

**VILLAGE OF VERNON HILLS
ORDINANCE 2020-018**

**AN ORDINANCE AUTHORIZING APPROVAL OF THE FOURTH AMENDMENT TO
LEASE AGREEMENT FOR THE WHITE DEER RUN GOLF COURSE**

WHEREAS, the Village of Vernon Hills ("*Village*"), Illinois owns the White Deer Run Golf Course; and

WHEREAS, White Deer Run Golf Course, LLC ("*Tenant*") is the current Tenant; and

WHEREAS, the Village of Vernon Hills and PAR Development, Inc. (the Tenant's predecessor in interest) entered into a lease agreement dated April 9, 1996 for White Deer Run Golf Course and this is the fourth amendment to the lease agreement; and

WHEREAS, the terms and conditions of said amendment is attached as an exhibit to this ordinance; and

NOW, THEREFORE, BE IT ORDAINED BY THE VILLAGE BOARD OF VERNON HILLS, LAKE COUNTY, ILLINOIS, as follows:

SECTION 1: RECITALS. The foregoing recitals are incorporated into, and made a part of, this Ordinance as the findings of the Village Board.

SECTION 2: ADOPTION OF AGREEMENT. The Village Board authorize the Village President to execute and the Village Clerk to attest to the Fourth Amendment to Lease dated January 1, 2020, as attached hereto; and

SECTION 3: PUBLICATION. The Village Clerk is hereby directed to publish this Ordinance in pamphlet form pursuant to the Statutes of the State of Illinois.

SECTION 4: EFFECTIVE DATE. This Ordinance shall be in full force and effect from and after its passage, approval, and publication in the manner as provided by law.

SECTION 5: ORDINANCE NUMBER. This Ordinance shall be known as Ordinance Number 2020-018.

Dated this 4th day of February, 2020

Adopted by roll call votes as follows:

AYES: 5 - Oppenheim, Marquardt, Koch, Schultz, Byrne

NAYS: 0 - None

ABSENT AND NOT VOTING: 2 - Takaoka, Brown



Roger L. Byrne, Village President

PASSED: 02/4/2020
APPROVED: 02/4/2020
ATTEST:02/04/2020



Mark Fleischhauer, Village Clerk



FOURTH AMENDMENT TO LEASE

This is the Fourth Amendment to Lease ("Fourth Amendment") dated effective January 1, 2020, to that certain Lease dated April 9, 1996 ("Lease"), between the Village of Vernon Hills, a municipal corporation, as Landlord ("Landlord" or "Village"), and White Deer Run Golf Course, LLC, an Illinois limited liability company ("LLC" or "Tenant"), the First Amendment to Lease effective May 1, 1997 ("First Amendment"), the Second Amendment to Lease effective June 1, 2002 ("Second Amendment") and the Third Amendment to Lease effective July 1, 2003 ("Third Amendment", with First Amendment and Second Amendment, the "Prior Amendments").

WITNESSETH:

WHEREAS, the Parties (including Par Development, Inc., the Tenant's predecessor in interest) executed the Lease effective April 9, 1996 and the following Prior Amendments: First Amendment dated effective May 1, 1997, Second Amendment dated effective June 1, 2002, and Third Amendment dated effective July 1, 2003; and

WHEREAS, the Parties recognize the occurrence of numerous changes since the execution of the Lease and Prior Amendments and, accordingly, wish to amend and revise certain provisions of the Lease and the Prior Amendments; and

WHEREAS, the Parties, by their duly authorized officers, have agreed to and consent to the revision to the Lease and the Prior Amendments as set forth following in this Fourth Amendment.

NOW, THEREFORE, the Parties agree as follows:

I. Rental Revision. Paragraph 3.2 of the Lease is hereby revoked in its entirety and in its place and stead the following provisions are hereby substituted:

3.2 Rent. For each Lease Year commencing January 1, 2020 and each Lease Year after the date of this Fourth Amendment, Tenant shall pay to Landlord Rent as determined in the following amounts, manner and times hereafter set forth.

3.2.1 Fixed Annual Rent. Commencing with the effective date of this Fourth Amendment and for each Lease Year and partial Lease Year hereafter, the Tenant shall pay to the Landlord an Annual Rental of \$15,000.00, pursuant to Exhibit A.

3.2.2 Commencing January 1, 2021, the Annual Rent as provided in the paragraph 3.2.1 shall increase by an amount equal to two percent (2%) of the Annual Rental paid in the prior Lease Year, pursuant to Exhibit A.

3.2.3 Renegotiation of Rent. For Lease Years beginning after January 1, 2020, the Annual Rent of \$15,000.00 shall be subject to renegotiations

by the Village for an increase and adjustment for any Lease Year in which the gross revenue increases by fifteen percent (15%) over the amount of gross revenue for the Lease Year. The renegotiations may only occur when the amount of Gross Revenue exceeds the schedule set forth in Exhibit A to this Fourth Amendment.

II. Lease Term. Section 2.2 of the Lease and all Prior Amendments relating to the Term of the Lease are hereby deleted. Hereafter, the Term of the Lease as amended hereby shall commence on the effective date of this Fourth Amendment and end December 31, 2049. Notwithstanding the foregoing, Landlord shall have the right, in Landlord’s sole discretion, to terminate this Lease effective as of the following dates, upon (a) not less than one hundred eighty (180) days written notice prior to the effective date of such termination, and (b) payment of a termination fee according to the following schedule:

Effective Date of Termination	Termination Fee
December 31, 2029	\$4,500,000.00
December 31, 2034	\$4,000,000.00
December 31, 2039	\$3,500,000.00
December 31, 2044	\$3,000,000.00

In the event that Landlord’s right to terminate is exercised at any time during the preceding five (5) year intervals, then the Termination Fee shall be subject to adjustment based upon a two percent (2%) annual adjustment. For example, if the Termination Date is December 31, 2033, then the Termination Fee would be \$4,080,000.00 (\$4,000,000.00 x .02 x 1). In the event of a Default as defined in Article IX of the Lease, the Landlord may exercise its Remedies as set forth in Section 9.3 of the Lease and its Termination Rights as set forth in Section 9.4 of the Lease without payment of a termination fee.

III. Course Operation. Section 2.4 of the Lease and all prior Amendments thereto is hereby deleted and the following shall be substituted therefor:

2.4 Course Operation. Tenant shall operate the Golf Course at all times in a manner which is consistent with its operations and maintenance since its commencement of operations under the original Lease and which is comparable to and consistent with a first class public golf courses located within a forty (40) mile radius of the Village.

2.4(b) The first paragraph of Paragraph 2.4(b) is hereby deleted in its entirety and the following is substituted therefor:

2.4 (b) Permanent or reserved tee times shall be offered on a “first come, first serve” basis without preference to Village Residents.

IV. Second Amendment, Section 10. Section 10 of the Second Amendment is hereby deleted in its entirety and the following shall be inserted in its place and stead:

For Lease Years 2020 and 2021, Tenant shall expend for maintenance of the Golf Course an amount of not less than Four Hundred Fifty Thousand and 00/100 Dollars (\$450,000.00) annually. Said amount shall be adjusted on a yearly basis thereafter as Landlord and Tenant shall agree, based upon the amounts then being expended by Tenant for maintenance and playability of the Golf Course in a manner consistent with Tenant's prior level of maintenance and, in the event that the Parties do not agree, then the amount of such annual expenditure shall be increased to \$550,000.00 annually.

V. Golf Course Equipment. The second sentence of Section 2.3 which states, "Any item of equipment so withdrawn from service shall be replaced with an item of equal quality" shall be amended to add the following language, "or may be permanently removed with no replacement only when the Tenant offers a written explanation to the Landlord as to why the equipment is no longer required."

VI. Golf Carts. The first sentence of Section 6.2 of the Lease is hereby amended as follows: Tenant, at its cost, shall acquire or lease and provide for use by the public not less than seventy-two (72) golf carts for the Golf Course.

VII. Signs and Advertising. The last sentence of Section 2.5 of the Lease is hereby deleted in its entirety.

VIII. Tree Replacement. The following shall be a new and additional provision of the Lease as amended hereby:

10.14 Tree Replacement Upon the Golf Course Property.

(a) Subject to the execution of this Fourth Amendment, Tenant agrees to plant one hundred (100) new trees in total on the Golf Course over a two year period for years 2020 and 2021. Tree replacement will include 1.5" diameter trees.

(b) Tree replacements will be installed at locations mutually agreed to by the Village and the Tenant's Golf Course superintendent so that new trees do not interfere with the field of play during 2019-2020. Tree species will be mutually agreed to by the Village and the Tenant's Golf Course superintendent.

IX. Algae Control. The following shall be a new and additional provision of the Lease as amended hereby:

10.15 Algae Control. Commencing with Lease Year 2020, Tenant will pay the amount of \$4,800.00 to the Landlord (payable on June 1, 2020) for the purpose of algae control in surface waterways which are upon or tributary to the Golf Course. Tenant shall pay a similar amount (adjusted for Lease Year 2021 and thereafter by the Consumer Price Index ("CPI") described in Section IV above) to the Landlord to be used solely for the purpose described herein. The Landlord will notify Tenant if such funds are not required for the sole purpose stated herein, in which event the Landlord may waive such payment for such Lease Year.

X. Conflicts. In the event of any conflict or inconsistency between the terms and provisions of this Fourth Amendment, the Lease and the Prior Amendments, the terms and provisions of this Fourth Amendment shall govern and control.

VILLAGE:
VILLAGE OF VERNON HILLS,
an Illinois municipal corporation

By: _____

Name: _____

Title: Village President

Attest: _____

Name: _____

Title: Village Manager

WHITE DEER RUN GOLF COURSE, L.L.C.,
an Illinois limited liability company (as
substituted Tenant)

By: _____

Name: _____

Title: Manager