



LAKE COUNTY FOREST PRESERVES
www.LCFPD.org

Preservation, Restoration, Education and Recreation

DATE: June 25, 2018

MEMO TO: Craig Taylor, Chair
Operations Committee

S. Michael Rummel, Chair
Finance Committee

FROM: James E. Ballowe
Director of Facilities

RECOMMENDATION: Recommend Approval of an Ordinance Approving an Amendment to the License Agreement with Townline Stables, L.L.C., (“Licensee”) to operate an Equestrian Facility at Grainger Woods Conservation Preserve.

STRATEGIC DIRECTION SUPPORTED: Organizational Sustainability

FINANCIAL DATA: Annual revenues are estimated to be \$35,000 from 2018-2022 and \$45,000 from 2023-2027. Under the amendment, the Licensee would be responsible for all expenses associated with the operation of the stables.

BACKGROUND: During committee discussions on the disposition of certain District buildings in late 2016, the committees gave direction not to renew the license agreement at the Grainger Woods Equestrian Facility after it expired. The committees also agreed to allow discussions with the Licensee to address the impact of these long-term plans.

Currently, the District has a License Agreement with Licensee granting a license to develop, manage and operate the Equestrian Facility at Grainger Woods Conservation Preserve. The current license went into effect April 1, 2012, and is scheduled to expire on March 31, 2022. Per the terms of the License Agreement, the Licensee is responsible for all expenses associated with the operations of the Stables, including but not limited to, utilities, equipment and supplies, property improvements, and all repairs, maintenance and replacement of any equipment, infrastructure or buildings (except for certain replacements resulting from casualty). The License Agreement also required the Licensee to make capital improvements and repairs including new roofs for all buildings, upgrading electrical systems and building repairs and modifications.

The Licensee has completed all of the required improvements and, according to Licensee, some extra repairs and replacements. Because of the additional expenses, the Licensee has asked the District to extend the license duration and modify the fee schedule to help it in recouping its investment. Specifically, the Licensee has asked to (i) operate the stables an additional five years with the understanding that the stables would cease operation at the end of that term and (ii) modify the license fees in accordance with the schedules below:

Existing License Fees:

Year	Boarding Fee	Gross Receipts Fee
2012 through 2016	\$1 per Fee-Paying Horse boarded at the Licensed Premises	\$0
2017	\$50 per Fee-Paying Horse boarded at the Licensed Premises	10% of Gross Receipts
2018	\$55 per Fee-Paying Horse boarded at the Licensed Premises	10% of Gross Receipts
2019	\$60 per Fee-Paying Horse boarded at the Licensed Premises	10% of Gross Receipts
2020	\$65 per Fee-Paying Horse boarded at the Licensed Premises	10% of Gross Receipts
2021	\$70 per Fee-Paying Horse boarded at the Licensed Premises	10% of Gross Receipts

Proposed License Fees:

Year	Fee
1/1/2017 through 3/31/2017	\$1 per Fee-Paying Horse boarded at the Licensed Premises per month
4/1/2017 through 12/31/2017	\$50 per Fee-Paying Horse boarded at the Licensed Premises per month
1/1/2018 through 3/31/2022	\$8,750 per Quarter
4/1/2022 through 3/31/2025	\$11,250 per Quarter
4/1/2025 through 3/31/2027	\$11,250 per Quarter minus \$200 for the number of Fee-Paying Horses less than 55 boarded at the Licensed Premises as of the first day of the Quarter

The Amendment would also provide benefits to the District, including (i) providing that, in the event of fire or other casualty, the District has no obligation to re-build the Facility, (ii) ensuring that the District has more current and complete rosters identifying the stable occupants, (iii) aligning the indemnity and insurance requirements more closely with District standards, and (iv) ensuring that Licensee's workers that live on the site have entered into valid housing licenses with the District. Because these negotiations have been ongoing, the amendment will be retroactive to January 1, 2017.

District Expense: Zero. Per the terms of the License Agreement, the Licensee shall still be responsible for operating expenses.

REVIEW BY OTHERS: Chief Operations Officer, Director of Finance, Corporate Counsel.

**LAKE COUNTY FOREST PRESERVE DISTRICT
LAKE COUNTY, ILLINOIS**

**AN ORDINANCE APPROVING AN AMENDMENT TO A LICENSE AGREEMENT FOR
EQUESTRIAN FACILITY CONCESSION SERVICES AT GRAINGER WOODS
CONSERVATION PRESERVE**

WHEREAS, the Lake County Forest Preserve District (the “District”) previously entered into a License Agreement with Townline Stables, L.L.C., (the “Licensee”) for an Equestrian Facility concession (the “Services”) at Grainger Woods Conservation Preserve (“Grainger Woods”); and

WHEREAS, pursuant to Section 7b of the Downstate Forest Preserve District Act, 70 ILCS 805/7b, the District is authorized to issue licenses for any activity reasonably connected with the purposes for which the District was created; and

WHEREAS, the provision of the Services at Grainger Woods provides an activity that is reasonably connected to the purposes for which the District was created, including the operation of public recreational facilities; and

WHEREAS, it is in the best interests of the District, to approve an amendment to the License Agreement in substantially the form attached (the “License Agreement Amendment”); and

NOW, THEREFORE, BE IT ORDAINED by the Board of Commissioners of the Lake County Forest Preserve District, Lake County, Illinois, **THAT**:

Section 1: Recitals. The recitals set forth above are incorporated as a part of this Ordinance by this reference.

Section 2: Approval of License Agreement. The Licensee Agreement Amendment is hereby approved in substantially the form attached hereto. The Executive Director is hereby authorized and directed to execute the License Agreement Amendment in substantially the form attached hereto.

Section 3: Effective Date. This Ordinance shall be in full force and effect from and after its passage and approval in the manner provided by law.

PASSED this ____ day of _____, 2018.

AYES:

NAYS:

APPROVED this ____ day of _____, 2018.

Ann B. Maine, President
Lake County Forest Preserve District

ATTEST:

Julie Gragnani, Secretary
Lake County Forest Preserve District

Exhibit No. _____

**First Amendment
to
License Agreement Granting a Concession
by and between
Lake County Forest Preserve District
and
Townline Stables, LLC**

This First Amendment to License Agreement Granting a Concession (this “First Amendment”) is made as of the 1st day of January, 2017 (the “First Amendment Effective Date”), by and between Townline Stables, LLC, an Illinois limited liability company (the “Licensee”), and the Lake County Forest Preserve District, an Illinois unit of local government and a political subdivision organized and existing under the Downstate Forest Preserve District Act, 70 ILCS 805/.001 et seq. (the “District”).

Section 1. Recitals.

A. The Licensee and the District have previously entered into a “License Agreement Granting a Concession between Lake County Forest Preserve District and Townline Stables, LLC” with an Effective Date of March 1, 2012 (the “Agreement”), providing for Licensee to manage, maintain and operate the Concession located on the Licensed Premises.

B. The Licensee and the District desire to amend the Agreement on the terms and conditions set forth below.

Section 2. Amendments.

A. Section 3 - TERM. Section 3 of the Agreement, entitled “TERM,” is hereby deleted in its entirety and replaced with the following new Section 3:

The term of the Concession and this Agreement shall commence on April 1, 2012, and end on March 31, 2027, unless sooner terminated or extended as provided herein (“Term”). The Licensee may terminate the Term for any reason upon notice to the District no less than thirty (30) days prior to the end of any Quarter, as hereinafter defined. Upon such notice, the Term shall terminate on the later of the last day of the Quarter in which the notice is given and Licensee’s compliance with its obligations under Section 20.A and B.

B. Section 4.B - LICENSE FEE. Section 4.B of the Agreement is hereby deleted in its entirety and replaced with the following new Section 4.B:

B. License Fee. Through December 31, 2017, for each month

or partial month during the Term (a “Month”) Licensee shall pay to the District a monthly license fee (a “Monthly Fee”) pursuant to the following chart:

Year	Monthly Fee
1/1/2012 through 3/31/2017	\$1 per Fee-Paying Horse boarded at the Licensed Premises
4/1/2017 through 12/31/2017	\$50 per Fee-Paying Horse boarded at the Licensed Premises

Licensee shall pay the Monthly Fee for a Month in 2017 not later than the fifteenth (15th) day following the end of that Month (a “Monthly Payment Date”).

Beginning January 1, 2018, for each three-calendar-month period during the Term (a “Quarter”) Licensee shall pay to the District a quarterly license fee (a “Quarterly Fee”; a Monthly Fee and a Quarterly Fee are each a “License Fee”), pursuant to the following chart:

Year	Fee
1/1/2018 through 3/31/2022	\$8,750 per Quarter
4/1/2022 through 3/31/2025	\$11,250 per Quarter
4/1/2025 through 3/31/2027	<p>\$11,250 per Quarter minus:</p> <p>(55 minus the number of Fee-Paying Horses boarded at the Licensed Premises as of the first day of the Quarter) x \$200</p> <p>To illustrate, if, as of April 1, 2025, 50 horses are boarded at the Licensed Premises, the Quarterly Fee due on April 5, 2025, for the Quarter commencing April 1, 2025 and ending June 30, 2025 shall be \$10,250 (\$11,250 – (5 x \$200))</p>

The first Quarter will begin on January 1, 2018, and last through March 31, 2018. Licensee shall pay the Quarterly Fee for a Quarter not later than the fifth (5th) day of that Quarter (a “Quarterly Payment Date”; a Monthly Payment Date and a Quarterly Payment Date are each a “Payment Date”).

Licensee shall send all License Fees to the District address identified in Section 21.

C. Section 4.C. - MONTHLY REPORTS AND ACCOUNTING. Section 4.C of the Agreement is hereby deleted in its entirety and replaced with the following new Section 4.C:

C. Quarterly Reports and Accounting; Boarder Agreements. Licensee shall deliver to the District along with the Quarterly Payment each Quarter, (i) a true and correct sworn statement certifying the total number of Fee-Paying Horses and the total number of Humanitarian Horses boarded at the Licensed Premises as of the first business day of the Quarter, the stall assigned to each such horse, and the contact information for the owner of each horse, including mailing address and email address (a “Quarterly Report”) and (ii) each Customer Contract (as defined in Section 8.H) entered into by Licensee, excluding only any Customer Contracts that have previously been delivered to the District.

D. Section 4.D. - LATE PAYMENT PENALTIES. Section 4.D of the Agreement is hereby deleted in its entirety and replaced with the following new Section 4.D:

D. Late Payment Penalties. If any License Fee is not paid on a Payment Date, Licensee shall pay to the District an additional fee equal to one percent (1%) of the License Fee due for each two-week period or portion thereof that such License Fee is late, as an administrative processing charge. The parties agree that this late charge represents a fair and reasonable estimate of the costs the District will incur by reason of late payment by Licensee. Acceptance of any late charge will not constitute a waiver of any Default by Licensee with respect to any overdue amount or prevent the District from exercising any of the other rights and remedies available to it.

E. Section 5.A. – WORK STANDARDS. Section 5.A. of the Agreement is hereby amended by deleting the last sentence of such Section in its entirety and by adding the following:

Notwithstanding anything in this Agreement to the contrary, at the expiration or termination of the Term, Licensee may remove, at Licensee’s expense, those interior, exterior, and other improvements made by Licensee on the Licensed Premises, as specifically identified on the attached Exhibit H. The items identified in Exhibit H shall be deemed Licensee Improvements. Notwithstanding the foregoing, Licensee reserves the right to sell, assign, or otherwise transfer the Licensee Improvements to any person or entity. If Licensee elects not to remove a Licensee Improvement at the expiration or termination of the Term,

Licensee will be deemed to have abandoned such Licensee Improvement. Other than Licensee Improvements, Licensee shall return the Licensed Premises to the District in the same or better condition in which the Licensed Premises existed at the commencement of the Term.

F. Section 8.L. - HOUSING LICENSES FOR EMPLOYEES. Section 8 of the Agreement is hereby amended by adding the following new Section 8.L.:

L. Housing Licenses for Employees. Licensee shall have the exclusive use of the house located upon the Licensed Premises (the “House”) and the apartment located within the office building located upon the Licensed Premises (the “Apartment”) for the purpose of operating the Concession for the duration of the Term. The locations of the House and the Apartment are generally depicted on Exhibit G. However, any residential use of the House or the Apartment shall be subject to the requirements of this Section 8.L. No person may reside in the House or the Apartment unless he or she (i) is a person who has entered into a separate housing license agreement with the District allowing him or her to reside in the House or Apartment and, at the time of entering into such housing license agreement, was a current employee or independent contractor of Licensee (a “Licensed Employee”) or (ii) is a spouse, parent, parent-in-law, sibling, child, ward, grandparent, or grandchild of a Licensed Employee (a “Licensed Relative”; a Licensed Employee and a Licensed Relative are each a “Licensed Resident”). A Licensed Relative need not enter into a separate housing license agreement with the District. The District reserves the right, without limitation to any of its other rights, to (i) evict any person residing in the House or Apartment unless he or she is a Licensed Resident, and (ii) determine, in its sole and absolute discretion, the terms, conditions and provisions of any such housing license agreement. Licensee (i) shall not, directly or indirectly, allow, assist, or encourage any person who is not a Licensed Resident to reside at the House or Apartment and (ii) shall notify the District in writing within three (3) business days after a Licensed Employee ceases to be employed by, or otherwise work for, Licensee.

G. Section 13.B. - HOLD HARMLESS AGREEMENT. Section 13.B is hereby deleted in its entirety and replaced with the following new Section 13.B:

B. Hold Harmless Agreement. Except to the extent attributable to the negligence or intentional acts or omissions of the District, or its commissioners, officers, agents, or employees, Licensee, to the full extent permitted by law, shall protect, indemnify, and hold harmless, and defend the District and its commissioners, officers, agents, attorneys, volunteers, and employees from any and all losses, expenses, claims, costs, causes, and damages including, without limitation, litigation costs and attorneys’ fees and items relating to Subsection 12.C of this

Agreement, that may arise or relate to, or be alleged to have arisen or relate to (i) Licensee's performance of, or failure to perform, its obligations under any of the terms or conditions of this Agreement; (ii) Licensee's maintenance, operation, or use of the Licensed Premises or Subject Property; or (iii) the Concession granted herein, and including any personal injuries or death or damages to property arising from, relating to, occurring, growing out of, incident to, or resulting directly or indirectly from the use and occupancy of the Licensed Premises or Subject Property by Licensee ("Claims"). The obligations of Licensee pursuant to this Section 13.8 shall not be limited by the amounts of any insurance provided by Licensee, including the insurance provided pursuant to Section 13.C of this Agreement.

Except to the extent (i) attributable to the negligence or intentional acts or omissions of Licensee or Licensee's members, employees, officers, directors, or agents; or (ii) it would waive or diminish any defense or immunity provided to the District pursuant to the Local Governmental and Governmental Employees Tort Immunity Act, 745 ILCS 10/1-101, et seq., any successor to such Act, or any other statutory or common law immunity, the District shall indemnify and save harmless Licensee, its agents and members from and against any and all liabilities, claims, damages, expenses, attorneys' fees, costs, fines, penalties, suits, proceedings, actions and causes of action of any and every kind and nature arising or growing out of, or in any way connected with: (i) District's use, occupancy, management or control of the Premises; (ii) District's operations, conduct or activities in the Subject Property or any part thereof, or to the extent occasioned by any act or omission of District, its invitees, agents, contractors, employees or servants; (iii) any costs or claims arising out of the actions or operations of any prior licensee of the Subject Premises, including deferred maintenance of the Subject Premises.

H. Section 13.C.1. - COVERAGES AND LIMITS. Effective April 1, 2018, Section 13.C.1 is hereby deleted in its entirety and replaced with the following new Section 13.C.1:

C.1. Coverages and Limits. Licensee shall maintain at all times during the Term, the insurance coverages and minimum limits set forth in this Section 13. All insurance policies shall be issued from insurance companies holding at least an "A5" or better rating as rated by A.M. Best Company. The District shall be named as an Additional Insured on the following policies: Equine Commercial General Liability; Comprehensive Motor Vehicle Liability; General Liability; and Umbrella Policies. The Additional Insured endorsement shall identify the District as follows: "Lake County Forest Preserve District".

A. Worker's Compensation. Licensee shall maintain workers' compensation and employer's liability insurance with limits of not less than that required by applicable statute. Such insurance shall evidence that coverage applies in the State of Illinois.

B. Comprehensive Equine General Liability. This insurance shall be kept in force at any time that Licensee enters or occupies the Licensed Premises, shall have coverage written on an "occurrence" basis and shall have limits not less than:

- i. General Aggregate: \$2,000,000
- ii. Per Occurrence: \$1,000,000 per occurrence

C. Equine Care, Custody, and Control Insurance. This insurance shall be kept in force at any time that Licensee enters or occupies the Licensed Premises, shall have limits not less than:

- i. Per horse: \$5,000
- ii. Aggregate: \$50,000

D. Comprehensive General Liability: Licensee shall maintain comprehensive general liability ("CGL") insurance with limits of not less than:

- (1) General Aggregate: \$2,000,000
- (2) Bodily Injury:
 - a. \$ 2,000,000 - per person
 - b. \$ 2,000,000 - per occurrence
- (3) Property Damage:
 - a. \$ 2,000,000 - per occurrence
 - b. \$ 2,000,000 - aggregate
- (4) Other Coverages:
 - Premises/Operations
 - Independent Contractors
 - Personal Injury (with Employment Exclusion deleted)
 - Broad Form Property Damage Endorsement
 - Blanket Contractual Liability (must expressly cover all indemnity provisions of the contract)
 - Bodily Injury and Property Damage "X", "C", and "U" exclusions shall be deleted

All employees shall be included as insureds. If such CGL insurance contains a general aggregate limit, it shall apply separately to this Agreement, with coverage written on an "occurrence" basis.

E. Comprehensive Motor Vehicle Liability. This insurance shall be kept in force at any time that Licensee enters or occupies the

Licensed Premises, shall cover vehicles owned, non-owned, or rented, and shall have limits not less than:

- i. Bodily Injury: \$2,000,000 per person; \$2,000,000 per occurrence
- ii. Property Damage: \$2,000,000 per occurrence; \$2,000,000 aggregate

All employees shall be included as insured.

F. Umbrella Policy. The required coverages may be in any combination of primary, excess and umbrella policies. Any excess or umbrella policy must provide excess coverage of underlying insurance on a following-form basis such that when any loss covered by the primary policy exceeds the limits under the primary policy, the excess or umbrella policy becomes effective to cover such loss.

G. Evidence of Insurance. Licensee shall, no later than April 1, 2018 and, thereafter, within ten (10) days after receipt of a request from the District, furnish the District with certificates of insurance acceptable to the District and, if requested by the District, applicable policies and policy endorsements executed by a duly-authorized representative of each insurer, evidencing compliance with the insurance requirements of this Section 13.

I. **Section 13.C.2. - UMBRELLA POLICY.** Section 13.C.2 is hereby deleted in its entirety.

J. **Section 13.C.3. • POLICY REQUIREMENTS.** Section 13.C.3 is hereby deleted in its entirety.

K. **Section 13.C.4. • DISTRICT AS ADDITIONAL INSURED.** Section 13.C.4 is hereby deleted in its entirety.

L. **Section 13.C.5. • FIRE AND OTHER CASUALTY LOSSES.** Section 13.C.5 is hereby deleted in its entirety, renumbered as Section 13.C.2 and replaced with the following new Section 13.C.2:

2. Fire and Other Casualty Losses. If fire or other casualty damages the Licensed Premises, Licensee may unilaterally elect to terminate this Agreement. If fire or other casualty damages the Licensed Premises, the District may unilaterally elect to terminate this Agreement if the cost to repair such damages is more than 30% of the value of the horse stable, the indoor arena, and the ancillary buildings on the Licensed Premises. Upon such a termination, all of Licensee's obligations shall terminate and expire effective as of the date of the casualty, other than obligations that survive the expiration of the Term or earlier termination of

this Agreement and Licensee's obligations for any accrued but unpaid or unsatisfied License Fee. In the event of fire or casualty, the District has no obligation to re-build or repair any portion of the Licensed Premises. Licensee shall notify the District in writing within seven (7) days if any fire or casualty occurs on the Licensed Premises. If a party does not terminate this Agreement within 30 days after a fire or casualty, then (i) both parties waive their right of termination, (ii) Licensee shall utilize available insurance proceeds to repair the damages caused by such fire or casualty promptly with diligence and in a good and workmanlike manner, and (iii) the License Fees shall (a) abate completely for any period of time during which Licensee, because of the fire or casualty, does not make any stalls available to Customers and (b) for any period of time during which Licensee makes stalls available to Customers, be reduced by a fraction, the numerator of which is the number of stalls that Licensee has not made available to Customers because of the fire or casualty and the denominator of which is 55.

M. Section 13.C.6. - WAIVER OF SUBROGATION. Section 13.C.6 is hereby renumbered as Section 13.C.3.

N. Section 20.A. – District Property. Section 20.A. is hereby amended by adding the following sentence:

Licensee shall arrange for the removal of all horses from the Licensed Premises by the last date of the Term.

Section 3. New Exhibits.

Exhibits G and H attached to this First Amendment are hereby added to the Agreement.

Section 4. Agreement in Full Force and Effect; Definitions.

Except as herein amended, the provisions, conditions, and terms of the Agreement shall remain unchanged and in full force and effect and are hereby ratified and confirmed by the parties hereto. Capitalized terms used in this First Amendment shall have the same definitions as set forth in the Agreement to the extent such capitalized terms are defined therein and are not defined differently in this First Amendment.

[Signature Page Follows]

Attest:

By: _____
Secretary

Lake County Forest Preserve District

By: _____
President

Date: _____

Witness:

Townline Stables, LLC,
an Illinois limited liability company

By: _____
Manager

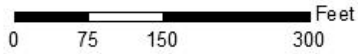
Date: _____

Exhibit G

General Depiction of Location of House and Apartment

Exhibit G

Lake County Forest Preserve District
1899 W Winchester Rd
Libertyville, IL 60048
847-367-6640
www.lcfd.org



Legend

- Forest Preserve Property
- Residence
- Townline Stables License Area
- Offices & Apartment



Courtesy Copy Only.
Property boundaries indicated are provided for general location purposes. Wetland and flood limits shown are approximate and should not be used to determine setbacks for structure or as a basis for purchasing property.

2015 Aerial Photo

Prepared using information from:
Lake County Department of Information & Technology: GIS/Mapping Division
18 North County Street
Waukegan, Illinois 60085-4357
847-377-2373

Map Prepared 27 April 2018

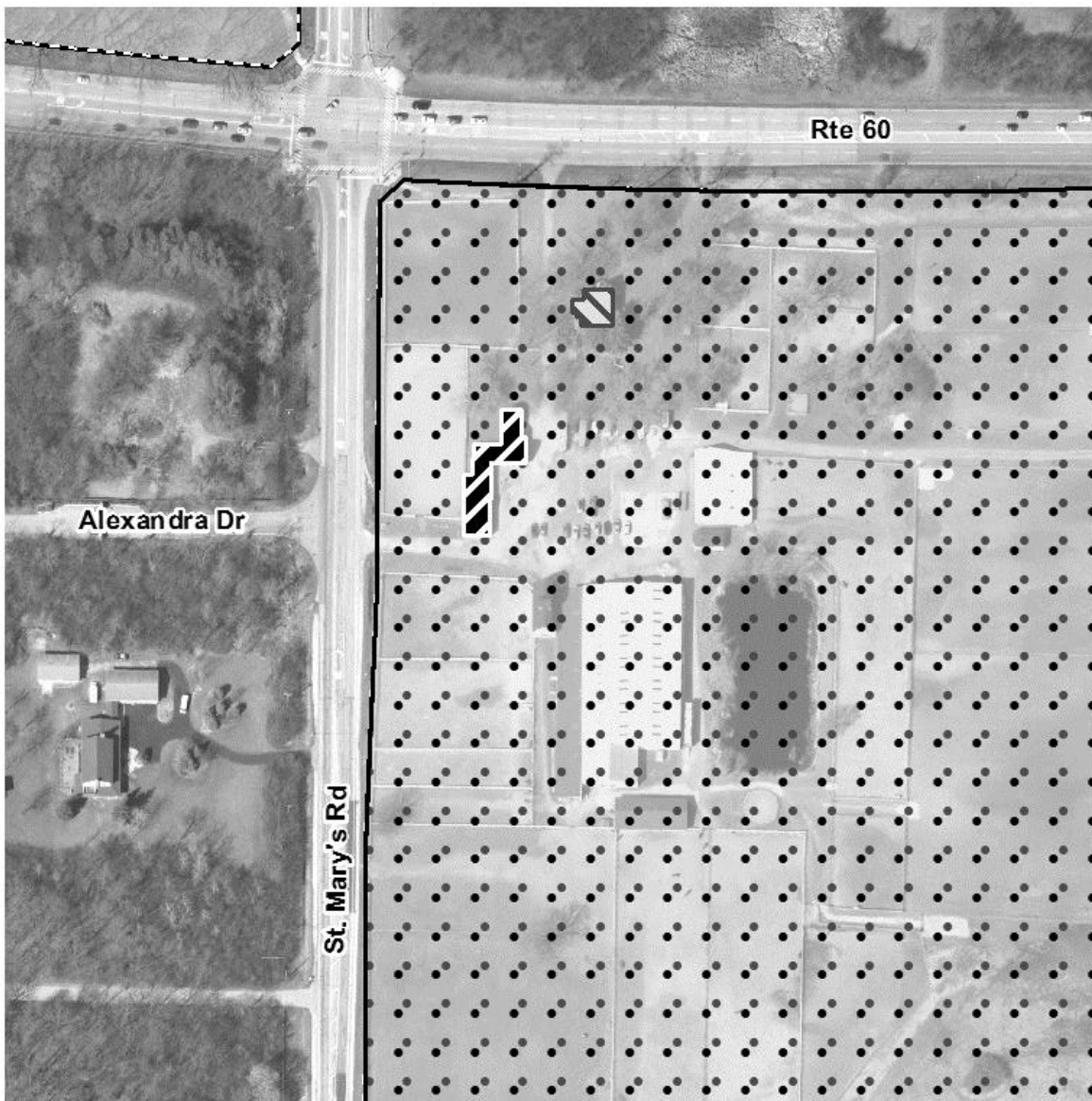


Exhibit H

Licensee Improvements that may be Removed by Licensee at End of Term

- Rubber mats
- Tanks
- Tank heaters
- Buckets
- Blanket bars
- Metal gates
- Arena doors
- Light fixtures
- Ceiling fans
- Furniture
- Pasture and paddock gates
- Solar panels
- Tools
- Equipment