

RESOLUTION

WHEREAS, in 2019, the Township of West Orange (the “Township”) acquired the Rock Spring Golf Facilities (“Rock Spring”) located at 90 Rock Spring Road in the Township which consists of approximately 138 acres; and

WHEREAS, pursuant to a Request for Proposal process and Township Council approval, the Township retained Kemper Sports Management, Inc. (“Kemper”) of Illinois to operate and maintain Rock Spring; and

WHEREAS, on or about March 21, 2020, as a result of various executive orders issued by the Governor of New Jersey in light of the COVID-19 pandemic, a public health emergency was declared and the State of New Jersey required the closure of Rock Spring along with all other golf courses within the State of New Jersey; and

WHEREAS, as a result of the public health emergency and Governor’s executive order, there is currently no revenue or income for Rock Spring; and

WHEREAS, Kemper has requested that emergency funding be made available; and

WHEREAS, Rock Spring is a Township asset with considerable value to the Township and its residents; and

WHEREAS, the Township intends to seek FEMA or other reimbursement for these expenditures to the extent available.

NOW THEREFORE, BE IT RESOLVED BY THE TOWNSHIP COUNCIL OF THE TOWNSHIP OF WEST ORANGE, that the Mayor be and hereby is authorized to enter into the annexed First Amendment to Qualified Management and Maintenance Contract with Kemper Sports Management, Inc. whereby up to \$200,000 shall be provided to reimburse Kemper for maintaining Rock Spring during the emergency cessation of operations.

Karen Carnevale, R.M.C.
Municipal Clerk

Michelle Casalino,
Council President

Adopted:

First Amendment to Qualified Management and Maintenance Contract

THIS FIRST AMENDMENT (“First Amendment”) to the Qualified Management and Maintenance Contract (the “Agreement”) dated as of March 29, 2019 by and between the Township of West Orange (the “Township”) and Kemper Sports Management, Inc (“the “Contractor”) (collectively the “Parties”) is entered into by the Parties as of April __, 2020 (the “First Amendment Effective Date”). Capitalized terms not otherwise defined herein shall have the meanings as set forth in the Agreement.

WHEREAS, the parties entered into the Agreement in connection with Contractor’s on-site operations and management of the Golf Course Facilities; and

WHEREAS, as a result of the impacts of the unforeseen Covid-19 pandemic, including, without limitation, the public health emergency orders issued by the State of New Jersey, which, among other things, required closure of the Golf Course Facilities, has fundamentally changed the nature of the Parties’ originally intended business arrangement;

WHEREAS, as a result of the global pandemic and emergency orders of the State of New Jersey, Federal, County and local determinations, the Golf Course Facilities were shut down on or about March 21, 2020 with no reopening date fixed (“Executive Orders”); and

WHEREAS, the Golf Course Facilities are a key asset of the Township which must be maintained in order to maintain the quality and caliber of the golf course and insure that the greens and other areas are immediately ready to reopen upon the lifting of the current emergency orders;

WHEREAS, based upon the Contractor’s experience, training and hands on knowledge that maintaining the status quo and keeping their personnel in place and actively maintaining the Golf Course Facilities is essential; and

WHEREAS, the Parties desire to make some short-term modifications to the Agreement to address the significantly changed business and operational environment impacting the Golf Facilities.

NOW THEREFORE, for valuable consideration, including the promises, covenants, representations and warranties hereinafter set forth, the receipt and adequacy of which are hereby acknowledged, the parties, intending to be legally and equitably bound, agree as follows:

1. Temporary Funding. The Township hereby agrees to fund all operating expenses of the Golf Facilities, including all payroll costs, for the months of April, May and June of 2020 (the “Temporary Period”) as such operating expenses are set forth on the attached Exhibit A (the “Operating Expenses”) up to a total aggregate amount of \$200,000 (the “Emergency Funds Amount”) during the Temporary Period. Contractor shall provide a funding request to Township every two weeks to correspond to the bi-weekly payroll of onsite staff, along with appropriate documentation to document such Operating Expenses along with appropriate receipts, invoices and other documentation to document such Operating Expenses and actual payment of same. Township shall remit funds to KSM as set forth in the funding request within thirty (30) days following the receipt of such funding request.

2. Restarting Golf Course Operations. To the extent reasonably practicable, Contractor shall restart all golf course operations within two days of the lifting of the current Executive Orders (“Reopening Date”). Upon reopening, the right to reimbursement hereunder

shall cease. If the Reopening Date occurs midway through a pay cycle or any other expense, such expense shall be prorated and the reimbursement shall terminate on the Reopening Date.

3. **Reasonable Cooperation.** To the greatest extent possible, the Parties shall fully and reasonably cooperate during the emergency period to insure that the Golf Course Facilities are fully maintained recognizing that the Contractor is not currently receiving any revenue or income.

4. **Funding.** The Township and Contractor agree to reasonably cooperate in evaluating any federal emergency aid program for which either party may be legally eligible, pursuant to which, subject to the terms of any such aid program, the aid may be used to pay Operating Expenses at the Golf Course Facilities. The parties shall reasonably cooperate with one another as necessary to provide any documentation needed to obtain such funding should a party elect to apply for such aid. To the extent such funds are obtained, and subject to the terms of such aid programs, such funds shall be applied to payment of the Operating Expenses. Contractor shall reimburse to Township any funds previously provided by Township for such Operating Expenses to the extent of such aid funds and the amount of the Emergency Funds Amount to be provided hereunder shall be reduced by the amount of any such aid received by Contractor.

5 **Counterparts.** This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one and the same instrument.

6. **Full Force and Effect.** Except as modified herein, the Agreement shall remain in full force and effect.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and year first above written.

ATTEST:

TOWNSHIP OF WEST ORANGE

Karen Carnevale, Municipal Clerk

By: _____
Robert D. Parisi, Mayor

WITNESS:

KEMPER SPORTS MANAGEMENT, INC.

By: _____
Jim Stegall, Chief Operating Officer



Exhibit A
Rock Spring GC
Operating Forecast

	April		May		June		Total		
	Forecast	Budget	Forecast	Budget	Forecast	Budget	3 Month Forecast	3 Month Budget	Var (\$'s)
REVENUES									
C&G	0	141,800	0	182,700	0	201,050	0	525,550	-525,550
Carts	0	32,716	0	46,625	0	51,433	0	130,774	-130,774
F&B	0	33,240	0	41,390	0	46,990	0	121,620	-121,620
Pro Shop	0	12,420	0	12,720	0	13,420	0	38,560	-38,560
TOTAL REVENUE	0	220,176	0	283,435	0	312,893	0	816,504	-816,504
COGS									
Merchandise	0	5,693	0	5,693	0	5,995	0	17,381	-17,381
Food & Beverage	0	13,108	0	16,258	0	18,382	0	47,748	-47,748
TOTAL COGS	0	18,801	0	21,951	0	24,377	0	65,129	-65,129
PAYROLL									
Salaried	15,208	18,708	15,208	18,708	15,208	18,708	45,624	56,124	-10,500
Hourly	7,371	42,955	7,617	55,224	7,371	72,929	22,360	171,108	-148,748
Adders & Benefits	4,516	11,518	4,565	14,236	4,516	16,760	13,597	42,514	-28,917
TOTAL PAYROLL	27,095	73,181	27,390	88,168	27,095	108,397	81,581	269,746	-188,165
OPERATING EXPENSES									
C&G	21,733	44,483	12,133	37,133	21,939	44,083	55,805	125,699	-69,894
Carts	0	1,250	0	0	0	11,231	0	12,481	-12,481
F&B	0	2,067	0	2,067	0	2,267	0	6,401	-6,401
Pro Shop	371	3,071	371	1,000	371	3,471	1,113	7,542	-6,429
G&A	21,761	33,336	21,090	35,636	18,650	41,075	61,501	110,047	-48,546
Marketing	0	3,050	0	4,350	0	3,350	0	10,750	-10,750
TOTAL OPERATING EXPENSES	43,865	87,257	33,594	80,186	40,960	105,477	118,419	272,920	-154,501
TOTAL EXPENSES	70,960	179,239	60,984	190,305	68,055	238,251	200,000	607,795	-407,795
EBITDA	-70,960	40,937	-60,984	93,130	-68,055	74,642	-200,000	208,709	-408,709

Notes & Key Assumptions:

The numbers above reflect the total expenses necessary to maintain the golf course during closure without compromising rate and course quality upon reopening (this does not include any landscaping expenses for the clubhouse, parking lots, etc.).

Course and Grounds Operating Forecast

Line Item	April	May	June	Total
Chemicals	\$11,500	\$4,000	\$13,206	\$28,706
Fertilizer				\$0
Equipment Lease	\$2,133	\$2,133	\$2,133	\$6,399
Equipment Repair and Maint.	\$3,500	\$3,500	\$3,500	\$10,500
Phone Expense	\$100	\$100	\$100	\$300
Gas/Fuel	\$1,000	\$1,000	\$1,000	\$3,000
Shop Supplies		\$400	\$500	\$900
Wetting Agents			\$500	\$500
Irrigation	\$2,000	\$1,000	\$1,000	\$4,000
Sand	\$1,500			\$1,500
Total	\$21,733	\$12,133	\$21,939	\$55,805

Golf Shop Operating Forecast

Line Item	April	May	June	Total
Rental Club Expense	\$371	\$371	\$371	\$1,113

General & Administrative Operating Forecast

<u>Line Item</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>Total</u>
Supplies			\$250	\$250
Pest Control	\$275	\$275	\$275	\$825
Security	\$76	\$1,805	\$76	\$1,957
Electric	\$7,500	\$7,500	\$7,500	\$22,500
Water	\$3,500	\$3,000	\$1,500	\$8,000
Gas	\$1,000	\$1,000	\$1,000	\$3,000
Phone/Cable	\$700	\$700	\$700	\$2,100
Waste	\$600	\$600	\$600	\$1,800
Data Processing	\$700	\$400	\$300	\$1,400
Credit Card Fees	\$1,500	\$0	\$0	\$1,500
Insurance Expense	\$1,861	\$1,861	\$2,500	\$6,222
Liquor License Renewal Fees	\$249	\$249	\$249	\$747
Consultant Fee	\$1,050	\$1,050	\$1,050	\$3,150
Payroll Processing	\$600	\$500	\$500	\$1,600
Shipping	\$150	\$150	\$150	\$450
Accounting Fees	\$2,000	\$2,000	\$2,000	\$6,000
Total	\$21,761	\$21,090	\$18,650	\$61,501

Payroll Forecast Breakdown

<u>Staff Being Retained</u>	<u>Pay Type</u>	<u>Department</u>	<u>Wages By Month</u>			
			<u>April</u>	<u>May</u>	<u>June</u>	<u>Total</u>
Chris Parker	Salary	G&A	\$7,708	\$7,708	\$7,708	\$23,125
Brandon Ramage	Salary	C&G	\$7,500	\$7,500	\$7,500	\$22,500
Salary Total			\$15,208	\$15,208	\$15,208	\$45,625

<u>Staff Being Retained</u>	<u>Pay Type</u>	<u>Department</u>	<u>Wages By Month</u>			
			<u>April</u>	<u>May</u>	<u>June</u>	
Mark Tanucilli	Hourly	C&G	\$3,086	\$3,189	\$3,086	\$9,360
Johndaling Perallta Martinez	Hourly	C&G	\$4,286	\$4,429	\$4,286	\$13,000
Hourly Total			\$7,371	\$7,617	\$7,371	\$22,360