
2	Yamaha G-Max	G22A	JUO 302 116	\$ 2,187.78	6/27/2005	20652
3	Yamaha G-Max	G22A	JUO 302 127	\$ 2,187.78	6/27/2005	20653
4	Yamaha G-Max	G22A	JUO 302 115	\$ 2,187.78	6/27/2005	20654
5	Yamaha G-Max	G22A	JUO 302 289	\$ 2,187.78	6/27/2005	20655
6	Yamaha G-Max	G22A	JUO 302 291	\$ 2,187.78	6/27/2005	20656
7	Yamaha G-Max	G22A	JUO 302 283	\$ 2,187.78	6/27/2005	20657
8	Yamaha G-Max	G22A	JUO 302 287	\$ 2,187.78	6/27/2005	20658
9	Yamaha G-Max	G22A	JUO 302 285	\$ 2,187.78	6/27/2005	20659
10	Yamaha G-Max	G22A	JUO 302 293	\$ 2,187.78	6/27/2005	20660
11	Yamaha G-Max	G22A	JUO 302 286	\$ 2,187.78	6/27/2005	20661
12	Yamaha G-Max	G22A	JUO 302 299	\$ 2,187.78	6/27/2005	20662
13	Yamaha G-Max	G22A	JUO 302 284	\$ 2,187.78	6/27/2005	20663
14	Yamaha G-Max	G22A	JUO 302 257	\$ 2,187.78	6/27/2005	20664
15	Yamaha G-Max	G22A	JUO 302 300	\$ 2,187.78	6/27/2005	20665
16	Yamaha G-Max	G22A	JUO 302 298	\$ 2,187.78	6/27/2005	20666
17	Yamaha G-Max	G22A	JUO 302 262	\$ 2,187.78	6/27/2005	20667
18	Yamaha G-Max	G22A	JUO 302 261	\$ 2,187.78	6/27/2005	20668
19	Yamaha G-Max	G22A	JUO 302 282	\$ 2,187.78	6/27/2005	20669
20	Yamaha G-Max	G22A	JUO 302 280	\$ 2,187.78	6/27/2005	20670
21	Yamaha G-Max	G22A	JUO 302 310	\$ 2,187.78	6/27/2005	20671
22	Yamaha G-Max	G22A	JUO 302 305	\$ 2,187.78	6/27/2005	20672
23	Yamaha G-Max	G22A	JUO 302 277	\$ 2,187.78	6/27/2005	20673
24	Yamaha G-Max	G22A	JUO 302 122	\$ 2,187.78	6/27/2005	20674
25	Yamaha G-Max	G22A	JUO 302 281	\$ 2,187.78	6/27/2005	20675
26	Yamaha G-Max	G22A	JUO 302 295	\$ 2,187.78	6/27/2005	20676
27	Yamaha G-Max	G22A	JUO 302 297	\$ 2,187.78	6/27/2005	20677
28	Yamaha G-Max	G22A	JUO 302 256	\$ 2,187.78	6/27/2005	20678
29	Yamaha G-Max	G22A	JUO 302 341	\$ 2,187.78	6/27/2005	20679
30	Yamaha G-Max	G22A	JUO 302 332	\$ 2,187.78	6/27/2005	20680
31	Yamaha G-Max	G22A	JUO 302 240	\$ 2,187.78	6/27/2005	20681
32	Yamaha G-Max	G22A	JUO 302 327	\$ 2,187.78	6/27/2005	20682
33	Yamaha G-Max	G22A	JUO 302 334	\$ 2,187.78	6/27/2005	20683
34	Yamaha G-Max	G22A	JUO 302 330	\$ 2,187.78	6/27/2005	20684
35	Yamaha G-Max	G22A	JUO 302 328	\$ 2,187.78	6/27/2005	20685
36	Yamaha G-Max	G22A	JUO 302 324	\$ 2,187.78	6/27/2005	20686
37	Yamaha G-Max	G22A	JUO 302 326	\$ 2,187.78	6/27/2005	20687
38	Yamaha G-Max	G22A	JUO 302 318	\$ 2,187.78	6/27/2005	20688
39	Yamaha G-Max	G22A	JUO 302 325	\$ 2,187.78	6/27/2005	20689
40	Yamaha G-Max	G22A	JUO 302 302	\$ 2,187.78	6/27/2005	20690
41	Yamaha G-Max	G22A	JUO 302 343	\$ 2,187.78	6/27/2005	20691
42	Yamaha G-Max	G22A	JUO 302 348	\$ 2,187.78	6/27/2005	20692
43	Yamaha G-Max	G22A	JUO 302 346	\$ 2,187.78	6/27/2005	20693
44	Yamaha G-Max	G22A	JUO 302 350	\$ 2,187.78	6/27/2005	20694
45	Yamaha G-Max	G22A	JUO 302 356	\$ 2,187.78	6/27/2005	20695
46	Yamaha G-Max	G22A	JUO 302 333	\$ 2,187.78	6/27/2005	20696
47	Yamaha G-Max	G22A	JUO 302 353	\$ 2,187.78	6/27/2005	20697

48	Yamaha G-Max	G22A	JUO 302 351	\$ 2,187.78	6/27/2005	20698
49	Yamaha G-Max	G22A	JUO 302 349	\$ 2,187.78	6/27/2005	20699
50	Yamaha G-Max	G22A	JUO 302 338	\$ 2,187.78	6/27/2005	20700
51	Yamaha G-Max	G22A	JUO 302 342	\$ 2,187.78	6/27/2005	20701
52	Yamaha G-Max	G22A	JUO 302 323	\$ 2,187.78	6/27/2005	20702
53	Yamaha G-Max	G22A	JUO 302 314	\$ 2,187.78	6/27/2005	20703
54	Yamaha G-Max	G22A	JUO 302 312	\$ 2,187.78	6/27/2005	20704
55	Yamaha G-Max	G22A	JUO 302 311	\$ 2,187.78	6/27/2005	20705
56	E-Z-GO TXT Golf Car	Gas	1607676	\$ 3,350.00	11/1/2002	20706
57	E-Z-GO TXT Golf Car	Gas	1607678	\$ 3,350.00	11/1/2002	20707
58	E-Z-GO TXT Golf Car	Gas	1607680	\$ 3,350.00	11/1/2002	20708
59	E-Z-GO TXT Golf Car	Gas	1607681	\$ 3,350.00	11/1/2002	20709
60	E-Z-GO TXT Golf Car	Gas	1607683	\$ 3,350.00	11/1/2002	20710
61	E-Z-GO TXT Golf Car	Gas	1607684	\$ 3,350.00	11/1/2002	20711
62	E-Z-GO TXT Golf Car	Gas	1607686	\$ 3,350.00	11/1/2002	20712
63	E-Z-GO TXT Golf Car	Gas	1607690	\$ 3,350.00	11/1/2002	20713
64	E-Z-GO TXT Golf Car	Gas	1607688	\$ 3,350.00	11/1/2002	20714
65	E-Z-GO TXT Golf Car	Gas	1607679	\$ 3,350.00	11/1/2002	20715
66	E-Z-GO TXT Golf Car	Gas	1607696	\$ 3,350.00	11/1/2002	20716
67	E-Z-GO TXT Golf Car	Gas	1607689	\$ 3,350.00	11/1/2002	20717
68	E-Z-GO TXT Golf Car	Gas	1607692	\$ 3,350.00	11/1/2002	20718
69	E-Z-GO TXT Golf Car	Gas	1607687	\$ 3,350.00	11/1/2002	20719
70	E-Z-GO TXT Golf Car	Gas	1607693	\$ 3,350.00	11/1/2002	20720
71	E-Z-GO TXT Golf Car	Gas	1607697	\$ 3,350.00	11/1/2002	20721
72	E-Z-GO TXT Golf Car	Gas	1607682	\$ 3,350.00	11/1/2002	20722
73	E-Z-GO TXT Golf Car	Gas	1607694	\$ 3,350.00	11/1/2002	20723
74	E-Z-GO TXT Golf Car	Gas	1607675	\$ 3,350.00	11/1/2002	20724
75	E-Z-GO TXT Golf Car	Gas	1607695	\$ 3,350.00	11/1/2002	20725
76	E-Z-GO TXT Golf Car	Gas	1607698	\$ 3,350.00	11/1/2002	20726
77	E-Z-GO TXT Golf Car	Gas	1607699	\$ 3,350.00	11/1/2002	20727
78	E-Z-GO TXT Golf Car	Gas	1607700	\$ 3,350.00	11/1/2002	20728
79	E-Z-GO TXT Golf Car	Gas	1607701	\$ 3,350.00	11/1/2002	20729
80	E-Z-GO TXT Golf Car	Gas	1607702	\$ 3,350.00	11/1/2002	20730

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Is this final document?

EXHIBIT E

Bank of America Approval of Lease, Recognition and Non-Disturbance Agreement

EXHIBIT G

Bidding Documents and technical description for the removal of
the old weir system and Northwest Golf Course.

M-NCPPC



MONTGOMERY COUNTY DEPARTMENT OF PARK AND PLANNING

**THE MARYLAND-NATIONAL CAPITAL
PARK AND PLANNING COMMISSION**

*9500 Brunett Avenue
Silver Spring, Maryland 20901*

BIDDING DOCUMENTS

BID NUMBER: 97-2A-223

**CONSTRUCTION OF PUMP HOUSE
AND STREAM DIVERSION WEIR
at
NORTHWEST BRANCH GOLF COURSE
Wheaton, Maryland**

NOTE: A prebid information meeting has been scheduled for Thursday, January 9, 1997, at 10:00 A.M., 9500 Brunett Avenue, Room B113, Silver Spring, Maryland. It is strongly recommended that all parties who intend to submit a bid attend this meeting.

BID OPENING DATE/TIME: TUESDAY, JANUARY 21, 1997, 11:00 A.M.

December 24, 1996

TECHNICAL PROVISIONS

1.0 General

The Contractor shall perform the work in conformance with the following plan sets:

- the stream diversion structure design and specifications as shown on the plan entitled "Northwest Park Site Development Plan" prepared by Mildenberg Boender & Associates, Inc. and dated August 1996, and as specified herein;
- the pump station designs and specifications as shown on the plan entitled "Northwest Park Golf Course Pumping Plant Plans & Details" prepared by HydroDesigns, Inc. and dated April 27, 1996 (as revised September 11, 1996), and as specified herein; and
- the pump house and intake pipe project design and specifications as shown on the plan entitled "Northwest Branch Park Grading and Sediment Control Plan" prepared by Mildenberg Boender & Associates, Inc. and dated April 1996, and as specified herein. **NOTE: This project does not include dredging of the existing irrigation pond also shown on the above-referenced plans.**

SEP. 1. 2000 2:07PM COM 410 073 0000

SECTION 130 - REMOVAL OF EXISTING FACILITIES

130.1 Description:

This work shall consist of the removal, wholly or in part, and satisfactory disposal of pavement, fences, curbing, walks, pipe, guardrails, structures and any other obstructions which are not designated to remain as indicated in the Contract drawings or as directed by the Engineer. The work shall also include salvaging of any designated materials and proper backfilling of the resulting trenches, holes and pits. Specific pay items that are not specifically listed for removal as described herein will be performed under the Excavation, Fill and Grading item.

130.4 Execution:

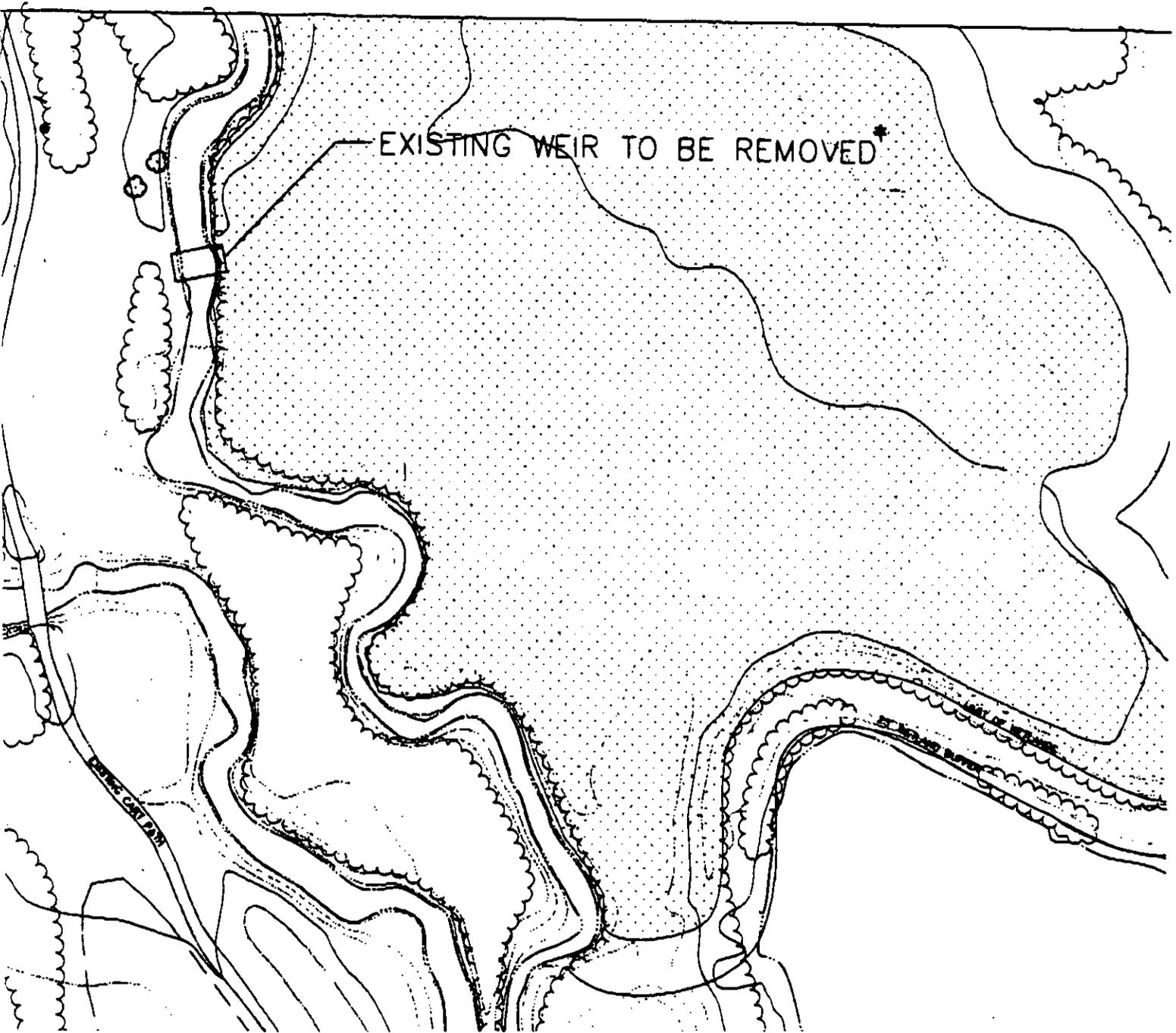
- A. The Contractor shall remove and dispose of all structures and obstructions or portion thereof as necessary for the satisfactory completion of the project. Any designated salvageable material shall be removed, without unnecessary damage, and shall be stored by the Contractor within the project limits as directed.
- B. Structures located in roadways or parking lots (culverts, pavement, etc.) shall be removed only when satisfactory arrangements have been made to accommodate traffic. Pipe that has been designated for removal and storage must be cleaned and carefully stored so as not to damage the sections of pipe.
- C. Pavement, walks and curbs to be removed either wholly or in part shall be cut neatly or removed at an existing joint. Asphalt pavement to be patched shall be saw cut at limits designated in the field.
- D. Existing drainage structures (manholes, inlets, catch basins) designated to be abandoned must be removed to a minimum of one foot below finished subgrade on ground surface in a manner that will not damage pipes which are to remain. When directed, existing inlet and outlet pipes shall be sealed with stoppers or with masonry of a thickness acceptable to the Engineer. Castings to be removed will become the property of the Contractor, unless indicated otherwise on the plans.

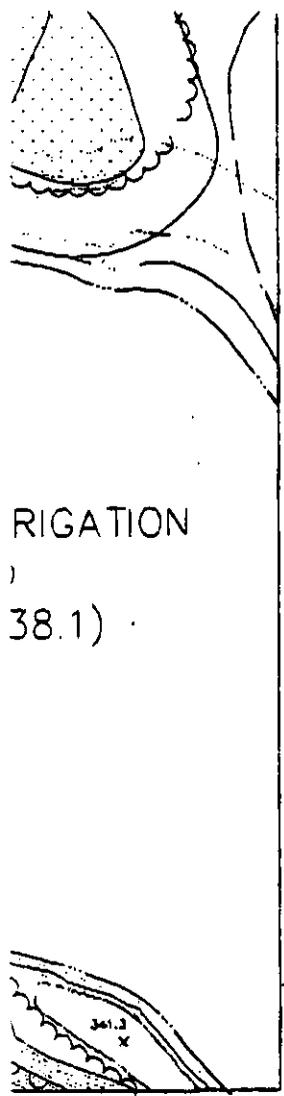
130.5 Measurement and Payment:

The accepted quantities of existing facilities removed and disposed of, as directed, will be paid for at the contract lump sum price bid or at the price bid per unit specified in the proposal, which shall be full compensation for removal and disposal. The price bid shall include all labor, materials, equipment required to perform the work.

E 1,302.50

E 1,302.75





IRIGATION
 38.1)

commencing any excavation.

3. Topography shown hereon was provided by Chesapeake Environmental Management, 260 Gateway Drive, Suite 21 C, Bel Air, Maryland 21014.
4. This plan is prepared for the purpose of construction a diversion structure to divert flow from the existing stream to a pump station and then to the irrigation pond.
5. The following construction specifications were prepared by Hydro Designs, Inc., 9 Perry Road, Suite 101, Ljamsville, Maryland 21754 (301) 831-8404. These specifications refer to the Transfer Station referenced as "by others" on these drawings.
 - a. All PVC pipe shall conform to Class 200, SDR 21. All penetrations through the structure shall be cast-in-place with a sleeve of sufficient size to accommodate the pipes shown. Refer to "Link Seal", manufactured by Thunderline (800) 288-0404.
 - b. All pipes shall penetrate the vault by 2-3 inches and terminate with a solvent weld flange adapter, Van Stone style gasket type flange, DuPont Plastic Products part no. 854120, (800) 854-2323. All plastic solvent weld shall utilize heavy bodied plastic solvents.
 - c. Mount a steel butterfly valve on the flange, with an extension arm and handle valve which will allow the valve to be operated from the surface of the vault.
6. The total disturbed area is 1445 sq. ft.. Therefore no sediment control is required.
7. The total drainage area of the stream is 3,021 AC±.

* **NOTE**

EXISTING WEIR TO BE REMOVED AND BACKFILLED WITH MSHA CLASS I RIP-RAP ON FILTER CLOTH.

M-NCPPC



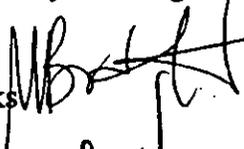
Montgomery County Department of Parks
THE MARYLAND NATIONAL CAPITAL
PARK AND PLANNING COMMISSION
8787 Georgia Avenue
Silver Spring, Maryland 20901

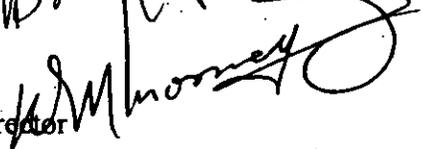
MCPB
Item: 12
9/21/06

September 12, 2006

Memorandum

TO: Montgomery County Planning Board

VIA: Mary Bradford
Director of Parks 

FROM: William Mooney,
Acting Deputy Director 

SUBJECT: Golf Course Lease with Montgomery County Revenue Authority

SUMMARY and RECOMMENDATION:

Recommendation: Authorize continuation of Revenue Authority operation of park golf courses under a long-term lease, which incorporates the terms from the letter of intent and the operating agreement.

This action is being pursued in accordance with Section 1-500 of the Commission's procurement regulations as an intergovernmental agreement, and is therefore not subject to competitive bidding provisions.

The provision and business terms of the operating agreements remain the same with the two exceptions: 1) how the lease deals with the deferred maintenance issues, including storm water management facilities and the water allocations at Little Bennett, and 2) if in the *extremely* unlikely event that the Commission should decide to sell any of the properties during the Lease Term, MCRA would have first opportunity to purchase, subject to our legal requirements.

On April 6, 2006 the Planning Board approved an operating agreement with the Revenue Authority that transferred the operation of the four Park golf courses from the Enterprise Division to the Revenue Authority (RA). The RA is operating the courses as part of a nine course public system, which includes the four courses they have operated for some time. This memorandum reviews: the background that lead to the recommendation of last spring; the challenges that the RA has identified during the 2006 season and how staff proposes to deal with them; the 2006 operating season

including preliminary customer reactions; and, the preliminary plans the RA is pursuing for the courses.

Background:

During the past three years, there have been three studies conducted that analyzed different aspects of the operations of the Park golf courses. Management practices, financial comparison to the RA, and strategies to improve the performance of the system have been studied. Changes were made in the operations, marketing was strengthened, debt was restructured, and other efforts were made. In the FY 06 budget preparation, the Planning Board considered several options for the golf courses, which included transfer to the RA. At that time, the board chose to continue operating and develop stronger marketing, among other strategic changes. As part of those initiatives, the Board approved seeking partnerships that would benefit the golf system. Staff initiated this effort in the fall of 2005. However, after reviewing the updated financial projections, staff concluded that seeking partnerships and the continued strategic initiatives was not going to meet the expectations of the Board for operation of the golf system nor for providing relief to the Enterprise fund.

In the face of a national trend of flat demand for golf, mounting financial losses and an inability to make the capital improvements that would enable park courses to be competitive; staff concluded that the timing was right for the recommended merger of the golf systems. While it may seem to those not involved in the ongoing analysis and operation that the change happened in a hasty or rapid manner, the option to merge has been under consideration for well over a year and there has been recognition for much longer that substantive changes are needed in order to operate the system in a fiscally responsible way. The decision to begin the transfer on April 15, 2006 was in recognition of the start of the golf season and the cash flow necessary for the RA to sustain the operations.

In January 2006, the Planning Board authorized the staff to enter into negotiations with the Revenue Authority (RA) with the objective of transferring to the RA the operation of the M-NCPPC's four Montgomery County courses. The Board was told that staff¹ had met December 6 to review Golf issues and had concluded from this review that the continued decline in the fiscal health of the golf program (FY05 actual net cash flow: -\$497,344; latest FY06 year-end projected net cash loss of approximately \$1 million) precluded the use of more measured turn-around actions and demonstrated the urgency of taking a significant new approach.² Further, the Board was told that the Council was expecting a report soon setting forth the Planning Board's latest action proposals regarding golf.

Proposal:

The staff recommended in January and April and continues to recommend that the M-NCPPC complete a long-term lease with the RA for the operation, maintenance, and

¹ Johnson, Barney, Mooney, Keogh, Bush, Warnick, and Kendal, plus consultant Don Zuchelli.

² The Parks' staff has, in fact, launched a number of initiatives to address the financial condition of the golf program. Examples are listed in the Appendix. However, the senior staff has concluded that these actions will take too long to have a beneficial turn-around effect, and the financial drain will be too great during the wait.

capital improvement of all four courses (putting operation of all nine county-level courses under one government agency).

Title to all four park courses will remain with M-NCPPC, and the Planning Board will retain a significant policy role with regard to environmental protection, public access, possible additional facilities and uses on the golf course land, and the impacts of capital improvements. Through the comprehensive ability and expertise of the RA to manage golf operations and the combined assets of the two existing systems, M-NCPPC and the RA anticipate that the combined system will be stronger than either of the current operations.

There are outstanding responsibilities of the M-NCPPC that still must be addressed. These include clarification of the sufficiency of the water appropriation for Little Bennett golf course and the deferred maintenance requirements to bring all of the storm water management facilities into compliance with their permit requirements. The latter was a known condition in April, although the RA and Park staffs are still determining the extent of the work and associated costs. The lease provision dealing with this issue has been strengthened to ensure that the responsibility is clear. The former issue has been identified as a result of due diligence during the 2006 season which has revealed that there are certain confusing aspects of the water allocation permits for Little Bennett that need clarification in the immediate future as well as problems with the maintenance of the equipment that monitors water usage.

As a result of entering onto a long-term lease, M-NCPPC will, after resolving the storm water facilities deferred maintenance and Little Bennett water allocation issues, be relieved of the fiscal exposure and capital investment burden expected, under current policies, to adversely impact the Enterprise and Park Funds. The RA would become the sole provider of public golf in the county³ with the opportunity to market "Montgomery Golf" at all nine courses.

The financial transaction as proposed meets the interests of both agencies, including the ability to retire the debt for Little Bennett and a sharing of revenue (after capital investment) by both the RA and M-NCPPC.

Challenges identified:

See attached report from Revenue Authority

Experience of the 2006 season:

See attached report from Revenue Authority

The desired outcomes from this initiative are:

- The long-term availability of affordable high-quality golf opportunities at all levels for County citizens and visitors on the four courses currently operated by the Parks Department through their integration into the golf program managed by the RA;

³ Other than the City of Rockville.

Golf Course Lease with Revenue Authority

Page 4 of 4

- The opportunity for the RA to improve its offerings by spreading its programming and costs over more courses;
- The strengthening of the Parks' fiscal condition by the removal of a program that will likely drain Enterprise Fund funds away from non golf activities and may require continuing tax supported subsidies; and,
- Continued support for the First Tee program and the high school golf program.

Issues:

Major issues for the RA and MNCPPC include the following:

- Course conditions and standards;
- Debt obligations for Little Bennett;
- Storm water management facilities;
- Water allocation for Little Bennett.

Both parties remain strongly committed to making this transition and new partnership a long-term success. **Requested Action:**

- Discussion and decision by the Planning Board.

Attachments:

Report from Revenue Authority

Operational assessment of Acting Chief of Enterprise Division, Department of Parks

Draft lease

(107)

**GOLF TRANSITION
M-NCPPC – MCRA
SUMMARY REPORT**

September 5, 2006

Prepared By

**Keith Miller
Executive Director
Montgomery County Revenue Authority**

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Attachment 1

The following document will provide an overview of the transition of the Park and Planning courses to the Montgomery County Revenue Authority. In general the transition has been relatively smooth with many of the expected hurdles and challenges taking place.

We will review the transition as it relates to timing, staff, customers, course conditions, performance, survey results, and future plans.

TIMING

The official transfer of the courses happened on April 15, 2006. MCRA worked diligently in the background doing everything it could prior to the Planning Board approval of the Letter of Intent and the Operating Agreement in early April short of spending money and hiring personnel. The main objective was to ensure that the M-NCPPC courses remained open for business and people could play golf. Hard work and dedication from the staff helped us achieve our main objective.

Although the main objective was achieved, the date did have an impact on numerous items that effected the operations, staffing, and course conditions for the entire 2006 season. While the date is still early in the spring, maintenance practices are well under way in order to have courses achieve their pristine playing conditions for the season. Considering this, most if not all, qualified and experienced staff had been hired for the year, which led to a staffing challenge for the season. The MCRA has continued our recruiting practices throughout the year with minor improvements and our plan is to use the upcoming off-season to secure our teams for the 07 golf season. During the 2006 season we also shared resources with our current facilities to get the job done.

As indicated above, the April 15th date is significant as it relates to course conditions. During the early spring there are many cultural practices and applications that are completed which impact the conditions of the course throughout the season. These processes impact items such as weed control, green conditions and speed, and overall health of the turf. Considering the timing of the transfer we were not able to fully implement our approach but we are excited about the upcoming fall and spring seasons as we ready the courses for 2007.

STAFF

One of the most difficult aspects of taking over an operation is dealing with the change in culture and training staff. While we were up and operating the four new golf courses, some things were not being done the same way. Many former M-NCPPC employees

whom we had hired entered a new culture, which was a bit of a shock to some. There are simply differences between the operations of the two golf systems, which is part of the reason why M-NCPPC came to MCRA in the first place. Changing culture is hard work. In spite of some issues along the way, employees are beginning to appreciate what we are attempting to do.

From an operational perspective we had no choice other than to make the transition to one point of sale system. The logical choice for us was the IBS system. This meant not only introducing staff to a new culture but also training them on a new system, which can be overwhelming. Just setting the new courses up on the new system took some quality time early in the transition. Additionally, we dealt with many connectivity issues that needed to be resolved. Together the two agencies have managed around and through a number of operating system issues. Currently we have a stable system that is serving us well and a staff that is trained to operate it.

CUSTOMERS

For the customer all of this change in staff, operating procedures, and systems is difficult. Our goal was to make this transfer/change as seamless as we could but to be completely seamless is impossible. We all know and can sympathize with the difficulty of change and the challenge of learning something new. Coming back to play a golf course and finding all new faces, some new rules, new procedures, and new cultural practices can be upsetting and difficult. Two of the more significant changes as indicated by the golfers are discussed below.

Loyalty Programs. Many customers were concerned about the elimination of the Players Choice Program that had been implemented by M-NCPPC and eliminated when MCRA began operation. Some of those customers were concerned that their loyalty points would just disappear and were reassured early on. Others were upset that the process of receiving credit for their loyalty points was too slow, which the two agencies fixed as soon as possible. Other Players Choice participants indicated that they did not like the MCRA program that required golfers to play five different courses to receive a free round, despite the 17 percent discount in the overall price of golf. Instead, they preferred the Players Choice program because they could play at one or a couple courses and get free rounds, even though the overall discount was significantly lower. MCRA is constantly reviewing our loyalty programs.

On Line Tee Times. We also heard from customers who liked to book tee times on line. The temporary elimination of on line tee times was a casualty of the two different point of sale systems. As we speak, we are beta testing our new on line tee time reservation system. Likely, on line tee times will return in the spring of 2007.

COURSE CONIDITIONS

The practice of agronomy is not an exact science and there are several different approaches. The MCRA approach is again different than the M-NCPPC approach and we recognize that currently the course conditions are not up to MCRA standards. Over the next season or two we will aggressively attacking course conditions consistent with our established agronomic practices to promote significant improvement in playing conditions.

In this section, we will provide a brief course-by-course discussion of course conditions.

Sligo Creek. There is evidence that cultural practices, especially aerification and topdressing, have not been done with regularity. As a result, the fairways and tees have very weak turf and there is a thick thatch layer on the greens that does not allow air, water and nutrients to penetrate to the roots of the grass plants. We will introduce and aggressive aerification and topdressing program for the next season or two in order to address these deficiencies. We will also continue with a regularly scheduled program to ensure no long-term problems. Another turf problem at Sligo Creek is the large variety of grass species, many of them undesirable. This problem will be addressed over time by following an agronomic program.

Northwest. There were a number of challenging conditions that we were presented with at Northwest in April. Just after our arrival, Annual Bluegrass seed heads emerged on the putting surfaces that have large populations of Annual Bluegrass. The seed head growth lead to very poor putting quality. We will implement a program of growth regulators that can effectively control the annual seed head growth. We also noted no core aeration of tees, greens and fairways had occurred. The lack of aeration and topdressing of the putting greens lead to poor putting quality and weak turf due to thatch, poor air circulation, poor water movement and significant mower scalping. Consistent with Sligo Creek we will address a two-stage approach of aerification and topdressing. The first being more aggressive and frequent to address the immediate concerns and the second being a regularly scheduled program to ensure no long-term issues.

Problems with maintenance equipment at Northwest and the lack of a full time mechanic exacerbated course conditions. There were maintenance issues at Northwest, but the biggest equipment problem was the absence of a usable triplex mower for tees and approaches. Therefore, the staff had to use fairway units to mow these areas, which contributed to turf damage in key areas.

The heavy rains in late June led to significant turf loss especially on the 13th and 16th holes. These areas were heavily flooded for several days which completely killed the grass from 150 yards and in on the 16th hole and a large area from 150 yards to the green on the 13th. The extreme heat that followed the rain in June, precluded attempts to



establish turf until the weather broke in late August. We will work within our Master Plan to develop a more permanent solution to the problems in these areas.

Lastly, the weir system that was installed to divert irrigation water to the pond was not working, because the stream was not kept clear and the water has diverted in a different direction no longer feeding the weir. The original weir system that was supposed to be removed with the installation of the new one allowed the pond to leak down several feet costing even more water. MCRA has been purchasing water continuously since early July in order to keep up however the rate the water comes in does not equal the rate it is put out on the golf course. Therefore, we have been managing water since late July on our in play areas such as greens, fairways, and tees. To date, we have purchased over 20 million gallons of water and pumped it in to the irrigation system. We will continue to review the water system over the upcoming off-season to ensure a more viable level of water for the future.

Needwood. The tee boxes on the main course were not aerified and top dressed. As a result the tee boxes needed to be seeded. Once seeding commenced it was not possible to put down any pre-emergent controls, otherwise the chemicals would have killed the grass seedlings. The result was a healthy stand of goose grass and crabgrass. Attempts have been made with extra labor and cost to control the problem using post-emergent applications. We will implement a plan of aerification and slit seeding of the tee complexes in order to bring the turf levels back to a healthy standard. We will then use a tee maintenance program of tee rotation, divot filling with seed mix, and aerification to maintain the health.

Consistent with Northwest, the greens on the main course were very bumpy through the first week of June, because no growth regulator was applied to the greens. Additionally, there were nine greens on the main course that were bumpy and inconsistent as putting surfaces because the turf was very thin. The thin and weak turf areas were prone to weed infestation and required a lot of hand watering at additional labor cost. As indicated with Northwest and Sligo we will initially use an aggressive aerification and topdressing program to correct any problems and then use our approach of regularly scheduled aerification and topdressings to maintain health.

The tee boxes on the executive course had no existing turf when we took over operation. So, one of the first orders of business was to aerify and seed all of the tee boxes. The mounds on all of the greens on the executive course had very little turf. Hand watering techniques must be used to maintain healthy turf on the mounds. To address the problem the mounds were seeded and nursed back to health with hand watering. Our maintenance approach to the executive course will be consistent with the 18-hole course.

Little Bennett. The course conditions at Little Bennett have been the biggest challenge for the 2006 season. Tee and green damage is in the process of being repaired and as indicated above we will initially use an aggressive program to return the golf course to health and then implement a more routinely scheduled program to maintain healthy conditions.

IRRIGATION SYSTEMS

One of the most important aspects to healthy turf is the proper amount of water. The following is a course-by-course discussion of irrigation challenges. These issues will be reviewed over the next off-season and in the Master Plan to determine the best way to proceed.

Sligo Creek. The irrigation system at Sligo is inefficient and inadequate to maintain healthy turf. Over the years it has been cobbled together with a combination of plastic, copper and steel pipe. There is no pump for the irrigation system. It is tied into the public water system and the water pressure is so weak that maintenance staff cannot use more than two sprinkler heads at the same time.

Northwest. There were some immediate challenges with the irrigation system that needed to be addressed. We found a number of unmarked and grown over sprinkler heads and valve boxes. There were a number of significant sprinkler coverage issues, including inconsistent coverage in some cases and no sprinkler coverage at all on some of the forward tees. When we arrived, the meter for public water in the pump house was broken. Additionally, as discussed under course conditions, the weir system failure has led to a large expense of water purchasing.

Needwood. The irrigation system on the main course has required spot repairs throughout the system. However, the irrigation system on the executive course is in worse shape. Half of the heads and valves on the executive course did not work when we took over. Seventy percent of the heads on the tee boxes did not work, which hastened the demise of the turf on the tees. In addition, there is a nagging problem with the automatic fill on the pump in Lake Needwood that a specialist is attempting to fix. Clearly, the system at Needwood has some needs, however, the irrigation systems at other courses may have be higher priority.

Little Bennett. There are significant problems with the irrigation system at Little Bennett. When we took over operations there were at least eight satellite control boxes, which control water output, that were not operational. Daily problems with controllers persist and eat up staff time. Another problem is that the sprinkler heads have been mismatched over time and the system is providing inconsistent coverage. Finally, the weir system, the pump house and the pump itself have been problematic requiring frequent repairs and inordinate staff hours.

STORMWATER MANAGEMENT ISSUES

There are 11 ponds at the four M-NCPPC golf courses. We are in receipt of Stormwater facility inspection reports for the ponds at Northwest, Needwood, and Little Bennett. We note that there are 47 repairs that are identified in the inspection reports from minor

vegetation clearing to major clearing of mature pines from a dam that is leaking to a broad range of other stormwater infrastructure repairs. Our expectation is that M-NCPPC will address these issues.

In addition to the pond issues, there are a number of significant drainage issues that surfaced after the heavy storm that we had in late June. The problems were particularly pronounced at Northwest where several golf holes were constructed in the flood plain. Drainage will be a major issue as we get into the Master Plan.

VEGETATION MANAGEMENT

We have noted that there are a large number of dead trees across the properties. Given its relatively small size, the dead tree problem seems worst at Sligo Creek. When we took over the operation of the course, there were 15 dead trees that with diameters up to three feet. Five trees have now been removed for safety reasons and others will need to be removed at Sligo and elsewhere. There are needs for tree removal at other golf facilities as well.

We note that selective tree removal will be required, if healthy turf is to survive. These items were also referenced in the 2005 USGA reports, which were performed for the facilities. There are some places where growing conditions are so inhospitable that turf cannot thrive under even the best conditions. We will also address most of these issues in the Master Plan.

PERFORMANCE

Rounds and Gross Revenue Performance: April 15 – August 30, 2006

Attachment 1 summarizes rounds and revenue performance data from April 15, 2006 through August 30, 2006. Over the four and one-half month period since MCRA has operated the nine golf facilities, there have been 115,381 rounds have been played at MCRA golf courses, which has generated just over \$5.6 million in gross revenues, translating into revenue per round of \$48.32. The M-NCPPC courses played 102,793 rounds in the same period and generated \$3.9 million, which translates into \$37.54 per round. In summary, MCRA rounds played exceeded the number of M-NCPPC rounds by 12 percent. Revenue generated by MCRA courses exceeded revenues at M-NCPPC courses by 44 percent.

Relative Performance of Individual Golf Courses: April 15 – August 30, 2006

Across the nine golf courses, the strongest revenue producer in the system is Falls Road (an 18-hole facility) at \$1.7 in gross revenue over the period. The second and third best

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performers from a gross revenue perspective are Northwest and Needwood (both 27-hole facilities), which generated \$1.4 and \$1.3 million over the period, respectively. Therefore, Falls Road revenues exceeded Northwest and Needwood revenues by 21 percent and 29 percent, respectively. The fourth, fifth, sixth and seventh positions in terms of gross revenue performance in descending order are held down by Laytonsville, Rattlewood, Hampshire Greens and Little Bennett followed by Poolesville and Sligo Creek (the only 9-hole course in the system).

M-NCPPC Year Over Year Comparison – April 15 through July 31, 2005 and 2006

In this section, we compare revenue and expenditure performance for April 15 – July 31, 2006 to the same period in the year prior for the M-NCPPC golf courses. As Attachment 2 indicates Total Revenues at the M-NCPPC golf courses in 2006 over the three and one-half month period were \$3,058,378 and revenues for the same period in 2005 were \$2,978,688. Therefore, revenues showed a slight increase of 2.7% for the period. An even more significant difference exists when expenses are compared year over year. Specifically, over the three-month period in 2006 expenses were \$1,327,483 and expenses in 2005 were \$2,119,035. Therefore, expenses in 2006 were lower than 2005 expenses by 37 percent. Furthermore, Net Income for 2006 over the three and one-half month period of \$1,730,895 exceeded Net Income for 2005 of \$859,653 by \$871,242.00 or 101 percent.

SURVEY RESULTS

As part of data collection and performance evaluation both agencies have agreed to work together in conducting a survey of the golfers. The survey is designed and administered through the National Golf Foundation. To date the survey has had 1,667 responses of which 312 from Little Bennett, 684 from Needwood, 515 from Northwest, and 156 from Sligo Creek.

In the survey we asked 5 custom questions in order to determine what effect if any the change from Park and Planning to MCRA had on the golfers. The most objective way to determine that was through a series of questions about the golfers' frequency of play year over year both at the facility and as a total. We also offered an open-ended question, which inquired if there was a change at the facility that led to their change in play. A summary of these results is as follows:

Little Bennett

There were a total of 295 responses to the custom questions of which 236 indicated that they had played the course last year and since April 15th 2006 and 59 indicated they were new to the facility this season. Of these responses 18 indicated their play at Little Bennett had increased significantly while 35 stated their overall play had increased

significantly. 61 indicated their play had slightly increased at Little Bennett and 74 their total play had slightly increased. 142 stated that their play at Little Bennett had remained the same while 133 indicated that their total play had remained the same and 44 indicated their play at Little Bennett had slightly decreased while 36 of them responded that their total play had slightly decreased. Lastly, 19 respondents responded that their play had significantly decreased at Little Bennett and 9 indicated that their total play had significantly decreased.

In summary, these responses indicate that Little Bennett is capturing 72% of the golfers who responded that their total play had increased and only 29% of respondents that responded their play decreased at Little Bennett did not indicate that their total play had decreased. This shows that based solely on the play of the golfers at the facility there is minimal impact based on any changes at the facility.

Needwood

There were a total of 636 responses to the custom questions of which 555 indicated that they had played the course last year and since April 15th 2006 and 65 indicated they were new to the facility this season. Of these responses 62 indicated their play at Needwood had increased significantly while 87 stated their overall play had increased significantly. 182 indicated their play had slightly increased at Needwood and 199 their total play had slightly increased. 285 stated that their play at Needwood had remained the same while 265 indicated that their total play had remained the same and 70 indicated their play at Needwood had slightly decreased while 65 of them responded that their total play had slightly decreased. Lastly, 24 respondents responded that their play had significantly decreased at Needwood and 16 indicated that their total play had significantly decreased.

In summary, these responses indicate that Needwood is capturing 85% of the golfers who responded that their total play had increased and only 24% of respondents that responded their play decreased at Needwood did not indicate that their total play had decreased. This shows that based solely on the play of the golfers at the facility there is minimal impact based on any changes at the facility.

Northwest

There were a total of 486 responses to the custom questions of which 426 indicated that they had played the course last year and since April 15th 2006 and 42 indicated they were new to the facility this season. Of these responses 51 indicated their play at Northwest had increased significantly while 64 stated their overall play had increased significantly. 114 indicated their play had slightly increased at Northwest and 134 their total play had slightly increased. 215 stated that their play at Northwest had remained the same while 214 indicated that their total play had remained the same and 64 indicated their play at Northwest had slightly decreased while 55 of them responded that their total play had slightly decreased. Lastly, 30 respondents responded that their play had significantly decreased at Northwest and 12 indicated that their total play had significantly decreased.

In summary, these responses indicate that Northwest is capturing 80% of the golfers who responded that their total play had increased and only 29% of respondents that responded their play decreased at Northwest did not indicate that their total play had decreased. This shows that based solely on the play of the golfers at the facility there is minimal impact based on any changes at the facility.

Sligo Creek

There were a total of 154 responses to the custom questions of which 120 indicated that they had played the course last year and since April 15th 2006 and 11 indicated they were new to the facility this season. Of these responses 7 indicated their play at Sligo Creek had increased significantly while 6 stated their overall play had increased significantly. 15 indicated their play had slightly increased at Sligo Creek and 33 their total play had slightly increased. 76 stated that their play at Sligo Creek had remained the same while 54 indicated that their total play had remained the same and 15 indicated their play at Sligo Creek had slightly decreased while 18 of them responded that their total play had slightly decreased. Lastly, 7 respondents responded that their play had significantly decreased at Sligo Creek and 6 indicated that their total play had significantly decreased.

In summary, these responses indicate that Sligo Creek is capturing 69% of the golfers who responded that their total play had increased and only 8% of respondents that indicated their play decreased at Sligo Creek did not indicate that their total play had decreased. This shows that based solely on the play of the golfers at the facility there is minimal impact based on any changes at the facility.

FUTURE PLANS

The future is bright for public golf in Montgomery County, Maryland. As we close out this initial transition period, we know a lot more about what needs to be done. The transition will be a work in progress for some time. All one needs to do is to go to Falls Road or Laytonsville after the complete renovations of buildings, facilities and the golf courses to get a sense about what is possible at the four M-NCPPC golf courses. There is a lot to do and we have already done a lot to raise the bar for public golf in our County.

As mentioned in the early pages of this report, we are using a business model that has been successful in the past. We know that culture change is hard work, but we are making substantial headway in that arena. Simply put, employees are getting it. In addition, you will find us very receptive to the concerns of customers as we address the issues of loyalty programs, on line tee times and their other concerns outlined by our customers in the surveys.

We have already begun to aggressively attack course conditions. It will take a growing season or two to get turf conditions to an acceptable level, although improvement in turf

quality will occur as soon as the first major round of aerification is complete this month. Appropriate turf management programs, including capable staff, proper cultural practices, acceptably equipped and maintained irrigation systems and properly maintained rolling stock will go a long way to turning around the quality of the turf at the four M-NCPPC golf courses.

We are aware that a sufficient amount of properly maintained equipment is essential to quality course conditions. We have assessed the equipment that is owned by M-NCPPC additional equipment is required to do the job that needs to be done. We have also noted that there are some pieces of equipment that need to be replaced.

We are also aware that it takes much more than a high quality maintenance effort to ensure the quality of the turf. Given the significant drainage issues at the four courses, more permanent solutions to turf issues will need to be addressed. Because we are concerned about the maintainability of the facilities, we are looking seriously at drainage issues in our Master Plan effort.

MCRA will also be considering addressing playability of the golf courses in the Master Plan process. One of the issues related to golf facility performance is the level of enjoyment one gets playing the facility. There are some issues related to playability, especially, at Little Bennett, but other courses as well that should be addressed to make the facilities more playable to a broader range of golfers. For instance, we are looking the issues of long, difficult carries and installation of additional forward tees to attract more golfers and to make a golf round as pleasant as can be so that golfers of all skill levels will come back.

Our Master Plan will also include several revenue generation opportunities in the future of the four M-NCPPC golf courses. We feel that a number of improvements will be immediate and potentially significant revenue generators.

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Department of Parks, Montgomery County, Maryland
9500 Brunett Avenue, Silver Spring, Maryland 20901



September 6, 2006

MEMORANDUM

TO: Mary Bradford, Director of Parks
FROM: Jerry Bush, Acting Chief, Enterprise Division
SUBJECT: Assessment of Revenue Authority Performance

Per your recent request, the following is a brief staff assessment of the Revenue Authority's performance in managing the Department's four golf courses since the transfer of operations on April 15, 2006.

To date, the Enterprise Division Office has received few if any calls from the general public regarding the Revenue Authority's management of the courses. This assessment is largely a compilation of observations by staff, both former golf employees and non-golf employees, and other anecdotal information.

This assessment is in three parts: general operational matters, course conditions, and environmental issues.

General Operational Matters

Overall, our experience in working with the Revenue Authority (RA) staff has been positive. Since April 15, there have been two meetings and countless e-mails and phone conversations between Enterprise Division and RA management. For the most part, we have found them to be reasonably, if not very, responsive.

Park Development staff has interacted with RA staff on a couple stream projects on the golf courses and has found them to be cooperative.

The main difficulty we have experienced is in coming to an understanding on how the security alarms at the courses are to be maintained and monitored. However, I believe we are sorting through the confusion and have general agreement on each party's respective responsibilities.

Attachment 2

The few operational related comments we have received are from former employees who have played the courses since April 15, and have to do with the lack of employees in the pro shops and out on the course (rangers). No one has specifically complained that service was adversely affected due to fewer employees.

Course Conditions

Course conditions have been a subject of considerable conversation over the past several months. General observations and comments about the current condition of the courses include the following.

- Greens are diseased and weed infested.
- Porta johns and clubhouse bathrooms are not regularly cleaned.
- Tees are weed infested and badly damaged from the divots.
- Fairways and out of bounds areas are brown; grass growth on some fairways is sparse.
- The new no-mow areas collect trash and some are in locations that affect pace of play.
- Selected flower/landscape beds are weed infested.
- There seems to be deterioration in the general upkeep of the grounds around the clubhouses, driving ranges, and maintenance yards (grass cutting, trash pickup, maintenance of ornamental beds, etc.)
- Simple equipment and facility repairs go unattended.

All of these conditions are not necessarily found at every course. Where found, they are not necessarily pervasive. For instance, all greens at a particular course may not have problems.

The turf conditions cited above appear to be spotty and, in some cases, involve areas of the courses that were difficult to maintain under Commission management, and/or may have been particularly affected by the rain in late June/early July.

The most serious complaints involve Northwest and Little Bennett. In addition to the general problems noted above, these two courses suffered particularly severe damage to selected holes.

The chipping green and at least four of the on-course greens at Little Bennett are experiencing significant problems, to the point that one or more holes have makeshift temporary greens.

Northwest was hit particularly hard by the rain in June/July. The RA reported turf damage on several holes due to silt deposits and ponding water. To a lesser degree, the same type of damage was experienced at Little Bennett and Needwood.

There are a number of extenuating circumstances that could have, and in some cases definitely did, contribute to the above-described conditions.

- The very nature and timing of this transfer made the transition difficult for all concerned. For the most part, RA staff walked in cold with little or no knowledge of the particular

idiosyncrasies of their respective courses. For instance, the composition of the greens at both Northwest and Little Bennett are challenging to maintain under the best of conditions and are particularly unforgiving for the uninitiated.

- By all accounts, the RA has had difficulty finding enough qualified maintenance staff to take over and sustain these operations, at least during the initial weeks after April 15. Little Bennett Golf Course, for one, is still looking for maintenance staff.

- The extreme rains in late June and early July had a singular effect on course conditions and playability. It would be difficult for any golf course to bounce back immediately after such damage.

The degree to which play has been affected by these conditions is unknown. The RA has reported rounds for all four courses totaling 79,783 for the period April 15 through July 31. For the same time period last year, golf rounds under Commission management totaled approximately 75,884. In addition, the National Golf Foundation is currently conducting a survey of current and former golfers at our four courses, the results of which should give us more statistically compelling evidence of the golfers satisfaction with current management.

Environmental Issues

Natural Resources staff was asked to visit the golf courses and assess conditions from an environmental standpoint.

Several NPDES (National Pollutant Discharge Elimination System) violations were found in the maintenance yards. The staff report on those violations is attached. The report was forwarded to the RA on August 28, and they were instructed to correct the problems.

Some concerns were raised initially by Natural Resources staff about the RA's intentions with respect to tree removal on Commission golf courses. These concerns were passed on to RA staff early on, and there have been no indications that there has been wholesale tree removal on any of the courses. By all rights, certain trees need to come out from time to time due to damage, safety concerns for golfers, or for turf management purposes. Sligo in particular has a number of trees that should be removed to improve turf conditions on greens and tees.

To date, no other environmental concerns have been brought to the attention of the Enterprise Division Office.

Conclusion

Differences were anticipated in the manner in which the RA would manage and maintain the golf courses versus the Commission. Certainly differences have been seen. Former golf staff and other employees who have played the courses perceive of the differences as dramatic. How the public perceives the differences remains to be seen in the results of the survey,

likely the public testimony this fall when the lease comes up for review by the Board and the Council, and ultimately the number of rounds played.

Even if future course maintenance under the RA is not on par with previous maintenance efforts under the Commission (which came at a price), it is apparent that there are immediate problems that need to be addressed. It is up to the RA to speak to these issues in front of the Board, the Council, and the public in the upcoming hearings regarding the lease.

Attachment

BILL 44-06



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OFFICE OF MANAGEMENT AND BUDGET

Douglas M. Duncan
County Executive

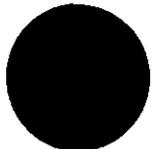
Beverley K. Swaim-Staley
Director

October 18, 2006

MEMORANDUM

025235

TO: George L. Leventhal, Council President
VIA: Bruce Romer, Chief Administrative Officer
FROM: Beverley K. Swaim-Staley, Director
B. Feinberg
for Office of Management and Budget
SUBJECT: Bill 44-06 Parks Department – Golf – Courses Lease
with Revenue Authority



LEGISLATION SUMMARY

Bill 44-06 would approve the lease agreement between the Maryland-National Capital Park and Planning Commission and the Montgomery County Revenue Authority for operation of the golf courses owned by the Commission.

FISCAL SUMMARY

This legislation will have no fiscal impact on the County.

The following contributed to and concurred with this analysis: Ashley Haymond, M-NCPPC, and Chris Mullin, Office of Management and Budget.

Cc: Ashley Haymond, M-NCPPC
Brady Goldsmith, OMB
Martha Lamborn, OMB

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Office of the Director

Enterprise Fund Summary
Actuals for FY91-FY06

	FY91	FY92	FY93	FY94	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	16 YEAR TOTAL
Golf Course Summary																	
REVENUE																	
Fees & Charges	3,477,567	3,609,169	3,376,947	3,517,205	4,695,731	4,399,802	4,213,069	4,798,111	5,051,099	4,854,889	4,878,597	5,359,889	4,105,891	4,560,781	4,507,805	3,119,210	66,538,862
Rentals	0	0	0	0	0	598,918	892,682	765,087	858,448	812,585	744,164	691,950	678,779	783,665	850,898	759,899	8,425,863
Merchandise Sales	840,152	819,961	739,749	882,487	826,056	461,187	935,235	1,058,316	1,074,180	996,627	1,008,421	1,043,894	783,289	858,578	831,139	651,028	13,591,387
Concessions	4,711	4,313	4,087	7,903	8,154	2,947	4,071	4,757	5,977	6,151	6,827	19,379	52,041	44,431	14,631	41,990	232,370
Sub-total Revenue	4,322,430	4,433,443	4,120,793	4,207,895	6,528,941	5,482,654	6,936,937	6,927,271	6,889,682	6,660,262	6,938,809	7,316,202	6,698,000	6,248,486	6,204,773	4,871,128	90,768,842
Other (Interest, Subsidies, etc.)	249,077	387,218	237,429	193,781	289,547	229,967	207,380	174,707	172,344	157,582	148,197	55,932	73,792	54,859	46,309	62	2,688,183
TOTAL REVENUE	4,571,507	4,820,661	4,358,212	4,401,376	6,818,488	5,712,621	7,144,317	7,101,978	7,062,026	6,817,844	7,087,006	7,372,134	6,771,792	6,303,314	6,251,082	4,871,190	93,457,025
EXPENDITURES																	
Personnel Services	1,565,357	1,661,350	1,787,291	1,820,034	2,272,560	2,446,497	2,563,286	2,700,962	2,791,947	2,959,239	3,119,840	3,309,759	3,204,509	3,327,091	3,299,393	2,368,732	41,219,878
Cost of Goods Sold	496,739	414,556	358,418	333,578	375,916	437,581	580,694	616,330	583,449	586,564	613,972	597,805	520,165	503,488	552,207	468,712	7,928,193
Supplies & Materials	366,771	452,625	383,059	462,958	565,339	583,264	623,266	633,338	772,433	1,178,012	1,209,170	1,317,049	1,245,327	1,020,243	1,034,953	1,368,822	13,498,429
Other Services & Charges	252,784	274,389	241,445	258,246	275,820	423,902	333,388	414,932	475,593	507,874	518,133	564,768	553,142	512,107	628,954	820,059	6,853,373
Sub-total Expenditures	2,681,661	2,803,930	2,769,219	2,872,616	3,489,685	3,893,244	4,120,646	4,685,682	4,803,422	5,231,609	5,461,116	6,789,399	6,523,143	6,362,929	6,516,506	4,824,124	69,487,674
Administration/Chargebacks	176,880	235,709	304,227	324,181	285,759	489,247	514,518	574,869	445,959	646,809	643,209	833,764	636,063	592,041	598,417	594,393	7,693,303
TOTAL EXPENDITURES	2,788,889	3,038,839	3,054,440	3,196,997	3,775,414	4,382,491	4,635,164	5,260,451	5,049,381	5,878,418	6,104,324	7,623,163	7,159,206	6,954,970	7,114,923	5,418,517	77,181,178
Revenue Over/(Under) Expenditures	1,802,848	1,782,022	1,303,772	1,204,379	2,064,074	1,310,330	1,407,283	1,661,627	2,112,645	987,426	883,682	947,971	(487,414)	348,344	133,189	(847,311)	16,280,687
CASH FLOW ELEMENTS																	
CIP PROJECTS (1)	581,306	619,173	573,000	791,274	2,130,407	1,129,818	1,329,960	650,999	953,351	428,088	512,035	614,331	581,301	47,235	0	0	10,942,278
Capital Outlay - Cash	138,811	233,355	490,914	233,556	555,809	430,881	350,797	446,109	185,243	433,101	232,646	298,411	146,842	96,790	145,268	90,115	4,608,408
Capital Outlay - Financed	108,738	108,738	399,000	0	0	467,765	0	0	0	0	0	0	0	0	0	0	1,084,841
Principal & Interest -Capital Outlay Financed	54,200	71,396	49,322	138,455	138,451	232,892	198,656	182,045	128,592	128,733	61,269	59,024	57,615	85,420	85,686	85,787	1,737,763
CAPITAL OUTLAY (cash less amt fincd + P&I)	84,273	196,013	140,636	372,011	784,270	196,008	549,653	638,154	313,835	561,834	283,915	355,435	204,257	182,170	230,954	145,912	5,259,330
Sub-total Cash Flow	666,878	816,186	713,636	1,163,285	2,924,877	1,325,828	1,878,613	1,289,163	1,267,186	988,922	808,950	969,766	788,658	226,465	336,954	145,912	16,201,806
DEBT SERVICE	0	346,042	412,500	525,075	519,866	523,624	521,456	534,958	524,633	490,263	486,176	517,693	516,826	550,263	405,546	438,035	7,313,656
Total Cash Flow	666,878	1,162,228	1,126,136	1,688,360	3,444,743	1,649,480	2,401,089	1,824,111	1,791,819	1,480,186	1,292,126	1,487,459	1,302,384	779,888	836,500	684,847	23,615,464
TOTAL REVENUE OVER/(UNDER) EXPENDITUR	1,137,289	620,794	177,638	(483,891)	(1,390,469)	(635,120)	(983,816)	(282,664)	(320,826)	(522,759)	(608,444)	(639,488)	(1,789,818)	(431,324)	(487,341)	(1,432,178)	(7,334,797)

(1) CIP Projects - Does not include Bond Proceeds/Expenditures for Little Bennett Golf Course.
Little Bennett GC - Bond proceeds rcvd \$5M in FY92; spent in FY93 (\$3.76M), FY94 (\$1.07M), FY95 (\$200K).

Testimony of Mary Bradford, Director of Parks

Maryland-National Capital Park and Planning Commission – Montgomery County

County Council Public Hearing on Golf

October 24, 2006

Good evening, I am Mary Bradford, Director of Parks for Montgomery County. I am here this evening to give you observations, conclusions and recommendations on the transfer of the park golf operations from the Enterprise Division of the Department of Parks to the Revenue Authority.

This transfer was well underway when I assumed the job as Director of Parks eight months ago, and I was informed it was a change initiated by the Montgomery County Planning Board and encouraged by the County Council to address financial issues with the courses and the Enterprise fund. This is not a change that was taken lightly by anyone. A number of employees have been affected and a long history of Park golf has been altered. Plus, I personally was very concerned about the length of the lease term with the Revenue Authority, the loss of some management control over parklands we own on behalf of the public, and the restrictions we faced in using non-Enterprise funds for capital improvements and debt service.

When all things were considered, however, our organization decided this is the right decision for our golf customers and for the taxpayers of Montgomery County. We – the Commission and the Revenue Authority working together in partnership – have taken steps to ensure that environmental concerns are addressed. We have ensured that the open space occupied by the courses always remains part of the park system. We believe that the plan for operating the courses ensures not only their operating viability, but that they will receive much needed capital improvements. Outstanding debt on golf courses will be paid. Also, it does make some sense that there be one purveyor of municipal golf for the County and we are confident that golfers will continue to have a positive golf experience every time they play one of the public courses in this

system. Finally, we know that the Revenue Authority, as a governmental entity, will also come before the County Council on a regular basis and will therefore be ensured a high level of oversight during the lease period.

Have there been problems this season since the April 15 transfer of operational responsibilities to the Revenue Authority? Yes, but all in all, the transition appears to have gone well. I asked for an analysis from Park professionals, golfers and other users, as well as the Revenue Authority. Here is a little background on the situation and our assessment of the transition period.

BACKGROUND: The four park golf courses located completely within Montgomery County have been managed as part of the Enterprise Division in the Department of Parks. The mission of the Enterprise Division is to provide great affordable active recreation for everyone. It is also a goal, set by you and our Commission leadership, that the enterprise facilities be self-sufficient. The mission of the Revenue Authority as related to golf is strikingly similar, to provide quality self-supporting golf courses and related services at affordable prices. In parks, however, we have not been able to achieve the self-sufficiency required for some years for a variety of reasons, and in fact were on track to lose a significant amount of money. As a result, in January the Planning Board approved initiating negotiations to merge our golf operations with those of the Revenue Authority. The Board recognized that the Revenue Authority is part of the County Government and receives oversight from the County Council and that it has a successful track record, more flexibility in hiring and management, and has been able to reinvest in their courses.

The goals stated at the time were:

- The long-term availability of high-quality golf opportunities at all levels for residents and visitors;
- The continued support for the First Tee program and the high school golf program.
- The opportunity for the RA to improve public golf in Montgomery County by managing a unified golf system; and

- The strengthening of the Parks' fiscal condition by transferring a program that was requiring support from non-golf activities in the Enterprise Fund and could require tax-supported subsidies or subsidies from other operations.

TRANSITION: How did the experience go this summer? Relatively well, considering the quick turnaround this Spring. First, the park golf employees were offered positions in the rest of the park system at no loss of pay, if they wanted them. Obviously, it was a difficult change for many, but I can assure you that every effort was taken to place staff in our system. Second, there were differing comments about course maintenance and condition during this season, so I asked for candid assessments and joined staff in taking a personal look at the situation in September. We saw evidence of problems that occurred during the summer – some resulted from extreme weather conditions, some from the transition itself and some from actions that preceded the transfer. Other areas appeared to have improved. What I also saw was Revenue Authority staff addressing course conditions and working to continue the high caliber experience that public golfers in Montgomery County have come to expect and deserve. Third, the survey of golfers indicated little impact from the changeover and that it appeared to be relatively seamless.

REMAINING ISSUES: There are outstanding responsibilities of M-NCPPC that still must be addressed. We are working on those, and have made appropriate adjustments to the lease to accommodate them. These include clarification of the sufficiency of the water appropriation for Little Bennett golf course and deferred maintenance requirements to bring all of the storm water management facilities into compliance with their permit requirements. As a result of due diligence during the 2006 season, it was revealed that there are certain confusing aspects of the water allocation permits for Little Bennett that need clarification in the immediate future as well as problems with the maintenance of the equipment that monitors water usage. This situation was present during our operation of the golf course and predated the transfer to the Revenue Authority. The storm water situation was a known condition in April,

although the RA and Park staffs are still determining the extent of the work and associated costs. The lease provision dealing with this issue has been strengthened to ensure that responsibilities are clear.

Another matter relates to the respective "frequent player" programs. The RA transferred the paid subscribers of the Department of Parks Player's Choice program into a similar RA marketing program, providing appropriate credit for any fees paid and points earned. The programs were different and concerns were raised about the differences, so the Revenue Authority is looking at introducing new programs that would be more consistent with the programs that park golfers were used to. They tell us they are also working to provide on-line tee times, which was also a popular park program.

FINANCIAL: The big story here is financial. We would not be going down this path were it not for the requirement to pay for debt service and capital costs out of revenues. Our golf professionals in parks were very good at operating and maintaining the courses. But we could not operate as efficiently as the RA due to the difference in our structures.

The financial transaction, as proposed, meets the interests of both agencies, including the ability to retire the debt for Little Bennett and a sharing of revenue (after capital investment) by both the RA and M-NCPPC. Details of particular interest include:

- Non-Competition: If the RA closes a course during the period of the lease, the Department of Parks may not take over the course and operate it in competition with the RA. We have heard some concern over this provision, but there is a high standard in the lease for the decision: there must be a "determination by Tenant that any of the Park Golf Courses is adverse to the entire Golf System." In any event, the land itself will never be lost to the public, and it remains a public park.
- Annual Reporting. The RA will make an annual presentation to the Planning Board of its operations during the preceding calendar year and projections for the coming year, including a representation of its compliance with the terms

and the purposes of its agreements with M-NCPPC, fee structures, and proposed updates to its *Golf Master Plan*.

Both parties are committed to making this transition and new partnership a long-term success. Our staffs are prepared to work with Council to provide all necessary information and analysis that you need to review this proposed lease.



#2

MONTGOMERY COUNTY REVENUE AUTHORITY

Testimony for County Council Public Hearing on Golf Course Lease with Park and Planning

October 24, 2006

Good evening, I am Keith Miller, Executive Director of the Montgomery County Revenue Authority. Thank you for the opportunity to provide my comments in connection with the approval of the golf lease between Park and Planning and the Revenue Authority. The Council has received detailed information regarding the lease and some of the challenges to date. Based on my prior experience I believe this transition has gone relatively smoothly and most of the issues we have faced are usual and customary in a transition of this size. This evening I would like to review a few of the items of concern and discuss the future of golf in the County.

Course Conditions. There have been several questions raised about the conditions of the golf courses and I would agree that there have been challenges with the courses this year. We can also assure everyone that the conditions of the Park courses this year were not to the Revenue Authority standards and we are working diligently to implement our agronomic practices in order to bring the courses to appropriate conditions for the 2007 season. Additionally, we have created a Director of Agronomy position, which is new to our organization. This position will oversee conditions and agronomic practices at all of our facilities.

The Environment. We have also heard several questions and concerns about the environmental practices and I would like to make clear that the Revenue Authority has a clean record on environmental issues and we take the protection of the environment very seriously.

The Future of Golf in Montgomery County.

First you have to look at the overall health of the game which has been the subject of debate for several years. The reality is that the "Tiger Boom" that was expected with the arrival of Tiger Woods never materialized. There are more golf spectators, but the number of players has slightly decreased over the past several years. Some predict that the game will grow as the baby boomers reach retirement but others counter that those individuals are already playing the game. So, as with most things, the future of the game is not predictable.



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Course Closings. There have been several discussions and concerns regarding the Revenue Authority's ability to return a course to Park and Planning and that Park and Planning will not be able to operate it as a golf course. As outlined above we cannot predict the future of the game and we view that uncertainty as the reason for this language. To be clear it is not The Revenue Authority's goal to close a course. If the situation was to arise the Revenue Authority is committed to reviewing the issue with the Council and the Park and Planning Board to discuss all possible options to keep the facility operating prior to making a decision. We are all part of the same team and share a common goal of providing golf to the residents of Montgomery County. Lastly, we do not believe this situation will arise because The Revenue Authority is setting the course to reverse the national trend and grow golf in Montgomery County.

The Model. The Revenue Authority is not new to owning and operating golf courses and has been quite successful to date. One of the studies conducted over the last three years showed that the Revenue Authority's model has been much more successful in attracting golfers. That is because we have made significant improvements to golf courses, facilities, and services. We have completely renovated two of our oldest golf courses. We have replaced buildings at our golf courses including replacement of clubhouses. And, we continue to invest in improvements so that facilities can survive in the future. People are willing to play and pay when they receive value. We are poised and ready to take on a new challenge that will bring the four Park and Planning courses under the Montgomery County Golf umbrella.

The Master Plan. One of the first things we will produce is a complete master plan for the golf courses. In fact, we have already started the process with the retention of a golf course architect and facility architect. The golf course architect is well on his way to some very exciting concepts. The master plan that we are bound by the lease to produce is a comprehensive plan which will review each of the golf courses design needs, irrigations needs, equipment needs, and facility needs. The plan will address playability needs of each of the facilities for example the 13 and 16th holes at Northwest which flood each year and it will also look at potential design changes to enhance the facilities. One of the facilities we believe has great potential is the Sligo Park location and we are hopeful that the feasibility studies support our vision. The plan will be completed in the early spring almost a decade to the day since we unveiled our master plan for the five existing MCRA golf courses.

Accessibility. The quickest way to increase rounds is to increase accessibility. Contrary to some of the concerns regarding the Revenue Authority's operation of the courses our goal is not to increase rates but it is to increase accessibility. We will introduce a new pricing strategy that will allow us to be more flexible with our pricing during non-peak times and we will utilize email to introduce last minute saver discounts. This will increase the accessibility to golfers of all demographics. Our Mission continues to be to provide great golf experiences at affordable rates to the residents of Montgomery County.

Programs. In addition to the increased accessibility we will develop a long range plan that will increase the number of golfers within the County. The Revenue Authority remains committed to the First Tee, the Montgomery County Public Schools golf program, and the current on course junior programs offered. Through the growth of the First Tee, MCPS High School program, and Revenue Authority Junior programs we will continue to have a significant impact on the growth of junior golf. We will also review new programs such as Play Golf America which is a nation wide marketing campaign led by the PGA of

America and includes programs such as Link up 2 Golf, PGA Free Lesson Month, Golf for Business and Life and programs sponsored by the National Golf Course Owners Association such as Take Your Daughter to the Course Week and Beginner Friendly Course Search, to determine which programs are most beneficial to the local demographic. Lastly, we must enhance our current and develop new in house programs to introduce new golfers to the game. We will focus on instruction as well as rules, etiquette, and basic items such as "what to do the first time playing golf". Our goal is to eliminate the frustration and intimidation of being a new golfer and to attract new golfers that will be long term players of the game.

Profits. The Revenue Authority is a self supporting public corporation and a instrumentality of the County Government. This is clearly a different model than other public organizations in the County and private sector management companies. Our profits flow back into facilities not profits for its owners so that we can develop the best possible facilities and services. When customers see that improvements are being made they will play and pay. The Montgomery County Revenue Authority is a part of Team Montgomery. We have had a lot of success providing excellent facilities and services and we have kept the costs down. After all, that is what we are about -- quality facilities at a fair price.

Communication. Communication and understanding of your customer needs is essential to the success of any business. We have several programs in place to hear and respond to the needs of our customers. At the facility a consumer can speak to our managers regarding their service. If they do not wish to address their concerns with the facility they can also call our main office or submit an email through the website. We respond immediately to our costumers' feedback and do our best to rectify all situations. It is the practice of the Revenue Authority to arrange for local feedback prior to proceeding with any projects that may impact our neighbors. This year we introduced a survey of our golfers that is run by the National Golf Foundation. This survey provides critical information about our customers and there feedback on our performance which allows us to address their concerns and improve our performance. We will continue to utilize these surveys on an annual basis. Lastly, through our relationship with Park and Planning we will reach out to Recreation Advisory Boards.

In closing, the future of golf in Montgomery County is bright and although we have encountered some initial challenges in the transition, the Revenue Authority and Park and Planning have worked well together on those issues and we remain committed to continue to working together throughout the term of the lease. The Revenue Authority looks forward to growing the game of golf in Montgomery County and creating great golf experiences.

MEMORANDUM

October 25, 2006

TO: PHED Committee

FROM: Mary Bradford, Director of Parks

SUBJECT: Summary Response to Issue From Public Hearing
Regarding Operations of Park Golf Courses

During the public hearing on the golf course lease, the Council asked for additional information on two issues. First was how much input managers and employees had in the operation of the courses and in working through the financial challenges. Second was a list of some of the structural differences that contribute to the ability of the Revenue Authority to operate more financially successful courses. Both issues are addressed below.

Regarding the consultation with staff on the operation of the courses, employees were consulted regularly over the years that the fiscal situation was evolving and many of their proposals were implemented. We do not know where this perception came from, but it is not correct. In the next several paragraphs you will find a summary of interactions between managers and staff. Management made the final decision, but communication was strong throughout the years.

Jerry Bush prepared the summary based on his many years overseeing the Enterprise Fund and his direct involvement in the Division since it was reestablished in 2004.

In the late 1990's when it became clear that the Enterprise Fund was heading for trouble, we cautioned all managers, particularly the golf managers, that we needed to run the operations as efficiently as possible, as increased scrutiny on the fund due to *decline in financial performance* would most certainly lead to discussions of leasing out the operations to private management companies.

Prior to the Re-formation of the Enterprise Division in 2004:

- Each year in preparation for the budget submission, we met with the managers and superintendents to discuss their budget submissions. These were in depth discussions that focused on the need to keep expenditures in check and maximize opportunities to increase usage/revenue.
- On a yearly basis, we would meet with the managers to discuss fee increases for the annual fee recommendation to the Board. In these meetings, we discussed programs (both existing as well as new initiatives) as well as fees, and the conversations would always focus on *bottom line issues*.
- Facility audits always focus on the financial improvements or declines in the facilities. Managers had ample opportunities during these discussions to gain an appreciation for the emphasis on the financial side of the business and to understand the need to be aggressive in operating efficiently.
- In particularly bad budget years where we needed to reduce expenditures to avoid losses, the managers and superintendents had every opportunity to propose means of trimming expenditures or increasing revenue to minimize or eliminate the losses.
- The KPMG study which dealt with Little Bennett and Northwest gave the managers/staff at those facilities a sounding board for their ideas, and the recommendations that came out in the final report certainly reflected their input.

To emphasize, we actively pushed, and sometimes pushed hard, on the managers to come up with new ideas to maximize attendance and keep expenditures reasonable. We particularly focused on Little Bennett for obvious reasons. One prime example of the level of input the

managers had was their adamant stance that to make money, you had to spend money on the condition of the courses. We invested in good superintendents and spent a lot to improve the conditions of the courses. We received few complaints after that about course conditions, but there was no evidence that it helped on rounds played.

After the Re-Formation of the Division in 2004:

- Budget and fee discussions as above continued.
- Monthly golf managers meetings were held to discuss programs, budget issues, marketing matters, etc.
- The managers had extensive input into the selection of a new POS/tee time reservation system and the implementation of that system. The managers also had input into the formation and implementation of the Player's Choice program. The software selection and the Players Choice marketing program were strategic decisions to increase customer satisfaction and play.
- With both the Kendal report and the Steinbraker report, managers had numerous opportunities to comment on the methodology and the findings of the reports as well as to reflect on the implications of the recommendations and means of addressing the issues. Specifically with respect to the Steinbraker report, managers had a chance to prioritize the recommendations in the report (top ten - bottom ten recommendations) as to what would give us the biggest bang for the buck.
- Division management had regular informal discussions with managers about new program ideas, ways to improve the course to improve usage, cost cutting measures, etc. The managers were given considerable latitude in making decisions that they believed were beneficial to increasing customer awareness and usage. The Little Bennett manager was given particularly free license to suggest and implement new ideas and all managers were given the authority to establish manager's specials at any time they chose.
- Managers were consulted every step of the way by the new Division Marketing Manager about Player's Choice issues, sponsorships, media ads, etc.
- In general, managers were kept apprised of, and asked for their input on, all issues affecting their operations.

Just a few examples of some of the ideas that managers suggested to improve operations:

- A special events manager was hired at Little Bennett specifically to focus on outings, tournaments, etc.
- Managers decided to focus on marketing and new programs rather than use deep discounting to improve play (both options were proposed during one of the management studies).
- Managers asked for and were granted, on a pilot basis, the ability to teach lessons on the side to increase lesson revenue and pro shop business.
- Driving range improvements at Northwest were a management initiative.
- The original gold card at Little Bennett was a manager initiated plan to increase customer loyalty.
- Demo Days at Little Bennett was a manager-initiated program.
- Superintendents at Needwood and Northwest both suggested a reduction in career maintenance staff if they could pay seasonal replacements higher hourly wages.
- Managers regularly pushed for selected course improvements to improve play and sustain/increase interest in the courses.

Summary Response to Issue of Differences Between Parks and
Revenue Authority (RA) Structures

Department of Parks

- The Department of Parks operates all of the enterprise facilities under a government structure that includes personnel and procurement systems that affect how the businesses operate.
- Procurement is a government system requiring significant time.
- A park manager, not a PGA pro, oversees the golf courses. The latter has been recommended, but never funded. The manager is responsible for operations in all the enterprise facilities.
- Golf managers are merit employees with regular salaries.
- Overtime is paid based on merit rules.
- Higher number of full-time employees.
- Annual fee setting.
- Primarily used loyalty program to attract golfers.
- Smaller marketing budget, used in-house staff that was responsible for Enterprise Division marketing.

Revenue Authority

- The Revenue Authority operates as a business with personnel and procurement systems that are geared to business operations.
- Procurement is relatively simple and enables greater responsiveness.
- A PGA pro who is primarily responsible for golf and the airpark oversees golf courses.
- Golf managers are paid based on incentives.
- Overtime is controlled through scheduling and RA has more flexibility.
- Higher seasonal utilization.
- Frequent review of fees.
- Primarily uses flexible fee schedules.
- Larger budget, uses marketing firm on retainer.

MEMORANDUM

October 26, 2006

TO: Marlene Michaelson, Senior Legislative Analyst

FROM: Keith Miller, Executive Director MCRA

SUBJECT: Response to PHED Committee regarding accessibility at Revenue Authority Courses

As per your request, the following is a response to the Revenue Authorities commitment to provide accessibility to the golf courses after transition from Park and Planning. The Revenue Authority has been and remains committed to providing quality golf experiences at affordable rates to all of the residents of Montgomery County. Our original courses were spread throughout the County with locations in Potomac, Poolesville, Laytonsville, Mt. Airy, and Silver Spring and with the addition of the Park and Planning courses we will increase our reach to all County residents.

There have been many discussions regarding the programming available at the courses and I would like to point out that Laytonsville Golf Course was one of the original locations of the First Tee program and continues to be its largest program. The Revenue Authority has also worked with and supported the Montgomery County Public Schools prior to this agreement. We remain committed to these programs and we are always exploring other programs which can be beneficial to the community. Community support and outreach is a large part of the golf industry and the Revenue Authority has been successful in the past with these programs. We look forward to our increased capacity for these types of programs and its effect on the communities.

Lastly, after reviewing the fees and charges (see attached spreadsheet) it is clear that the Revenue Authority's fee structure currently provides more accessibility than Park and Planning. Contrary to belief, the overall prices are generally less expensive at the Revenue Authority courses for both weekday and weekend rates. Additionally, both systems provide discount pricing for senior and junior golfers with the Revenue Authority pricing in these categories again being less expensive than Park and Planning. The Revenue Authority has been successful to date with our pricing structure and we look forward to continuing to improve our pricing while increasing the accessibility to golfers of all demographics.

Based on this information and my earlier testimony I believe the combined golf system will allow for increased accessibility for all of the Residents of Montgomery County to all of the courses.

Montgomery County Golf
(a div. of Montgomery County Revenue Authority)
2006 Approved Rates

Type of Play	FR	LV	PV	RW	HG	SNW	ND	LS
Weekend 9	\$26.00	\$23.00	\$25.00	\$25.00	\$26.00	\$18.00	\$25.00	\$23.00
Off Peak		\$17.00	\$20.00	\$16.00	\$18.00	\$19.00	\$11.00	\$13.00
Weekend 18	\$42.00	\$39.00	\$40.00	\$42.00	\$51.00	\$11.00	\$11.00	\$12.00
Off Peak		\$27.00	\$20.00	\$28.00	\$25.00	\$27.00	\$22.00	\$23.00
Weekday 9	\$20.00	\$16.00	\$15.00	\$16.00	\$20.50	\$19.00	\$17.00	\$20.00
Off Peak		\$16.00	\$15.00		\$16.00	\$15.00	\$15.00	\$15.00
Weekday 18	\$33.00	\$26.00	\$25.00	\$28.00	\$36.00	\$22.00	\$21.00	\$23.00
Off Peak		\$26.00	\$15.00	\$22.00	\$21.00	\$20.00	\$19.00	\$21.00
Junior 9 WD	\$18.00	\$13.00	\$13.00	\$13.00	\$17.50	\$11.00	\$11.00	\$13.00
Junior 18 WD	\$27.00	\$21.00	\$20.00	\$19.00	\$31.00	\$18.00	\$23.00	\$23.00
Senior 9 WD	\$18.00	\$15.00	\$15.00	\$15.00	\$16.00	\$15.00	\$17.00	\$13.00
Senior 9 WD after 12PM						\$21.00	\$21.00	\$20.00
Senior 18 WD	\$27.00	\$21.00	\$20.00	\$22.00	\$31.00	\$21.00	\$21.00	\$20.00
Senior WD after 12PM								
Executive 9						\$12.00	\$12.00	
Jr/Sr. Executive 9						\$10.00	\$10.00	
Executive 9 Weekend						\$15.00	\$15.00	
Cart 9 Per Person	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00
Cart 18 Per Person	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00
Weekend 9 & Cart	\$35.00	\$32.00	\$34.00	\$34.00	\$35.00	\$27.00	\$31.00	\$33.00
Weekend 18 & Cart	\$57.00	\$54.00	\$56.00	\$54.00	\$66.00	\$33.00	\$35.00	\$37.00
Weekday 9 & Cart	\$29.00	\$25.00	\$24.00	\$25.00	\$29.50	\$23.00	\$23.00	\$23.00
Weekday 18 & Cart	\$48.00	\$41.00	\$41.00	\$41.00	\$51.00	\$11.00	\$17.00	\$13.00
Sr. Wkday 9 & Cart	\$27.00	\$23.00	\$22.00	\$24.00	\$25.00	\$18.00	\$20.00	\$22.00
Sr. Wkday 18 & Cart	\$42.00	\$36.00	\$36.00	\$37.00	\$46.00	\$18.00	\$21.00	\$23.00

Highlighted cells are Park and Planning courses with rates that were approved prior to Revenue Authority takeover. Revenue Authority lowered some of the Park and Planning rates by .50 in order to make even dollar amounts.

12.2 Right Of Tenant To Close A Park Golf Course.

Upon a determination by Tenant, based upon an independent financial analysis of the entire Golf System that indicates that any of the Park Golf Courses is adverse to the entire Golf System, Tenant shall have the right to extract such Park Golf Course from the Lease and return it to Landlord; provided however, Tenant shall first present such findings to the Planning Board and the County Council to consider alternatives to closing the Park Golf Course. Upon the return of such Park Golf Course to Landlord, Landlord shall not operate it in competition with Tenant as determined in accordance with Section 2.1. Other than as provided in Section 3.2.2, Tenant may not exercise its right to close the Little Bennett Golf Course under this Section 12.2 until the Little Bennett Debt has been paid and released in full.