



COLLINSVILLE AREA RECREATION DISTRICT  
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## **CLOSED SESSION SPECIAL MEETING MINUTES**

**OCTOBER 24, 2017**

The CLOSED SESSION of the Board of Park Commissioners of the Collinsville Area Recreation District was called to order by President Ronald Jedda at 6:36 PM, October 24, 2017 at the district office, 10 Gateway Drive, Collinsville, Illinois. Roll was called with the following commissioners answering present: Mark Achenbach, Jeanne Lomax, Ronald Jedda and Aaron Wright. Others present included District Attorney James Craney.

Jedda led a discussion regarding the verbiage in the golf course lease agreement.

He went on to note that, going forward, the leasing company be referred to as Arlington Greens LLC. Vern Van Hoy and Bob Kane are the principles but CARD still has an outstanding non-disclosure agreement.

He went on to discuss the specifics of the agreement. It is a 30 year lease, a ten year with four five year renewal periods. The first renewal period they pay \$2,000, then \$2,500, then \$3,000 and \$3,500. CARD will be selling them the golf course equipment and taking back a Uniform Commercial Code or UCC Statement with a listing of all the equipment which will be filed with the State of Illinois. That will give CARD a lean against the equipment so that if there is a default, CARD has security interest in the equipment. CARD will also include items like furniture, fixtures, inventory and stuff like that. He added that in his experience in the lending business is that if they are in default, there is no inventory left. The agreement includes an area on substitution in case the Arlington Greens LLC decides to sell it or it is damaged in some way and it needs to be replaced, CARD will add it as an addendum on the UCC Statement and refile it with the State of Illinois. That will give CARD protection in case there is a default.

He went on to discuss the addition of term life insurance policies for Van Hoy and Kane. It will be for half a million on each of them. Lomax asked if CARD was the beneficiary. Jedda noted beneficiaries will be named by Van Hoy and Kane. CARD will take an assignment for those policies. The policies will be written through Mass Mutual. Because we are working with a lease and not a loan, the underwriter had some issues and wanted Van Hoy and Kane to be able to name beneficiaries, but would assign the contracts to CARD. CARD will be paying the premium. With the assignment, CARD will have first rights in case of a death, not the beneficiaries. The policies are good for ten years and the assignment can be released in the future.

January 1, 2018 is the expected closing date when Arlington Greens LLC will take possession. Doug Erhart and someone from Arlington Greens LLC will do an inventory count between Christmas and New Year. According to the agreement, Van Hoy will pay CARD for the inventory.

Lomax asked if the renewal is automatic. Jedda noted Van Hoy can decline to renew, otherwise it is automatic. CARD cannot decline the renewal.

Jedda went on to discuss a clause that was added to the agreement allowing Van Hoy to do a blanket assignment of the contracts. Van Hoy can assign parts of the ownership interest to the LLC Corporation as long as they maintain 51% of the corporation. This opens it up for Arlington Greens LLC to offer ownership interest to individuals like Mark Marcuzzo.

He went on to note that the equipment being sold to Arlington Greens LLC will be paid in increments of \$20,000 annually over the next five years.

[REDACTED]

Jedda went on to discuss the financial statements for the golf courses that Van Hoy currently maintains. He noted they show losses, but those are after huge amounts of depreciation. Once the depreciation and management fees are taken out it appears that he was making about \$130,000-\$140,000 annually at the Spencer Olin golf course.

Lomax asked about the maintenance of the courses Van Hoy manages. Jedda noted that it was good. He added that Spencer Olin was in pretty poor shape before Van Hoy became involved.

Jedda went on to discuss conversations he has had with Arlington Greens golfers. They are diabolically opposed to the course being leased to an outside company. Jedda told them CARD will be saving the taxpayers \$140,000 annually. He added that we can't manage the park district for 300-400 golfers when we can save the taxpayers \$140,000. Jedda and Lomax noted that a lot of those taxpayers don't golf. Achenbach added that it is not like it is going away, it will still be there.

Jedda also reviewed the savings to CARD for outsourcing the golf course. Between the following: Social Security; IMRF; Capital Outlay; Workmans' Compensation; Lease Payments; Liability Insurance; Audit Expenses; CARD pays about \$109,000 annually. He stated last year, the golf course roughly made about \$72,000. The net savings is around \$37,734. Add into that \$25,000 we are expected to get for the golf rounds. Future equipment and capital expenditures averages about \$78,000. The net savings for the taxpayers averages about \$140,000 annually in property taxes. Over the 30 year lease that is \$4,200,000. Achenbach noted that most of that is cost avoidance. Jedda added the money CARD receives for rounds of golf will come in monthly and will go directly toward the bonds. Anything CARD has coming in will go directly to debt payment. Jedda specified that CARD will have about \$45,000 coming in annually; \$20,000 for the equipment payment and about \$25,000 for rounds of golf. The money will go to a separate escrow account. The payments will not even go through CARD, it will go into directly in that account.

Wright questioned the possibility of the golf course offering season passes. Jedda noted it doesn't matter if they have a season pass, Arlington Greens LLC will still pay CARD \$1 per round of golf.

Wright went on to question the bonds covered in the agreement. It is stated that at such time the golf course bonds are paid in full, subsequent payments made to the lessee shall be paid to the other CARD bonds that are not related to golf. Achenbach added there are three more years of bond payments and then any payments will go to CARD. He went on to note that whatever money comes in goes to make bond payments and is not randomly spent.

Achenbach noted that Before January, 1, 2018, Mark Marcuzzo should write a letter to the individuals that have tournaments in the future letting them know the management has changed, but it is the same people and make sure everybody feels happy.

Jedda is aware there will be a lot of opinions against the lease, but that there will be a joint letter from CARD and Arlington Greens LLC going out to the public around Christmas. He wants everything to be very positive. Lomax questioned if it should go out sooner. Jedda added they are waiting because of the liquor license. Arlington Greens LLC goes before the county on November 9 for a liquor license. After that they apply through the state which will take about 10 days. The agreement has a clause giving a December 15 deadline for Arlington Greens

LLC to have an out. CARD has to vote on a levy by the last Tuesday of December, have it submitted to Madison County and does not want to be in a position where there will be a last minute back out.

Achenbach questioned if an ordinance was needed for the lease agreement and how to word the motion in open session. Jedda and Craney indicated an ordinance was not needed and advised how to word the motion.

Achenbach made a motion, seconded by Wright, to adjourn closed session.

No further business coming before the Commissioners, a motion was made by Achenbach, seconded by Wright, that the CLOSED SESSION be adjourned to OPEN SESSION. Roll was called with the following voting AYE: Achenbach, Jedda, Lomax and Wright. None voted NAY. Motion passed.

The Closed Session Meeting stood adjourned at 7:08 PM.

Respectfully submitted,

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Kimberli DeRossett, Recording Secretary

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Date