

18-01-2012 PROPOSED TERMS OF AGREEMENT BETWEEN KILLCARE SURF LIFE SAVING CLUB (called 'the club') AND H & H CONSULTING GROUP PTY. LTD. (called 'H & H') TO CONDUCT A FUNCTIONS BUSINESS AND BAR FROM THE APPROPRIATE SECTIONS OF THE UPSTAIRS LEVEL OF KILLCARE SURF LIFE SAVING CLUB PREMISES.

For approval and/or change by the members of Killcare Surf Life Saving Club Committee and H & H Consulting Group Pty Ltd, before submission to Gosford Council and finally to a lawyer to draft a final license agreement to be executed by parties to the agreement.

CONCEPT:

- A. The club presently operates a function business and bar from sections of the upstairs level of the club, using paid staff and voluntary services of members.
- B. The club, during the whole of 2011, explored the possibility and financial effect of having the functions business and bar operated by an independent contractor. The club aim was to receive sufficient funds to enable it to meet its beach and members financial commitments. This was on the basis that member commitment and time would be spent on providing a lifesaving service on Killcare beach and not be needed on bar, food or function activities.
- C. H & H operate restaurants and catering businesses.
- D. H & H wish to enter into a Licence Agreement with the club in order to conduct a function business, and bar from the appropriate sections of the upstairs level of the club.
- E. The Parties have met and discussed the essential terms of the proposed agreement and this document outlines these terms.

PROPOSAL:

1. Effective immediately upon the issue of this licence H & H will take over all function related responsibilities including advertising, function web site, cleaning, waste removal, set up, security, decoration, equipment hire, staff hire and co-ordinating catering.
2. Effective 17th January H & H will take over all bar operations, including Sunday Sips which will be offered at reduced prices for members. (Sunday Sips run during the surf club patrolling season, Sundays 4pm – 8pm) Beer to be sold in Bar will be exclusively Blue Tongue and any other Coca Cola owned beer, as per the original agreement between the club and John Singleton.
3. H & H will introduce food at Sunday Sips at their discretion.
4. Effective 1st July 2012, H & H will pay Killcare Surf Club a rental of \$40,000 per annum, (inc. GST), with annual CPI increases, paid monthly and in advance,

5. The agreement is for a period of 3 years, plus a 3 year option.
6. From starting date until 30th June 2012, H & H will run all functions, including those already booked, and return hall hire fees (rates as currently listed on club web site) to Killcare Surf Club. (note :Any charges made to the client for security, bar staff, cleaning, decorations etc will be held by H & H who will be responsible for these activities.)
7. From 17th January 2012, H & H to pay 70% of Surf Club Electricity account. Separate metering to be investigated.
8. Separate metering for gas supply to be investigated
9. There will be a 3 month licence fee security deposit/bank guarantee, (\$10,000) payable by H & H on signing licence agreement.
10. Licence Agreement to cover the use of the following areas on the upstairs level of the club, plus associated plant and equipment to each area: Function Room, Bar and Lounge plus immediate Deck areas to both, Kitchen, Chair Stores off function room and northern fire escape, double door Cupboard to function room, Lift and Cool Room.
11. H & H to be responsible for the maintenance and repair of all plant and equipment . H & H to maintain all plant and equipment in good working order. The club will replace items of plant and equipment when they are obsolete or need replacing.
12. Licence Agreement to cover the use of existing tables, chairs, crockery, cutlery, glassware, water jugs, and ice buckets. H & H to replace or repair items when damaged. A stocktake of the above will be undertaken by the club on the start date of the agreement and each year at the end of March. Replacement or repair of items must be completed by the 30th April each year.
13. A stocktake of bar stock will be undertaken by a club official and an H & H representative on the start date of the agreement. The inventory will be valued by both parties and a final value agreed between the parties. H & H will pay the club within 7 days of finalizing the agreed value but no later than the end of January 2012.
14. H & H will offer free catering services for club events including the annual Art Show, to a value of \$8,000, (inc. GST)
15. Surf Club/Community functions will take precedence over all other bookings. The club will provide H & H with required dates 1 year in advance. Maximum of 10 functions per calendar year, (maximum of 6 Saturday evenings) including the annual Art Show. The club/community will be given free room hire for these events. H & H

will supply beverage for purchase at these events and be given the option to provide food on the basis their offer is the best value to the club/community, subject to item #14.

16. All members will receive a 10% discount card, which may be used for any H & H Catering Services except Sunday Sips, but including the Point Cafe Killcare.
17. The function room will be available for use by the club on Sundays during the Surf Club season, for training purposes, unless prior arrangement has been made and agreed with, by H & H. The club will tidy and sweep the room after each training session.
18. The meeting room may be available for use, on occasion, by H & H if prior arrangement has been made.
19. Agreement to be subject to the consent of Gosford City Council.
20. The club will obtain expert advice regarding whether to retain the liquor license or transfer it to H & H.
21. The club to investigate insurance implications.
22. The license agreement is exclusive between the club and H & H and is not transferable by either party during the life of this agreement. Any change in directors or owners of H & H will negate the agreement unless the club advises agreement to the change in writing.
23. H & H will at all times accept that the club is first and foremost a facility to provide life saving services to the general public and operate their business accordingly.

.....For and on behalf of Killcare Surf Life Saving Club

.....signed.....date

.....For and on behalf of H & H Consulting Group Pty Ltd

.....signed.....date