

The Village, and the Future of Blackhawk



Public information presentation during the December 15, 2014 Board of Trustees meeting.

Overview of the history of the Blackhawk Country Club.

Much of the information in this presentation was gathered from two books written by Village resident Tom Brock: "Shorewood Hills: An Illustrated History" & "The History of the Blackhawk Country Club".

The History

1921

- Initial membership capacity of 250
 - Initiation fee of \$100
 - Formed before the Village existed
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The Blackhawk Country Club was established in 1921 before the existence of the Village. It was formed in 1921 in what was the Town of Madison.

The Village was incorporated in 1927.

1932

- Annexed to the Village at request of BCC
 - No public discussion and no apparent opposition
 - Paid minimal property taxes based on a value of \$65,000
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No one is exactly sure why Blackhawk requested to be annexed into Shorewood Hills but it was probably to receive services that could be provided by the Village, like water, sewer, police protection, etc.

When Blackhawk started, it did pay property taxes.

1944

- Purchased by Village due to decline of Club during Great Depression
 - Club in dire straits
 - Purchased in 1944
 - Used park bonds to purchase
 - Club to repay bonds in amount of \$2,800 per year
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A lot of time passed. The Country went through the Great Depression and Prohibition.

The economic downturn affected Blackhawk like everyone in the Country.

During WWII, there weren't a lot of people golfing. People were working six-day work weeks and many serving in the military. It was not a good time for country clubs.

In 1944, the Village purchased the country club property using what were, at that time, called Park Bonds which Blackhawk repaid at \$2,800 per year.

1944

- Purchased for \$57K with lease-back agreement plus Village paid \$40K for a new clubhouse
 - Village had ideas of locating facilities there
 - Non-binding referendum 387 to 163 in favor
 - Lawsuit to block purchase failed
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Besides the precarious financial position of Blackhawk, a second reason for the purchase of the land by the Village was the possibility of using the land for Village facilities.

At that time, the Village did not own any facilities. There was some consideration of locating a village hall, community center and later on possibly a swimming pool on the Blackhawk grounds.

A non-binding advisory referendum passed and the Village Board purchased the land. A lawsuit to block the purchase of the land failed.

1950

- Addition of \$66K paid for by the Village and lease extended
 - Paid back by BCC under terms of the lease
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Blackhawk's fortunes were improving and they needed to make improvements to the facility.

The cost of the addition was paid back to the Village by Blackhawk under terms of the lease.

1968

Pool Agreement

- Had been on going discussions of building a pool at Club as joint project
 - BCC members received priority for non-resident membership at the Village's new swimming pool at Post Farm park
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In 1968, the Village built the swimming pool in its present location. The Post Farm park site was chosen rather than a spot at Blackhawk.

Blackhawk members were given priority for non-membership at the pool.

1969

Referendum on proposed lease extension rejected on a vote of 417 to 223

- Outgoing Board approved lease in March
 - Lawsuit failed
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In 1969, a non-binding advisory referendum was held on a lease extension proposal. That referendum failed but the outgoing Board approved the lease despite the citizenry rejection of the referendum.

There seemed to be a lot of political maneuvering at the time.

There was again a lawsuit but it also failed and the lease extension continued.

1970s

New lease negotiations began mainly considering BCC payments to Village

- Rate fixed at \$12K per year through 1984 adjusted by C.P.I.
 - 1984 \$33,571
 - Negotiations languished until 1984-1986
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Soon after the lease extension was approved, new lease negotiations started up again most likely because the financial terms were not satisfactory to the Village.

The base lease was \$12,000 adjusted annually by the Consumer Price Index. In 1984 the lease amount was \$33,571.

Throughout the 70s the lease negotiations languished. There were attempts to get things moving by the creation of task force to consider the lease but nothing happened until 1984.

1984-1986 (Current Lease)

- New 40 year lease negotiated and approved through 2025
 - Needed so club could finance \$800,000 in improvement
 - Village felt old lease amount was to low
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At this time, Blackhawk was interested in doing a lot of capital improvement projects.

A long term lease was needed to finance these projects.

The Village considered the terms of the old lease were too low.

There were reasons on both sides to negotiate a new lease extension.

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- Information courtesy of "**Shorewood Hills: An Illustrated History**" written by Village resident Tom Brock in 1999
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Current Lease

- Lease payment to Village of based on gross BCC revenue at 3.9%
 - Gross revenue is all revenue less charitable fundraising revenue
 - Base amount was \$62,500
 - Median annual amount \$124,000
 - Other access and use privileges
 - Term 1986-2025
 - Tension points
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The rent for the current lease is based on 3.97% of Blackhawk's gross revenues. There are some exclusions to those revenues including charitable fundraising. What constitutes a charitable contribution, how those contributions are tracked and accounted for has been a tension point in the recent past.

The median payment over the last 17 years is \$124,000.

The Village has privileges to use the facility for meetings and residents have access for up to three rounds of golf plus winter recreation access.

Issues/Why Now?

- Eleven years left on lease
 - Club requested new lease with financial relief and extended terms
 - Need relief due to the difficult financial times in the industry
 - Lower demand
 - Declining membership trends
 - Need to stay competitive with local clubs
 - Need ability to access capital for seasonal cash flow and long term improvements
 - From bank
 - From members
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Blackhawk requested a new lease with financial relief and extended terms. The golf industry is in decline. Less people golfing now. The Tiger Woods effect caused an explosion of courses being built in the 1990s. There are probably too many golf courses and country clubs, all competing for members. In Madison, in particular, municipal courses are struggling and there are probably too many country clubs. Lower demand and declining membership has required Blackhawk to become competitive with other clubs.

Blackhawk needs the ability to access capital for season cash flow and long term improvements.

Issues/Why Now?

- Club revenues somewhat stable but type of revenue changing
 - Less revenue from membership and initiation fees
 - More revenue from lower margin food/beverage sales and private parties
 - Membership levels have declined
 - Extremely competitive environment-- too many clubs in Madison area
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Blackhawk's cash flow is very cyclical. In order to borrow for long term improvements, the bank needs a guarantee that the club will be in operation down the road. The relatively short term remaining on the lease makes it hard to borrow money.

Blackhawk's revenue is somewhat stable but the type of revenue is changing. At the beginning of the lease, most of Blackhawk's revenue came from higher margin membership and initiation fees. Now, competition between clubs has reduced what Blackhawk can charge for membership. More of its revenue is coming from lower margin food/beverage sales and private parties.

Issues/Why Now?

- Line of credit became permanent loan of over \$1.5M
 - Bank is pressuring them to reduce this debt
 - BCC has little collateral all of which is pledged to secure loans
 - Internal organizational changes efficiencies have occurred
 - Only major equity the Club has is the lease which has limited value because of restrictive terms
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Blackhawk established a line of credit in the 80s to help with cash flow throughout the year. That line of credit has become somewhat permanent. It is not being paid back and the bank is pressuring Blackhawk to reduce its debt.

In the last three years, Blackhawk has made organizational changes to reduce expenses and has been paying down a portion of the line of credit but it is taking up much of its capital.

Blackhawk doesn't own the land or buildings where the country club resides. It has very little collateral to borrow against for long term projects. The only major equity it has is the lease which is limited due to the relatively short term remaining.

Process

- Blackhawk requests a new lease be negotiated
 - Four internal meetings in winter of 2014
 - Village Board forms Ad hoc Task Force to negotiate with Blackhawk
 - January of 2014
 - Eleven meetings of task force held
 - Six with Blackhawk beginning in February of 2014 until end of July when an agreement was reached
 - Board reviewed agreement reached by Task Force at special meeting and was not satisfied with all aspects of it
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Blackhawk requested the lease be renegotiated early last winter.

There were four internal meetings with the Village President, Administrator and leadership of Blackhawk to determine how the process was going to work.

The Village President established an ad hoc task force to negotiate the terms of a lease with Blackhawk in January 2014.

The task force met 11 times over 6+ months, six of those meetings involved Blackhawk leadership. The other meetings were deliberations of the task force.

Process

- Board met seven times since July on this issue
 - Two special meetings wholly specific to this matter
 - Every negotiation with Blackhawk was in an open publicly noticed meeting
 - Village legal counsel heavily involved since August
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In July, the task force completed its work and presented the proposed lease agreement to the Board of Trustees.

The Board wasn't satisfied with certain aspects of the lease proposal.

The Board met seven times since July to discuss the lease proposal, two of those were special meetings wholly dedicated to the matter.

All negotiations with Blackhawk have been at open publicly noticed meetings.

The Village's legal counsel has been heavily involved in the negotiations since August.

Related Information

- Village started with premise that the goal is to renegotiate a new lease, not to end the relationship or look at other alternatives for the land
 - Any lease or amendment to the lease is subject to an advisory referendum before the Board can vote on it--Board not bound to that
 - Blackhawk has provided Village all financial and membership data it has asked for
 - Conclusion is that Blackhawk likely needs some help to remain viable
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Some related information that is important in the context of the lease negotiations is included here:

- The Village started with the goal of renegotiating the lease, not to end the relationship with Blackhawk or consider alternate uses of the land.
- Village ordinance requires an advisory referendum be held on any changes to the lease before the Village Board can vote on it.
- Blackhawk has provided the Village all financial and membership information requested including audit statements.
- The task force and Board concluded that Blackhawk needs some help to remain viable.

New Lease

- \$100,000 base rent cannot be reduced
 - \$300 increase for every net new member added over base number of members
 - Lease term 2015-2035 with option to 2045
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The proposed new lease includes a base rent of \$100,000 that can not be reduced.

There is a \$300 increase for every new member over the number established in 2015.

The term of the lease is 20 years with a 10 year option held by Blackhawk.

New Lease

- 2015-2024 \$100,000 + \$300 for each new member calculated annually
 - 2025-2034 greater of \$100,000+ net new members or 1.5%
 - 2035-2045 set at greater of prior year base or \$140,000 then 1.5% per year
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The lease is split into three sections.

For the first 10 years the rent is \$100,000 plus \$300 for each new member calculated at annually.

For the next 10 years the rent is \$100,000 plus \$300 per net new members or 1.5% (whichever is greater).

For the optional 10 years the rent is set at the greater amount of the prior year rent calculation or \$140,000 with an increase of 1.5% per year.

New Lease

- Ten year option in 2035
 - In 2020 minimum of a 1.5% escalator if membership numbers are lower
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In 2020, there is a minimum of a 1.5% escalator of the base rent if memberships are lower than the number established in 2015.

New Lease

- Current membership
 - 232 golf members
 - 167 social members
 - Increased access to golf and dining
 - Play four times
 - With up to three guests
 - Includes dining privileges for golfers
 - Eat twice a month Nov-April
 - Other access and use rights
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Blackhawk currently has 399 members. For rent calculation purposes there is no distinction between golfing members and social members.

Under the proposed new lease there are increases in golf and dining privileges for residents who are not members. Residents may golf up to four times per year at a reduced rate (an increase from three times in the current lease) and bring up to three guests. Golfers will have dining privileges as well. Guests are not allowed in the current lease.

Residents can eat at the clubhouse twice a month from November to April when the club is open.

The Village continues to have access for winter sports recreation. One notable change is access to the bar on Sunday afternoons. The current lease requires Blackhawk to keep the clubhouse bar open for winter sports participants but over the years no one has utilized this access and the Village agreed to remove it from the lease. If a demand for access to the bar on Sundays returns and it is profitable for Blackhawk, it will likely return to practice.

The proposed lease includes the paving of Blackhawk's parking lot at an estimated cost of \$125,000-\$150,000 (this may be reduced if oil prices continue to fall). The Village is planning on resurfacing all of the remaining streets that haven't been reconstructed in recent years. The Village can obtain an economy of scale, which

Blackhawk cannot realize, for the parking lot if it is included in the resurfacing project.

Why is the Village considering this expense?

In a typical lease-tenant agreement, the lease-holder (the Village) is responsible for capital improvements. The Village hasn't paid for any improvements to the property or buildings for quite some time. Blackhawk (the tenant) has paid to improve the building over the years to the benefit of the Village. So, the Village agreed to this expense in the proposed lease.

In turn, Blackhawk will commit to \$30,000 in capital improvements over each of the next 5 years for a total of \$150,000. If the 10 year option is exercised in 2035, Blackhawk will do the same thing again (\$30,000 per year for 5 years).

Referendum

- Decision needed by mid January for ballot in April
 - Language on ballot will be simple
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If the Village decides to go ahead with an advisory referendum, it must be submitted to Dane County in January to be included on the April 7, 2015 ballot.

The language of the referendum will be simple.

Tax, Revenue and Development Issues

- Assessor estimates value as a golf course at most \$4M
 - This would generate \$19,000 in taxes to Village
 - \$18,621,000 of tax base would generate \$100,000 in taxes to Village
 - Examples of development to produce that level of improvements
 - Cost of services
 - Cost/history of maintaining open space
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The Village assessor estimates the value of the golf course is about \$3,000,000 to \$4,000,000.

If it were on the tax rolls, it would generate about \$19,000 in taxes to the Village. It would also generate tax revenue to the other taxing entities (Dane County, School District, etc.).

If the Village wanted to realize \$100,000 in tax revenue from the property (the base amount of the proposed lease) it would require \$18,621,000 in development.

Not that the Village is considering such development. To put it in context, some examples of what level of property development would be needed are:

- The median house in the Village is valued at \$588,000. It would take about 32 homes to realize that tax revenue.
- The Lodge apartments at Walnut Grove is valued at about \$10,000,000. Two apartment complexes similar to The Lodge would produce that tax revenue.

That doesn't consider the cost of providing services: police, fire, plowing streets, leaf pickup, recreation programs, etc.

There is a long history of maintaining the Blackhawk property as open space, all the way back to the 40s. One of the reasons the Village issued the Park Bonds was to maintain the land as an open space. To convert the golf course to something else would be expensive. There would also be a great expense to maintain it as a park.

Discussion?

Mike von Schneidmesser, 3555 Tally Ho Lane: the economy is just coming out of a deep recession; golf and country club memberships are luxuries; it's to be expected that BCC would have seen its membership and revenues drop during those difficult times. Now that the economy is recovering, BCC may see its finances improve. The Village should wait a few years before renegotiating the lease.

Gary Johnson, 3010 Harvard Drive: he appreciates the open space provided by the golf course; the Village benefits from that more than a subdivision. He hopes that BCC continues; the question is under what terms. Including a factor, like CPI, in the calculation of the rent may protect the Village's long term interests more than basing it solely on membership, particularly if the economy were to enter an inflationary period. He said the ad hoc BCC Committee and Trustees have taken

the time to thoroughly study the issue and he will rely on their judgment.

Charlie Palit, 933 University Bay Drive: he is sympathetic to the concept of BCC staying in the Village but is concerned about the long length of the proposed lease at essentially a fixed rate. Why not base the rent on income, as in the past, so it can track inflation; a smaller percentage could be used if necessary. What happens if the Club were to go bankrupt?

Mike Knetter, 1213 Sweetbriar Road: he is a BCC member and access to the Club was one reason his family moved to the Village. He feels the current leadership at the Club would like to develop a good working relationship with the Village. BCC is an asset: the youth golf instructor, who heads up the Village's Junior Golf program, is excellent; the Club has made a lot of improvements to the property. He would like to see BCC continue; he is uncertain of the best terms for the lease but trusts that those who studied the issue came up with something reasonable.

Bob Gerber, 2910 Harvard Drive: he feels the Village will be subsidizing BCC by paving its parking lot; his street needs repaving first. Mr. Frantz replied that Harvard Drive would be included in the Village's 2015 resurfacing project. Mr. Gerber would like the repaving of the parking lot taken out of the lease.

Guillermo do Pico, 3554 Tally Ho Lane: agrees with Mr. Gerber; he would like to see the Village invest in its infrastructure, not the BCC parking lot—his street also needs repair. He asked how the Board feels about the lease; what will the Trustees do with the information gathered this evening and the referendum results?

Scott Cooper, 3611 Sunset Drive: all residents would benefit from the restoration of the views of the lake from the top of Sunset Drive by the trimming/removal of some of the golf course trees. He would like the lease to clearly address this.

Linda Bochert, 1525 Sumac Drive: her husband, David Hanson, participated in the lease negotiations as a member of BCC; he is out of town and she is speaking also on his behalf. As a resident and BCC member, she supports the lease as presented. The relationship between the Village and BCC is unusual because BCC, as the tenant, has made extensive capital improvements to Village property and agrees to continue to do so in the new lease. The lease was developed over months of negotiation and compromise. It provides BCC and the Village financial certainty; open space will be nurtured and maintained; non-member residents will have an opportunity to use the Club facilities. She urged the Trustees to put the referendum on the April ballot.

David Dunaway, 1117 Amherst Drive: he supports the lease; feels BCC is an asset to the community; he supports the paving of the parking lot; would like more access to the facility without being a member.

Qiang Chang, 1239 Dartmouth Road: he can not support the lease now, would like to see a clear articulation of the benefits of the lease to him as a resident non-member. He wonders what the Trustees will do with the results of the advisory referendum—whose voices will be listened to?

Bill Thomas, 3233 Tally Ho Lane: as a golf course, the assessed value of the property is \$4 million; if the assessed value of the property were increased to \$18 million and put on the tax rolls, all the other taxing entities would benefit. He is skeptical of the long term of the lease.

David DeVito, 939 University Bay Drive: he is in support of keeping the country club as it is; he is not a member but frequently uses the grounds, feels BCC is an asset to the Village. What are the alternatives if not BCC? But a rent that is not tied to something like the CPI, and instead a flat 1.5% per annum, seems short-sighted.

Mike Titelbaum, 1204 Bowdoin Road: he understands that the Village may need to give BCC a break on the rent now given its current financial difficulties, but wonders why the calculation of the rent is changing—can someone articulate why this would this be a good thing from the Village’s point of view? With inflation, the lease will be less and less attractive to the Village through the years.

Byron Frenz, 1116 Wellesley Road: he is not so concerned about the rent since it was developed through compromise and negotiation; he would rather see more social activities at the Club that included resident non-members, fostering a sense of community. He wants to keep the property as a golf course.

Fred Wade, 1121 Wellesley Road: he was a member of the ad hoc BCC Committee and does not support the lease as presented. He said the lease negotiation was a lost opportunity to improve the access to the property for resident non-members. More access could benefit both the Club and the Village. He also is concerned about the change in the rent calculation: the Village negotiators did not question BCC extensively about why it was necessary. He acknowledged that the Club is experiencing financial problems. One issue is that BCC has no collateral; that ought to have been explored in the new lease. He distributed a flier to approximately half the Village residences expressing his reservations about the lease and received 27 responses. He summarized some of the comments and will submit them for the record.

Cara Mahany-Braithwait, 3424 Viburnum Drive: she disagrees with the term “open space” to describe the golf course since her access to the property is limited to the winter months. The 1.5% escalator is not a good deal for the Village. She anticipates problems with the definition of a “new” BCC member—it needs to be very clearly articulated. She does not have a problem with the Village repaving the Club parking lot since, as the landlord, the Village should maintain the property. Perhaps BCC will make her property more attractive to potential buyers when she decides to sell her house but presently BCC serves no purpose for her.

Dinesh Shah, 2933 Colgate Road: he agrees with the concerns detailed in Fred Wade’s letter and would like the Trustees to consider the letter when evaluating the lease; he is troubled by the financial terms of the lease and would like to know if the Trustees had used a financial consultant to evaluate it; he feels the length of the lease is too long. Also he expressed concern about the possible conflict of interest in a Trustee’s participation in the lease negotiations while his spouse was a BCC member—has the Board done anything about this? How advisory will the referendum be?

Craig Weinhold, 1235 Dartmouth Road: he expressed concern about locking in the rent based on a net new member model for 30 years; would like the lease to include a provision about limiting stormwater run off into the lake and increasing bathroom access on the Fourth of July.

Tad Pinkerton, 1212 Shorewood Blvd: he anticipates that through time BCC will see an increase in all revenues, not just memberships, so he supports a rent escalator that includes other things; the Village could repave the parking lot for less than BCC so perhaps a cost-share arrangement would be appropriate; there is no need for a ten year lease extension clause—the lending institutions will get the reassurances they need with a lease of 20 years; he doesn’t see a clause about the Village’s use of the golf course grounds for fireworks.

Karl Wellensiek, 1511 Wood Lane: BCC is important to the Village; he has confidence in the terms negotiated by the Trustees, he does not see any conflict of interest, and will support the lease recommended by them. The one thing he has concerns about is the escalator: it doesn’t kick in for five years, and inflation does happen; Village will lose ground if we don’t have an escalator.

Ben Dickey, President of BCC: the Club is seeking this new lease because it needs to raise capital to make improvements to property its members do not own. The gross revenue rent calculation currently used is flawed—revenues from dues are down while costs continue to increase; the Club’s financial position has deteriorated. With the new lease, incentives would be aligned so BCC will be able to pay the rent and make improvements to the Village’s property. In the proposed lease BCC has made compromises, including giving the Village land for the storage building (and previously, for the salt shed); agreeing to make \$30,000/year in capital improvements for the next five year; allowing increased access to the Club for resident non-members. He asked the residents to allow the lease agreement to go forward.

Peter Hans, 2909 Columbia Road: he would like to know how many BCC members are Village residents. He said he is here to ask the Board to not proceed with this referendum because the Village residents are not being given a meaningful choice. The question should be whether the golf course land should be used for public rather than private purposes. Residents have not been presented with any other possible uses for the land that might better serve the public good. There should be a comprehensive planning process for the land before proceeding with a referendum. He urges the Trustees to create a task force to look at all uses for the land.

Rick Chappell, 1225 Sweetbriar Road: he thinks the Club should be treated like the business it is, and feels it should pay an appropriate rent for the facilities. The problem is that we don’t know if they can pay the Village appropriately. He does not want to subsidize the Club. He also asked the Trustees to pay attention to conflicts of interest.

Santhia Brandt, 933 Cornell Court: This lease was written to preserve BCC. It gives the Club a lot: reduced rent, two marina slips, a lengthy lease term, preference for membership in the Pool, less access to the facilities for resident non-members. Her question: what are the increased benefits to the Village vs. less rent?

Marilyn Townsend, 1121 Wellesley Road: the lease needs to be especially clear with respect to money. If the rent were based on new members, how will they be defined and monitored? She is concerned that the Village will have to rely on the Club for that number rather than an independent audit.

Chuck Ford, 3112 Oxford Road: he is a member of BCC and moved to Shorewood Hills in part because of proximity to the Club. BCC is a value to all homeowners in the Village. All the property at the Club is Village property—improvements made by BCC are to the Village’s benefit. He previously lived in La Crosse, WI where a lease for a golf course in the center of the city was not renewed. The resultant vacant property was not maintained and the buildings were eventually condemned; he would not like to see that happen in the Village.

Chris Day, 3407 Viburnum: has no idea how much a lease like this should be. He would like some evidence that is a good, fair rent. If that were provided, he would vote for it. Maybe a financial advisor is the person who could provide this information.

Village President, Mark Sundquist, addressed some of the comments and questions heard:

- 1) **What if BCC goes bankrupt?** The issue is addressed in Section XXVII of the lease: *“Termination on Bankruptcy. If the Lessee shall be adjudged bankrupt or if a judgment is rendered against the Lessee in such an amount as to render the Lessee insolvent and incapable of meeting the obligations hereunder, and such judgment or order is not appealed from or if said Lessee shall make an assignment for the benefit of creditors or if a receiver shall be appointed for the Lessee by a court of competent jurisdiction and said order appointing the receiver is not appealed from by the Lessee, the Lessor may immediately terminate this Lease and the right of the Lessee to possession of the Premises.”*
- 2) **Competition for parking lot resources?** The Village expects to repave all the streets that have not been done in the last few years, there will be no competition from BCC. *The BCC parking lot would be an add-on to what the Village already plans to undertake in 2015.*
- 3) **What will the Trustees do with the results of the advisory referendum?** He suspects that if the residents voted against ratifying the lease, BCC and the Trustees would go through the negotiation process again. However, new Board members may be involved *after the April 7, 2015 election.*
- 4) **Restoration of views on Sunset Drive?** BCC has indicated it would like to remove/trim some of the trees but this is difficult because some of them were planted years ago as memorial trees. Mr. Dickey said BCC’s Green Committee would be willing to work with the Village on the issue.

- 5) **What is the benefit of the Club to someone who is not a BCC member?** Open space, the opportunity to participate in the Junior and Adult Golf programs, Fourth of July fireworks, dining access, a possible positive impact on house values.
- 6) **CPI vs. 1.5% escalator?** The Trustees struggled with this. They concluded that BCC's income is not related to CPI, it is more related to how much it can charge for memberships. The 1.5% is more like a fixed rate mortgage.
- 7) **Why change the financial model?** A rent based on 3.9% of gross revenues is not easy to administer (*annual third-party audit*). In contrast, the membership model is clear (*formula based on the membership dues number calculated at the end of each year*).
- 8) **More events for the Village?** Presently Shorewood Hills uses the Club for the Recognition Dinner and Fourth of July fireworks. The lease allows the Village to use the facilities up to 12 times/year. If someone wants to increase the number of Village events held there, they could suggest/organize one.
- 9) **Conflict of interest?** None of the ad hoc BCC Committee members or Trustees are members of the Club. The Board learned the spouse of a Trustee was a social member. She subsequently resigned from the Club. It was up to the Trustee in question to choose to recuse himself. Mr. Sundquist said he did not feel the Trustee was influenced in an inappropriate manner.
- 10) **How many residents are BCC members?** 80 to 90.
- 11) **Did the Trustees have the assistance of a financial advisor to evaluate the lease terms?** Mr. Sundquist said that the Village did not hire a financial consultant but the ad hoc Committee members and Trustees have a fair amount of financial acumen.
- 12) **Are there parts of the lease the Trustees are not happy with?** Trustee Dave Benforado said that there was concern about the access to golf opportunities so that was increased; initially the rent was to be based on membership only; the 1.5% escalator was added to address concerns about inflation.
- 13) **Impact of lease on access the Club facilities?** Mr. Sundquist said the new lease allows a resident non-member to take a foursome to golf and the group can then dine afterward (*the current lease only allows resident non-members to play and does not include dining privileges after play*); the dining room is available more months of the year than in the previous lease.

The Trustees decided to hold a special Board meeting on Wednesday, January 14, 2015 at 7:00 p.m., to continue the discussion of the Blackhawk Country Club lease.