In re:
CITY OF STOCKTON, CALIFORNIA,  
Debtor.

WELLS FARGO BANK, NATIONAL ASSOCIATION, FRANKLIN HIGH YIELD TAX-FREE INCOME FUND, AND FRANKLIN CALIFORNIA HIGH YIELD MUNICIPAL FUND,  
Plaintiffs,

v.
CITY OF STOCKTON, CALIFORNIA,  
Defendant.

Case No. 2012-32118
D.C. No. OHS-15
Chapter 9

EXHIBITS F THROUGH G TO THE DIRECT TESTIMONY DECLARATION OF SUSAN WREN IN SUPPORT OF CONFIRMATION OF FIRST AMENDED PLAN FOR THE ADJUSTMENT OF DEBTS OF CITY OF STOCKTON, CALIFORNIA (NOVEMBER 15, 2013)

Adv. No. 2013-02315

Date: May 12, 2014
Time: 9:30 a.m.
Dept: Courtroom 35
Judge: Hon. Christopher M. Klein

While this declaration is made in support of confirmation of the Plan, out of an abundance of caution, and because the evidentiary hearing on Plan confirmation and the trial in the adversary proceeding share common issues, it is being filed in both in the main case and the adversary proceeding.

OHSUSA:757700436.1
Exhibit F
City of Stockton  
Swenson Park Golf Course  
Van Buskirk Park Golf Course  
RFP  
October 20, 2010

We are excited about Swenson Park & Van Buskirk Park Golf Courses. Both these courses have tremendous potential. Our history has been to provide the best golf experience possible at our courses and we look forward to continuing that tradition with the City of Stockton.

We would like to offer a lease program for both courses, but would also be happy with either one of them. As we are a smaller company and not well known like many of our competitors we would be just as happy to take on only Van Buskirk, as this course is not as profitable as Swenson.

We are offering a full lease program for both courses with a lease amount of $48,000 per year for Swenson and $6,000 per year for Van Buskirk, plus a 60/40 profit sharing on both courses. Our estimates are based on historical averages, and if we hit our estimates, then the City would receive $72252.00 annually. We are also including a Capital Improvement budget of $25,000 annually for Swenson and $5,000 annually for Van Buskirk. All other operating expenses would be covered under our lease, including tree work. Based on our operational history and cost analysis, this would be a successful business endeavor for both parties.

Thank you for your consideration. We look forward to participating in the next round of negotiations.

Very truly yours,

Steve Kwasnicki, President  
Sycamore Landscaping Corporation  
Sycamore Golf Management
1. General Business Statement:

Sycamore Landscaping Corporation was started in 1994 as a landscape maintenance company. We created a niche market focusing our efforts on large scale City landscapes and Parks. Over the last 16 years we have developed systems designed to cut costs for Municipalities while increasing their service level. These systems have made us very successful in a highly competitive market. Currently, Sycamore Landscaping Corporation provides landscape maintenance to many East Bay and Valley Cities. After several years of studying Golf Courses, it became obvious that we could be very successful using these same systems in a golf setting. Sycamore Golf began as a small venture at Tracy Golf and Country Club in 2003. During this time our President, Steve Kwasnicki, spent 5 years working directly on the site every day, fine tuning our systems and golf product. The greens at Tracy Golf and Country Club now boast a stimp of 12 and a visual impression that TGCC has not seen in years. In 2009, Sycamore Golf moved competitively into the market and acquired our second golf course, Springtown Golf Course. We have proved ourselves in this industry and are ready to acquire more courses. Even though we are the new kids on the block we are confident in our abilities and know that you will not be disappointed in our performance.

Corporate Structure: We would set up an LLC for the Golf Courses

Sycamore Landscaping Corporation
Sycamore Golf Management

C-27 Contractors License 702406
Federal ID number 68-0344233
California Certified Small Business #62560

P.O. Box 2279
Walnut Creek, CA 94595

925-942-0751 phone
925-942-0349 fax

Insurance Information:

- Workers' Compensation: Everest National Insurance Company
- Policy Number: 7600001531091
- General Liability: LCIS Arch Insurance Co.
- Policy Number: LCPKG0135801
- Automotive is the same as the General Liability
Senior Management Functions are as follows:

Steve Kwasnicki, President
- Agronomics
- Operations Planning
- Training of Superintendent, maintenance personnel
- Chemical Application Supervision
- Liaison with Client
- Site Inspection
- Schedule Development

Doreen Kwasnicki, Vice President
- Business Goals and Standards
- Food and Beverage Planning, Development and Training
- Site Inspections
- Purchasing
- Budgeting, Master Planning
- Marketing Plans
- Liaison with Client

Scott Giessman, CFO
- Regulatory Compliance/HR Compliance/Legal
- Major Purchasing
- Capital Budgeting and Finance
- Accounting and Data Management

Holley Giessman, Secretary
- Administration, Personnel, Bookkeeping, Payroll, HR
- Regulatory Compliance
- Insurance and Workmen’s Compensation

Mathew Couch, Equipment Specialist
- Mechanic Trainer
- Quality Control and Equipment Performance
- Site Reviews
- Major Purchasing

Golf Principals:
Operational Area: Golf Course Maintenance Operations:

- Maintenance Operations are headed by Steve Kwasnicki, Owner and President
  - GCSAA Superintendent
  - A Certification
  - QAL-State of CA
  - Completing degree in Turf Grass Science from Penn State University
  - Certified Arborist
Operational Area: Pro-Shop/Related Operations

- Shawn McCarty-PGA class A Pro.
- Shawn McCarty joined Sycamore Golf in 2009 and is part of the management team involved in the redevelopment of Springtown Golf course. He has 14 years experience in the Golf Business.
- Shawn is the Golf Pro and General Manager at Tracy Golf and Country Club. Shawn is solely responsible for the operation of the Pro Shop facilities and performs all the hiring and training of assistants, plus purchasing and merchandising of inventory.
- He graduated in 2002 with A Bachelors Degree from Northland Baptist Bible College in Dunbar, Wisconsin.
- Shawn has many years experience in working with all levels of golfers, giving lessons, selling and running tournaments, creating youth and student programs and youth summer camps. Some of the programs he runs at Tracy are as follows:
  - Open house for guests to try out the course
  - A Citywide tournament open to golfers from throughout the Tracy area, whether they are club members or not.
  - Friday evening twilight golf play is becoming increasingly popular

Operational Area: Food and Beverage Operations:

- Our food and beverage operations are headed by Doreen Kwasnicki. She has been involved in Catering and food service her entire life, working and growing up in Vanguard Catering, her family’s catering business who had clients such as UC Berkeley.
- We have accounts with quality food suppliers such as US foods, Sysco, Del Monte Meats and Semifreddis Breads.
- Springtown Golf Course had a failing food and beverage operation when we took over the course. It had high prices, poor quality food and many regular golfers who refused to eat there. Since taking over Springtown Grill we have seen a 35% increase in sales over the same period last year, even though because of the weather, our rounds were down.

Central Support Capabilities and Procedures

- Accounting & Finance: Accounting and Finance are handled out of our Walnut Creek Office by Scott Giessman CFO and Holley Giessman. Services provided are financial statement preparation, AR, AP, Payroll and Human Resources.

- Marketing and Promotions: Marketing, Advertising and Promotions are handled out of each location individually by the General Manager of the Site.

- Personnel & Labor Relations: Each location takes care of its own hiring and basic labor relations. Overall Human Resources are handled out of the Walnut Creek Office. Payroll checks are prepared in the Walnut Creek Office, Insurance and Workmens Compensation issues are also handled from this office. Major employee disciplinary actions are also handled from the main office.

- Purchasing and Quality Specifications: Day to Day purchases are handled at each location. Major equipment purchases are researched at each location and finalized through the main office. All Quality Specifications in regards to work performed are monitored and controlled through the management at each location.
Exhibit G
October 18, 2010

City Clerk Office
City of Stockton
425 North El Dorado Street
Stockton, CA 95202

RE: RFP: Golf Course Management

To Whom It May Concern:

KemperSports is pleased to submit this proposal to provide golf course management services to the Community Services Department ("the Dept") for the Van Buskirk and Swenson Park Golf Courses ("the Golf Courses"). We have been operating municipal golf courses and driving ranges for over 30 years. We manage more than 90 golf courses nationwide including 36 courses owned by public agencies and are one of the nation's leading golf course management companies. We manage several courses in Northern California including the Paradise Valley and Rancho Solano Golf Courses for the City of Fairfield, CA.

The RFP states the City is seeking an outright sale of the Golf Courses or a long term lease. KemperSports is not proposing a purchase or a long term lease. We are proposing a 5 year "fee for services" management contract similar to our other municipal management contracts in the region. In the event, the City decides to consider a management contract; we look forward to meeting with the City to discuss a mutually beneficial working relationship.

KemperSports is the best company to manage Van Buskirk and Swenson Park because we have the resources and expertise to grow the business. This will involve implementing new marketing strategies to grow the "brand" of each course and obtain greater market share; achieving better operating margins through sophisticated budget management; and implementing new service standards to assure we maintain and grow our customer base. We know how to do this and we will work diligently with Dept staff to be successful.

Sincerely,

[Signature]
Toby Davis
Senior Vice President
1. Financial Offer

a. Management Fee

   - Base Management Fee

      $6,000 base management fee plus 3% annual increases

   - Incentive Management Fee

      10% of net operating income (EBITDA)

b. National Account Procurement – Rebates, Discounts, Savings

   As a matter of corporate policy, our client's receive 100% of all rebates, savings and discounts from our national buying programs. This includes golf carts, maintenance equipment, merchandise, and food & beverage products, etc. Based on the anticipated purchases over the next three years, the net savings to the Dept will be significant.

c. Reimbursable Centralized Expenses

   $1,000 per month for:

   - Corporate marketing support
   - Accounting and financial reporting
   - TRUE Service Training
   - True Review customer survey and retention programs
   - “Green to a Tee” KemperSports’ proprietary environmentally driven golf course maintenance program
   - Payroll and benefits administration
FM Golf:
is a sole proprietorship in the state of California owned and operated by Sue Fiscoe. Ms. Fiscoe has over 25 years of golf industry background including 10 years of solid management experience at three active public facilities. Experienced in Operations Management, Budgeting, Merchandising, Inventory Control, and Food and Beverage. Known for on-going Program Developments in the areas of Teaching and Tournaments. Skilled in Training and Motivating a staff of up to 75 employees. Leader in Facility Marketing and Promotions. 10 years as an independent Golf Course Consultant. PGA Class "A" Member, LPGA Master, Life Professional. FM Golf has operated the City of Modesto Golf courses for 20 years with an agreement similar to the one proposed in this document.

ValleyCrest Golf Course Maintenance:
is a wholly owned subsidiary of ValleyCrest Companies with 61 years experience building and maintaining some of America’s most beautiful and prestigious landscapes and golf courses. ValleyCrest currently maintains over fifty golf properties located in California, Texas, Florida, Georgia, North Carolina, Pennsylvania, New Jersey, Massachusetts, Michigan and Virginia. We have had the pleasure of caring for Swenson Park and Van Buskirk golf courses since 2005.

Alternate Proposal Discussion:
- Purchase or long-term lease not viable with current revenue stream and outlook
- Proposing Joint Venture with FM Golf and ValleyCrest Golf Course Maintenance
- Proven, successful model with experience and expertise in each phase of business
- Known service providers with local and on-site experience
- Current maintenance provider, standards, resources and pricing remain in place
- Easy transition for golf operations and F&B
- Collaborative planning and involvement with City and constituents
- Streamlined decision making processes
- Cost savings
- Innovative ideas for revenue generation
- Fixed fees
ValleyCrest Deliverables:
- Continue to adhere and perform to all golf course maintenance standards as specified in the Agreement currently in place with the City of Stockton
- Provide all required resources for course maintenance including labor, equipment and materials
- Honor the negotiated fixed fee pricing and performance based contract
- Continue agronomic and maintenance programs that are improving playing surfaces, irrigation systems, tree management and overall course health and aesthetics
- Continue to provide local support, resources and expertise from a growing number of ValleyCrest contracted courses in the region
- Work collaboratively with FM Golf and the City of Stockton to provide safe, clean, well managed facilities for the enjoyment of all patrons
- Promote the City of Stockton golf courses, activities and programs

FM Golf Deliverables:
- Provide all labor to operate the golf pro shops, and collect all fees
- Meet all insurance requirements stipulated in the RFP
- Capital improvement investment up to $10,000 per year
- Building maintenance expenses up to $10,000 per year
- Design and maintain a website that is linked to the City of Stockton’s web site
- Continue to use and operate the Active Tee Time network
- Provide IVR (automated voice recognition) telephone tee time access for the Stockton courses
- Contract with the current teaching professional as follows:
  - FM Golf will receive 10% of all lessons
  - FM Golf will do all club repairs and receive all revenues from club repair
  - FM Golf will be responsible for all club and merchandise sales and receive all revenues from those sales
- Provide an armored car service
- Continue to employ the LPGA and PGA Professionals on staff at the rate of $45,000 per year plus health insurance
- Assume golf car lease from Yamaha for the 105 golf cars and maintain the fleet
- Take over the current food and beverage operations at both courses with an agreement similar to the one in place with the current provider, or at the end of the current providers agreement with the City assume the food operations (this is at the discretion of the City of Stockton)
- In addition the following obligations will be met by FM Golf:
  - purchase and sales of all merchandise and fixtures for pro shop operations
  - maintain driving ranges including mats, dividers, tees and range balls
  - develop and maintain public instruction with an emphasis on junior golf
  - pay utilities up to $8,000 per year
  - measure customer satisfaction and provide customer satisfaction cards in both pro shops at all times
  - meet quarterly with City representative to evaluate entire golf operation
  - honor all annual golf car passes for the remainder of the year (it is our understanding that these were purchased for 1 year term)
develop a marketing program that would include, but not limited to:
- Expanding the tee time system to allow players to make tee times through an automated voice system
- Conduct a secret shopper program periodically
- Work with the City of Modesto to allow monthly and annual pass holders from both Cities playing privileges at both courses at a reduced rate.
- Develop and maintain a web site for the courses
- Provide an annual report of profit and loss to the City of Stockton accounting department for review

### Pricing:

<table>
<thead>
<tr>
<th>Valley Crest YR 1</th>
<th>$1,088,592.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>FM Golf Management Fee</td>
<td>$90,000.00</td>
</tr>
<tr>
<td><strong>Yearly Total</strong></td>
<td><strong>$1,178,592.00</strong></td>
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### Projected Expense Savings:

<table>
<thead>
<tr>
<th>2009 Financials</th>
<th>Projections</th>
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<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>$1,295,193**</td>
</tr>
<tr>
<td><strong>Expense</strong></td>
<td>$1,430,910</td>
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<tr>
<td><strong>Gain/Loss</strong></td>
<td>-$135,717**</td>
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</tbody>
</table>

* Based on 2009 Revenue figures less FM Golf income streams
** Additional savings may be realized by identifying the following expenses:

- Dèpreciation: $80,888
- Professional & Special Services: $38,832
- Other services: $18,261
- Materials & Supplies: $40,038
- Fuel/Gas/Oil/Propane: $3,357
- Non Capital: $10,280

### Revenue Generation:

- Aggressive marketing with emphasis on incentive and loyalty programs
- Demo Days – increase supplier involvement and customer participation
- Player Development – expand programs inclusive of all golfing groups
- Reciprocal pass/play programs with The City of Modesto

### Closing Remarks and Questions:
FM Golf and ValleyCrest Golf Course Maintenance

RFP PUR 10-060 – 10/21/10

Presented to:

City of Stockton

PROPONENT'S FEE SCHEDULE

Presented by:

FM Golf

FM Golf

ValleyCrest Golf Course Maintenance
## Revenues & Expenses: City of Stockton Golf Courses

<table>
<thead>
<tr>
<th></th>
<th>Swenson Park</th>
<th>Van Buskirk</th>
<th>Combined Total:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INCOME</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Green Fees</td>
<td>$817,800.00</td>
<td>$379,000.00</td>
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</tr>
<tr>
<td>Misc</td>
<td>$18,000.00</td>
<td>$71,200.00</td>
<td>$1,294,600.00</td>
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<tr>
<td>Food</td>
<td>$5,900.00</td>
<td>$2,700.00</td>
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<tr>
<td><strong>Total:</strong></td>
<td>$841,700.00</td>
<td>$452,900.00</td>
<td>$1,294,600.00</td>
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<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ValleyCrest</td>
<td></td>
<td></td>
<td>$1,088,592.00</td>
</tr>
<tr>
<td>FM Golf Management Fee</td>
<td></td>
<td></td>
<td>$90,000.00</td>
</tr>
</tbody>
</table>

**NET TO THE CITY OF STOCKTON**

$116,008.00

### City of Stockton Golf Courses

<table>
<thead>
<tr>
<th>Golf Course Maintenance Price</th>
<th>Annual Fee</th>
<th>Monthly Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>$1,088,592.00</td>
<td>$90,716.00</td>
</tr>
<tr>
<td>Year 2</td>
<td>Yr 1 + CPI; Not to exceed 4% in any renewal term</td>
<td></td>
</tr>
<tr>
<td>Year 3</td>
<td>Yr 2 + CPI; Not to exceed 4% in any renewal term</td>
<td></td>
</tr>
<tr>
<td>Year 4</td>
<td>Yr. 3 + CPI; Not to exceed 4% in any renewal term</td>
<td></td>
</tr>
<tr>
<td>Year 5</td>
<td>Yr. 4 + CPI; Not to exceed 4% in any renewal term</td>
<td></td>
</tr>
</tbody>
</table>

City of Stockton
Fee Schedule • October 21, 2010
PROPOSED BUDGETS AND FEE

As required by the RFP, included on the following pages is a one year detailed revenue and expense budget for the Stockton Golf Courses. Revenue is broken out by golf course with green fee categories for Swenson Park 18-Hole, Swenson Park 9-Hole and Van Buskirk 18-hole. All additional revenues are combined for the two properties. The expenses are broken down by department but combined for the two properties as there will be many shared resources between the courses offering significant savings as compared to operating each course independently. In addition, there is a five-year forecast showing projects cash flow given modest growth in rounds and revenue. These statements have been developed utilizing information provided by the RFP, information gathered during our on-site visits, and our strong working knowledge of the regional golf market.

Included in the pro forma is a proposed Management Fee for CourseCo’s services to provide full management of the properties. Our compensation for management services is a combination of fixed Base Fee and a variable Incentive Fee, as follows:

**Base Fee:**

<table>
<thead>
<tr>
<th>Year</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year One</td>
<td>$150,000</td>
</tr>
<tr>
<td>Year Two</td>
<td>$162,500</td>
</tr>
<tr>
<td>Year Three</td>
<td>$175,000</td>
</tr>
</tbody>
</table>

Base to increase annually by CPI beginning in year four.

**Incentive Fee:**

The Incentive Fee would be calculated as a percentage of the increase in Gross Revenues over the Base Year. The Base Year would be the last full year of actual Gross Revenue prior to CourseCo providing management services.

The Incentive Fee percentages applied to increases in Gross Revenues over Base Year are proposed as follows:

- Gross Golf Revenue (Green Fees, Carts, Range, Other Golf Revenue) = 10%
- Merchandise Revenue = 3%
- Food & Beverage Revenue = 7.5%

The Incentive fee is calculated and paid annually and would be limited such that the Incentive Fee could not exceed the percentage of the Total Fee (Base Fee and Incentive Fee combined) allowable under IRS Revenue procedure 97-13.

Accounting services will be performed at the CourseCo corporate offices in Petaluma, CA. These services will include Financial Reporting and Budgeting, Accounts Payable processing and the preparation and submittal of the monthly Financial Statements. By accessing the resources of CourseCo’s centralized financial reporting systems, we are able to more accurately and timely gather,
report, and analyze revenue and expense data and do so at the lowest effective cost. CourseCo supports numerous public agencies with operational and capital project accounting and reporting and is accustomed to accommodating a range of public requirements and administrator preferences. The proposed fee for this service is $3,000 per month. This Accounting Fee has been included in the Pro Forma provided. If it is determined that this function should be performed locally in Stockton that accommodation can certainly be made, but it will likely cost considerably more.

The following pro forma was developed from a zero-based detailed expense budget (which is available at the City’s request) and based on revenue assumptions which we consider reasonable and attainable. CourseCo feels these targets are reachable based on our proposed program development coupled with the sales and marketing plan outlined later in this proposal. The overall revenue in the pro forma represents NO price increases in green fee, cart fee, or the annual fee program in the first year. If it is determined that there is pricing opportunity and fees are increased with City approval, revenue would be higher.
Stockton - Swenson & Van Buskirk
5 Year Projections

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rounds</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Van Buskirk</td>
<td>28,000</td>
<td>28,840</td>
<td>29,705</td>
<td>30,596</td>
<td>31,514</td>
</tr>
<tr>
<td>- Swenson Park 18 Hole</td>
<td>44,500</td>
<td>45,835</td>
<td>47,210</td>
<td>48,626</td>
<td>50,085</td>
</tr>
<tr>
<td>- Swenson Park 9 Hole</td>
<td>16,000</td>
<td>15,460</td>
<td>16,974</td>
<td>17,484</td>
<td>18,008</td>
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<tr>
<td><strong>TOTAL ROUNDS</strong></td>
<td>88,500</td>
<td>91,155</td>
<td>93,980</td>
<td>96,706</td>
<td>99,608</td>
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<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Green Fees - Van Buskirk</td>
<td>$418,600</td>
<td>$439,530</td>
<td>$461,507</td>
<td>$484,582</td>
<td>$508,811</td>
</tr>
<tr>
<td>- Average per Round - Van Buskirk</td>
<td>$14.96</td>
<td>$15.24</td>
<td>$15.94</td>
<td>$16.54</td>
<td>$17.15</td>
</tr>
<tr>
<td>- Green Fees - Swenson Park 18 Hole</td>
<td>$725,350</td>
<td>$761,618</td>
<td>$799,698</td>
<td>$839,683</td>
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<tr>
<td>- Average per Round - Swenson Park 18 Hole</td>
<td>$16.30</td>
<td>$16.61</td>
<td>$16.94</td>
<td>$17.27</td>
<td>$17.60</td>
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<tr>
<td>- Green Fees - Swenson Park 9 Hole</td>
<td>$189,920</td>
<td>$199,416</td>
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<td>$219,856</td>
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</tr>
<tr>
<td>- Average per Round - Swenson Park 9 Hole</td>
<td>$11.17</td>
<td>$12.09</td>
<td>$12.34</td>
<td>$12.57</td>
<td>$12.87</td>
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<tr>
<td>- Carts</td>
<td>$398,250</td>
<td>$418,163</td>
<td>$439,071</td>
<td>$461,024</td>
<td>$484,076</td>
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<tr>
<td>- Average per Round - Total</td>
<td>$4.59</td>
<td>$4.59</td>
<td>$4.60</td>
<td>$4.77</td>
<td>$4.86</td>
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<tr>
<td>- Merchandise Sales</td>
<td>$88,500</td>
<td>$92,925</td>
<td>$97,571</td>
<td>$102,450</td>
<td>$107,572</td>
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<tr>
<td>- Average per Round - Total</td>
<td>$1.00</td>
<td>$1.02</td>
<td>$1.04</td>
<td>$1.06</td>
<td>$1.08</td>
</tr>
<tr>
<td>- Food &amp; Beverage</td>
<td>$221,250</td>
<td>$227,888</td>
<td>$234,724</td>
<td>$241,766</td>
<td>$249,019</td>
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<td>- Average per Round - Total</td>
<td>$2.80</td>
<td>$2.50</td>
<td>$2.50</td>
<td>$2.50</td>
<td>$2.50</td>
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<tr>
<td>- Driving Range</td>
<td>$88,500</td>
<td>$92,925</td>
<td>$97,571</td>
<td>$102,450</td>
<td>$107,572</td>
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<td>- Average per Round - Total</td>
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<td>$1.01</td>
<td>$1.01</td>
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<tr>
<td>- Lessons</td>
<td>$45,000</td>
<td>$47,250</td>
<td>$49,613</td>
<td>$52,093</td>
<td>$54,698</td>
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<tr>
<td>- Average per Round - Total</td>
<td>$0.51</td>
<td>$0.51</td>
<td>$0.53</td>
<td>$0.54</td>
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<tr>
<td>- Other Miscellaneous Rev</td>
<td>$22,125</td>
<td>$23,231</td>
<td>$24,393</td>
<td>$25,612</td>
<td>$26,893</td>
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<tr>
<td><strong>GROSS OPERATING REVENUE</strong></td>
<td>$2,197,495</td>
<td>$2,302,945</td>
<td>$2,413,534</td>
<td>$2,529,516</td>
<td>$2,651,157</td>
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<td>- Average per Round - Total</td>
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<td>$25.26</td>
<td>$25.71</td>
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<td><strong>COST OF GOODS SOLD</strong></td>
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<td>- Merchandise</td>
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<td>- Lessons</td>
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<td>- Food &amp; Beverage</td>
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Stockton - Swenson & Van Buskirk
5 Year Projections

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<td><strong>General &amp; Administrative</strong></td>
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<td>Labor Wages/Salaries</td>
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<td>Labor Wages/Salaries</td>
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<td>04/21/14</td>
<td>Generator</td>
<td>Site 1</td>
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</table>

**Total Equipment Purchased:**
- Generator: 3 units

**Total Budget: $10,000**
Response to
City of Stockton
For
Golf Course Operations

PRICING PROPOSAL & AGRONOMIC BUDGET

RFP#: PUR 10-060

October 21, 2010

Billy Casper Golf
8300 Boone Boulevard, Suite 350
Vienna, Virginia 22182
Telephone: 703.761.1444
Fax: 703.893.3504
www.billycaspergolf.com

Contact: Mike Cutler
703.761.1444
mcutler@billycaspergolf.com

Swenson and Van Buskirk Golf Courses
Stockton, CA
October 2010
I. PRICING PROPOSAL & AGRONOMIC BUDGET

BCG submits an alternative proposal that would be considered a third-party management agreement in lieu of the lease or concessionaire agreement contemplated in the Request for Proposal. BCG’s alternative proposal is structured as a management agreement between BCG and the City, covering the management and operation of the Courses. BCG will provide complete turn-key management of each golf course including: golf operations, golf course and facility maintenance, marketing and promotion, general and administrative functions, operating and capital budgeting, employee hiring and training, and financial management and reporting. All employees would be employees of BCG and not the City’s. BCG would be paid a fixed fee for its services.

The rationale behind this structure is to more closely align the interests of BCG and the City of Stockton. This goal is achieved by eliminating the operator’s potential conflict to save money at the expense of the proper upkeep and maintenance of the course – which inevitably results in the degradation of the golf course and erosion in competitive positioning, market share, and financial performance. This structure promotes the growth of rounds and gross revenues for the benefit of the Courses, and would provide BCG a financial incentive for increased revenues. BCG is dedicated to the goals of achieving the financial and community/recreation goals of the City; BCG has successfully utilized this structure with other municipal and public agencies.

BCG has budgeted the following compensation for golf management services for the Courses. BCG looks forward to discussing our bid proposal with the City in order to develop the most advantageous partnership for both the City and BCG. We reserve the right to engage in discussions with the City with respect to this Response and Bid Proposal.

Proposed Term: 5 years, with a 5 year renewal option, at mutual consent.

Structure: BCG will form a single-purpose subsidiary (e.g.: Swenson Golf Management, LLC) for purposes of maintaining each course whose sole member shall be BCG. BCG shall remain solely responsible for all obligations of the agreement and owners shall have full recourse to BCG for any liabilities caused by this entity. This entity will employ all of the staff at the Courses. This entity will be operated on a discrete basis and shall not commingle any assets or liabilities with any other BCG-managed property. Course-level financial statements will be prepared in the name of this single-purpose entity and BCG will coordinate accounting interface with Owner’s entity that owns the real property assets.

Course Operation: BCG shall operate the Courses pursuant to an annual budget, marketing and agronomic plan agreed to and approved by Owner as outlined in this RFP. All rates, fees, and expenses shall be defined in advance as part of the budget process. BCG shall not deviate from this plan without Owner’s consent. All expenses of operating the Courses shall be the responsibility of Owner. All employees at the Courses shall be BCG employees and will work exclusively for the benefit of the Courses. All employee costs shall be part of the operating expense of the Courses. BCG will retain exclusive right to hire and terminate employees. Owner may participate in final interviews with key management personnel, if desired.
Procurement: BCG will purchase all materials and supplies for each Course via its existing national account purchase programs including food, retail merchandise, course supplies, agronomic supplies, maintenance equipment, golf cars, property and casualty insurance, among others.

Equipment Benefits: All operating leased equipment would be owned by City at the end of term, providing further long-term flexibility and financial benefit.

Financial Reporting: Financial statements will be prepared by BCG’s in-house CPA’s. BCG will furnish Owner with balance sheets, income statements, cash flow statements, and bank reconciliations on a monthly basis. BCG can also supply Owner additional reports during the month as may be requested by Owner.

Owner Oversight: BCG will report to the Owner, its representatives, or other Owner designee.

BCG Oversight: BCG’s operation of the Courses will be directed and overseen by a Regional Vice President based from their office located within a defined proximity of the Courses, as well as additional support from personnel based at BCG’s corporate office in Vienna, Virginia.

Fees: For its management services, BCG would earn a base monthly fee of Eleven Thousand Dollars ($11,000). BCG may earn an annual incentive fee based upon achievement of performance metrics as agreed upon between the parties. The management fees are net to BCG.

Travel Allowance: BCG would be reimbursed for usual and customary travel expenses incurred in connection with oversight of the Golf Courses. The annual travel allowance would be capped at an amount not to exceed $6,000.

Revenue to City: As shown in the Pro Forma, the City's combined loss is $84,000 in Year 1 from operations of both facilities, $64,000 in Year 4, and profitable in Year 6 of the agreement. The expected total loss under BCG’s Management over the initial 5 year term is about $350,000 versus an annual loss of about $425,000 in FY 09/10.

Over the BCG proposed initial and renewal term, the City would recognize a loss of less than $100,000 over the ten (10) year period, compared to the current loss, if the loss remained constant for the same 10 years, of $4,250,000, a savings to the City of over $4,000,000.

Please see attached Fiscal Year Summary Pro Forma for the operation of the Courses. For budgeting purposes, BCG has not reflected a rate increase, equipment or cart leases, or an annual capital investment.
### Case 12-32118    Filed 04/21/14    Doc 1386

#### City of Stockton

**Billy Casper Golf - Pro Forms**

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<td>Golf Course Operations</td>
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**Notes:**
- Gross Income includes Golf Operations, General & Administrative Expense, and Sales and Marketing Expense.
- Total Revenue includes Golf Operations and Other Golf Operations.
- Operating Margin is calculated as (Total Revenue - Total Costs) / Total Costs.

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### Other Operational Expenses

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**EBITDA:**
- EBITDA = (Total Revenue - Total Costs) - Other Operational Expenses

**Cumulative EBITDA:**
- Cumulative EBITDA = EBITDA + Cumulative EBITDA (Previous Year)

**Operating Margin:**
- Operating Margin = (EBITDA / Total Costs) * 100%

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**BGC 2011 City of Stockton Multi-Course Budget Report**

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**Case 12-32118 Filed 04/21/14 Doc 1386**