



# AGENDA MEMORANDUM

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**DATE:** November 7, 2024

**TO:** Forest Preserve District Executive Committee

**FROM:** Jennifer Rooks-Lopez, Director of Planning & Land Protection

**SUBJECT:** Presentation and Approval of an Agreement with Landscapes Golf Management, LLC. to Provide Professional Management Services for Hughes Creek and Settler's Hill Golf Courses

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**PURPOSE:**

The purpose of this memorandum is to provide the Committee with information to consider the approval of an agreement with Landscapes Golf Management, LLC. (LGM) to provide professional management services for Hughes Creek and Settler's Hill Golf Courses for a three (3) year period with an additional two (2) option years if mutually agreeable.

**BACKGROUND:**

The District currently owns two 18-hole golf courses, Hughes Creek and Settler's Hill. Both courses are currently leased by Golf Visions (Mundelein, IL). The current lease agreement with Golf Visions expires on December 31, 2024.

Anticipating the end of the current lease agreement, the District issued a Request for Proposals (RFP) for course management in August. The RFP instructed vendors to respond with both a "cash lease" option and a more modern "management" agreement option for consideration. Cash lease (license) models are simple landlord/tenant arrangements and have been the model employed in District golf operations to date. Management agreements are more complex, but offer the District more control over golf course conditions and specific financial expenditures (including profit-sharing). Five proposals were received, with Landscape Golf Management (Lincoln, NE) presenting the strongest proposal of a professional management agreement.

The full management agreement with LGM is detailed as Exhibit A, and it engages LGM to run the operations and marketing of both courses on behalf of the District. Agreement highlights are as follows:

- District to received earned income on each course
- Base management fee of \$10,500 per month, or \$126,000 annually, for both courses for the first year with annual 3% increase
- The proposed agreement term is for three (3) calendar-years with an option to renew for two (2) additional calendar years.
- Contingent management fee to motivate course investment (detailed below)
- Early termination clause in the event of no-profit performance
- Annual budget reporting requirement (to be received 2/1 of each year)
- Required "stub-budget" creation for 1/1/25 – 6/30/25

*Contingent Management Fee Detail*

A Contingent Management Fee (CMF), tied to performance of the courses is an added incentive for LGM to encourage growth. The Contingent Management Fee is equal to ten percent (10 %) of the increase in current fiscal year gross revenue compared to the prior year, or, the current fiscal year's gross revenue in excess of the

corresponding Base Revenue Target (BRT), whichever is greater The BRT is defined as \$1.8 million for Hughes Creek and \$1.4 million for Settler’s Hill in first fiscal year of this agreement (FY26). The BRT will increase by 3% annually, as identified for each fiscal year in the chart below:

<b>Fiscal Year:</b>	<b>Hughes Creek Base Revenue Target</b>	<b>Settler's Hill Base Revenue Target</b>
<b>Fiscal Year 2026 (July 1, 2025 - June 20, 2026)</b>	<b>1,800,000.00</b>	<b>1,400,000.00</b>
<b>Fiscal Year 2027 (July 1, 2026 - June 20, 2027)</b>	<b>1,854,000.00</b>	<b>1,442,000.00</b>
<b>Fiscal Year 2028 (July 1, 2027 - June 20, 2028)</b>	<b>1,909,620.00</b>	<b>1,485,260.00</b>
<b>Fiscal Year 2029 (July 1, 2028 - June 20, 2029)</b>	<b>1,966,908.60</b>	<b>1,529,817.80</b>
<b>* Fiscal Year 2030 (July 1, 2029 - December 31, 2029)</b>	<b>1,012,957.93</b>	<b>787,856.17</b>

LGM will not be eligible for the CMF in any year that gross revenue falls below the Base Revenue Target identified in that fiscal year. In addition, the CMF cannot exceed 50% of the Base Management Fee earned in the same fiscal year. LGM is eligible to earn a CMF for the final six (6) month period of the Contract if revenues exceed the Base Target Revenue as outlined above, not to exceed 25% of the fiscal year’s management fee.

**FINANCIAL IMPACT:**

The District will pay LGM a management fee of \$126,000 per year, which increases by 3% each calendar year. In addition, the District will pay a Contingent Management Fee equal to ten percent (10 %) of the increase in current fiscal year gross revenue compared to the prior year, or, the current fiscal year’s gross revenue in excess of the corresponding Base Revenue Target (BRT), whichever is greater, as described above. Under this new Golf Management agreement, the District will also be responsible for all expenditures and will receive all revenues associated with the operation and maintenance of both courses.

**RECOMMENDATION:**

Staff recommends approving the Management Agreement with Landscapes Golf Management LLC for the operation and management of both Hughes Creek and Settler’s Hill Golf Courses.

**ATTACHMENTS:**

*Management Agreement with Landscapes Golf Management*