

Proposed Sun City Anthem Trumpets Restaurant Service Contract Terms & Conditions (Initial Draft)

Overview:

- **Basic Contract:** Service agreement to operate the “Sun City Anthem Community Association “Trumpets Restaurant and Bar” and to use the associated kitchen facilities and equipment to create highly popular food services for SCA members and their guests, and to produce a reasonable net profit to contractor.
- **SCA Business Objective:** SCA CAI’s annual business objective is to break even when access to its premises is limited to members and guests. The costs to association members to reserve the repair and replacement of furnishings and equipment will not be part of a break-even analysis. This objective may be revised if the service contract is converted into a long-term lease with public access.
- **SCA Provided Premises, Furnishings & Equipment:** SCA CAI will provide and maintain the basic restaurant premises, furnishings, and kitchen equipment. Contractor will replace and/or repair any unusual damages to SCA furnishings and equipment. Contractor will provide any additional furnishings and equipment required to provide its desired services.
- **Menus, Beverages, Services and Operating Hours:** In recognition of the world-wide diversity of SCA members, the contractor will establish Trumpets food, beverage and other service offerings centered on a continental cuisine style while also being able to frequently offer a wide variety of other food types and styles for the restaurant and catering services during special events. Contractor will set operating hours, locations, and service offerings based on SCA CAI facilities schedules and customer preferences. Home delivery of meals and take-out menu services will be offered.
- **Prices:** Contractor will consult with SCA CAI when establishing food, bar and service prices to serve SCA’s 55+ community. Margins for restaurant table services will be set lower to stimulate member patronage, and catering pricing will be set higher to compensate.
- **Profits or Losses:** Contractor will receive the profits and/or suffer the losses from its product and service decisions. SCA CAI will help the contractor achieve success by sponsoring a broad set of dining and catering events with minimum guarantees. These events will be a combination of SCA CAI and club/SIG sponsored activities. The contractor will be required to aggressively market its services to SCA

clubs, SIGs and SCA neighborhoods without SCA CAI guarantees.

- **Business Equipment/Services**: Contractor will provide all of the business and special food preparation equipment required to offer its Trumpets food and catering services.
- **On-premises Catering**: On-premises catered events will be limited to SCACAI activities, Clubs, Special Interest Groups, and SCA members and guests.
- **Off-premises**: Catering delivered off-premises to non-residents will be encouraged. Margins on off-premises catering to non-members will be set higher to subsidize low prices for members.
- **Public Catering**: No public catering events will be delivered on SCA premises because such public accesses (1) seriously degrades member access to and full enjoyment of our recreation centers, (2) greatly increases assessments to compensate for increased maintenance and security system costs, (3) may reduce contractor motivations to fully satisfy SCA CAI and member requirements. In the unlikely event of a future SCA CAI decision to allow public access to the restaurant and/or catered events, gross revenue sharing may be implemented to help offset SCA CAI's increased operating costs and income tax liabilities.
- **Contract Period**: Nine (9) months with 3 options to renew, or to allow conversion into a five-year lease with options.
- **Rent & Deposit**: Initially set at a below-market rate of \$2,000/month payable on the 1st day of the month for the first 9 months. After completion of the first contract period, rent will be increased up to the LV market rates for a comparable (fully furnished) restaurant and kitchen facilities.
- **Cash Deposit**: A reasonable cash deposit will be required to initiate the contract. The initial deposit amount will be negotiated. It will be significantly increased as part of future extensions or conversion.
- **Revenue Sharing**: Contractor will not share its catering or restaurant revenues with SCA CAI unless it is mutually decided to allow public access to the premises. In that event, many new terms and conditions are likely to be negotiated.
- **Utilities**: Contractor will pay all utilities expenses for the restaurant and kitchen areas and it will provide all required licenses to operate the required food and bar services.

- **Marketing & Promotion Expenses:** SCA CAI will provide marketing and promotional services at no cost to the contractor through its communications capabilities with its 10,000+ residents. Since SCA CAI is obligated to assist the contractor become profitable, the Directors will ensure that a robust budget for promoting and advertising all Trumpets events is provided.
- **Steering Committee:** SCA CAI will provide a Trumpets Steering Committee composed of volunteer community leaders from the clubs, SIGs and SCA neighborhood groups to assist SCA CAI and the contractor with stimulating patronage, evaluating contractor performance, achieving broad member satisfaction, and generating sustained support of the Trumpets food and bar services.
- **Event Guarantees:** SCA CAI will guarantee a minimum of two (2) major catered events each month with over 100 participants paying a minimum of \$25 per seat. SCA CAI will schedule and promote special events every month for such things as Sunday Brunches and monthly theme nights to complement holidays, celebrations, sports events, and entertainment performances.
- **Clubs/SIGs Support:** Chartered Clubs and Special Interest Groups will be encouraged to sponsor a minimum of two (2) annual events through Trumpets. Clubs, SIGs and neighborhoods will be encouraged to promote the use of Trumpets for lunch and dinner before or after their monthly meetings or neighborhood parties.
- **Pot Lucks:** Clubs and SIGs will be allowed unlimited “pot luck” food events in designated SCA meeting facilities at approved times, but no contractors will be allowed on premises during “pot luck” parties.
- **Priority Access to Facilities:** Contractor will have exclusive control of the restaurant, bar, kitchen and other food service facilities. Contractor will have the first right of refusal to offer any and all types of food and beverage services in all SCA facilities. However, if the contractor is unable to provide a food service requested by a club, SIG, member, or the SCA CAI on any requested date or time, it will release the event space for the sponsor to consider having another contractor service the event. But, the outside contractor will not be permitted to use the restaurant and kitchen areas. The exception will not preclude the contractor from being considered the SCA preferred provider of food and beverage services for all such future events.

Prepared by SCA CAI Director Bob Frank, August 12, 2008